



## ROBIT PLC FINANCIAL STATEMENTS RELEASE 1 JANUARY – 31 DECEMBER: NET SALES BACK TO GROWTH PATH, CASH FLOW DEVELOPED POSITIVELY

In text comparison period or in the fourth quarter refers to period 1 October – 31 December 2019 (Q4) and Full year refers to period 1 January – 31 December 2019. Figures from the corresponding period in 2018 are presented in brackets. Percentages are calculated from thousands of euros.

In accordance with IFRS 16, leases have been reported in the balance sheet as of 1 January 2019 in assets and liabilities, which also impacts the comparability of the income statement for 2018. At EBITDA level the impact is a EUR 2.1 million and at EBITA level EUR 0.2 million improvement on earning. The impact on financial expenses is EUR -0,4 million. Further information about IFRS 16 standard is given in Notes paragraph 2.

### 1 October – 31 December 2019 in brief

- Net sales EUR 22.2 million (18.8)
- EBITDA EUR -0.3 million (-4.0)
- Comparable EBITDA EUR -0.3 million (-3.8)\*
- EBITA EUR -1.1 million (-5,3)
- Comparable EBITA EUR -1.9 million (-5,0)\*\*
- Operating profit as percentage of net sales (EBIT%) was -5.7 (-132.1)
- Review period net income EUR -2.6 million (-25,5)
- Operating cash flow before financing EUR 1.4 million (-1.5)

### 1 January – 31 December 2019 in brief

- Net sales EUR 86.5 million (82.7)
- EBITDA EUR 1.6 million (-4.8)
- Comparable EBITDA EUR 2.7 million (-3.5)\*
- EBITA EUR -4.9 million (-9.7)\*\*
- Comparable EBITA EUR -3.7 million (-8.4)\*\*
- Operating profit as percentage of net sales (EBIT%) was -6.7 (-36.0)
- Review period net income EUR -7.3 million (-31.4)
- Operating cash flow EUR 1.8 million (-1.2)
- Equity ratio at the end of the review period 47.4 % (49.3%)

Key financials	Q4 2019	Q4 2018	Change %	2019	2018	Change %
Net sales, EUR 1.000	22 157	18 761	18.1 %	86 482	82 683	4.6 %
EBITDA, EUR 1.000	-308	-4 007	-92.3 %	1 605	-4 782	133.6 %
Adjusted EBITDA*, EUR 1.000	-302	-3 767	-92.0 %	2 707	-3 529	176.7 %
EBITA, EUR 1.000	-1 061	-5 275	79.9 %	-4 927	-9 658	49.0 %
Adjusted EBITA, EUR 1.000 **	-1 902	-5 035	62.2 %	-3 720	-8 405	55.7 %
Adjusted EBITA, percent of sales	-8.6 %	-26.8 %		-4.3 %	-10.2 %	
EBIT, EUR 1.000 ***	-1 271	-24 776	94.9 %	-5 767	-29 800	80.6 %
EBIT, percent of sales	-5.7 %	-132.1 %		-6.7 %	-36.0 %	
Result for the period, EUR 1.000	-2 554	-25 512	90.0 %	-7 265	-31 384	76.9 %

Further information about IFRS 16 effects is given in Notes paragraph 2.

Items affecting comparability:

\*EBITDA: In Q4 there are no restructuring expenses affecting comparability. In 2019 restructuring costs totalled to EUR 1.102 thousand (EUR 651 thousand related to personnel and EUR 445 thousand to disposal of fixed assets). In Q4 2018 restructuring costs totalled to EUR 240 thousand and full year 2018 restructuring cost of EUR 1 253 thousand related to personnel expenses.

\*\* EBITA: In addition to above stated items a right of use assets impairment expense of EUR 874 thousand was reversed in Q4 2019. This entry is based on the management's new evaluation of the basis of the impairment, when Halco Brighthouse use of right assets have been re-leased to another operator. The full year impairment expense was EUR 104 thousand including exchange differences.

Company has redefined reporting of write-downs in accordance with the nature of the asset, either for depreciation of tangible or amortization of intangible assets and for impairment losses. In Q4 the positive result effect, EUR 847 thousand, is presented as a reversal of the impairment depreciation of the concession asset, which affects EBITA.

\*\*\* EBIT 2019 was pressed due to an impairment of goodwill by EUR 19 289.

Further information about comparable items is given in Notes paragraph 3.2.

## TREATMENT OF RESULT FOR THE FINANCIAL YEAR

The Board of Directors proposes to the Annual General Meeting that the loss, EUR -4 652 562,00 for the financial year ended 31 December 2019 to be transferred to cumulative loss.

## DISTRIBUTION OF FUNDS TO SHAREHOLDERS

The Board of Directors proposes to the Annual General Meeting that EUR 0.03 per outstanding share be paid from the company's distributable funds. The distribution of funds is executed as refund of capital from the company's invested unrestricted equity fund. The refund of capital will be paid to shareholders who are on the record date of the refund of capital, 25<sup>th</sup> March 2020 in the company's shareholder register maintained by Euroclear Finland Ltd. It is proposed that the payment date would be 1 April 2020. The company currently has 20,935,107 outstanding shares and holds 148,793 treasury shares. The refund of capital proposed to be distributed would amount to EUR 628,053.21.

## ROBIT'S OUTLOOK FOR 2020

The global economic situation is exceptionally challenging and difficult to predict. Currently, demand and market conditions are impacted by, among other things, export restrictions, additional customs duties, trade policy negotiations, Brexit, monetary policy changes and global virus epidemics.

The overall outlook for Robit's target markets in 2020 remains stable. There are regional differences, however, in market segment demand. Demand for consumables in the mining industry is positive and the market is expected to remain active. The construction industry and underground construction are more cyclical, which means that regional variations are larger and more prone to the economic distraction. The well drilling market is expected to remain active due to growth in geothermal energy.

Robit's focus will be on drilling consumables. Demand for drilling consumables is less sensitive to economic cycles and uncertainties than demand for investment products. This, combined with the company's current market share, provides a good basis for sales growth.

## GUIDANCE FOR 2020

In 2020, Robit Plc is aiming for growth in net sales and for improved euro-denominated comparable EBITDA profitability than the previous year.

## CEO TOMMI LEHTONEN

The year 2019 was a period of changes for Robit. The company implemented an efficiency program comprising four elements: developing the distributor network and the company's own sales, better management of working capital, more effective use of factory network capacity and resources, and ensuring the motivation and performance of personnel.

Progress was made in developing the sales and distribution network during the year, and this work will continue in 2020. The program has improved management of trade receivables and liquidity. The reorganization of production in the Down the Hole business increased the utilization rates of the factories manufacturing these products. The strategy and key priorities for 2019 were discussed with personnel in local workshops organized in the early part of the year. These provided good feedback and this was reflected in a clear improvement in a personnel survey compared with the previous year.

Robit's key figures sales and cash flow developed positively as a result of operational efficiencies, particularly in the final quarter. The company's net sales increased by 18.1% in the fourth quarter year-on-year and totaled EUR 22.2 million (18.8). The Top Hammer business grew by 8.7% and the Down the Hole business by 26.2%.

In the final quarter of last year, Robit's order intake grew by 8.0% year-on-year and was EUR 19.0 million. Comparable EBITA profitability improved but remained negative at EUR -1.1 million (-5.0). Operating cash flow in the review period was EUR 1.8 million (1.5). A reversal of an impairment loss amounting to EUR 0.8 million on a right-of-use asset was recognized for the final quarter. This was done due to the re-leasing of Halco premises to a new lessee. An expense was recognized as the impairment loss on a right-of-use asset in the first quarter of the year.

In the full year 2019, the company's net sales grew to EUR 86.5 million (82.7), an increase of approximately 5%. The Top Hammer business grew by approximately 10%, with net sales totaling EUR 40.3 million (36.6). Net sales of the Down the Hole business remained at the 2018 level and totaled EUR 46.2 million (46.1). Order intake increased by 8% compared with the previous year and was EUR 87.3 million (80.8).

Overall, demand was positive in 2019. The mining industry market remained active. The construction industry and underground construction, and projects related to them, are dependent on regional and local financing. Certain regional projects were postponed due to delays in project funding. The project portfolio was sufficient for Robit, however, and significant successes were achieved in piling projects.

Net sales increased, particularly in EMEA, CIS, and North and South America. In these regions, growth was in line with the company's long-term growth target. Sales in the Australasian and Asian regions decreased and fell short of the company's targets. Progress was made in developing the sales and distribution network during the year, but this work will continue in 2020.

The company's result, as measured by EBITA, remained negative and was EUR -4.9 million (-9.7). Due to the efficiency program, the result improved by approximately EUR 4 million. The positive development was based on cost control and better utilization of factory capacity. Comparable EBITA, adjusted for the cost of reorganizing Down the Hole production, was EUR -3.7 million (-8.4).

Due to earnings development and better management of working capital, the company's operating cash flow improved, particularly in the second half of the year, and was EUR 1.8 million (-1.2) on an annual basis. In accordance with its payment program, the company repaid long-term loans amounting to approximately EUR 11.3 million. At the end of the year, the equity ratio was 47%, which provides the basis for the company's development on a growth track in line with its strategy.

During the year, the capacity of the Korean factory increased as planned, and the investment's original volume targets were achieved. Growth is expected to continue in line with plans made. The company carried out a reorganization of Down the Hole production, transferring manufacturing of Halco products to the company's factories in the UK and Australia. Sales of Robit and Halco products as well as a warehouse center were moved to a new operating location in Texas, USA.

These measures resulted in approximately EUR 1.1 million in personnel and machinery realization costs. In addition, an impairment loss on a right-of-use asset resulted in an expense of approximately EUR 0.2 million. The total cost of the reorganization, which affects comparability for 2019, was approximately EUR 1.3 million.

The company's product development in 2019 focused on the significant market change in the mining segment, i.e. increased drilling automation and un-manned drilling. A diamond bit product range, which was launched during the year, was developed for this need. The significance of digitalization in the industry is increasing, and Robit has brought to the market both manual and automatic hole straightness measurement. Products related to this have created a new revenue model for the company's Top Hammer business sector.

During the past year, the Robit Down the Hole product range's largest piling bit, 1.4 meters in diameter and 4.7 tonnes in weight, and largest DTH hammer, weighing 5.7 tonnes, were developed. The drill bits were designed for a major piling contract.

The number of personnel decreased by 34 employees in 2019 and was 252 (286) at the end of the year. The decrease was mainly due to the reorganization of Down the Hole production operations, in which production at the Halco Brighthouse factory was relocated to two of the company's other plants. During 2019, Robit increased resources in

sales, and the investment in sales will continue in 2020. The revised strategy was introduced to all personnel in the first half of the year.

Due to the efficiency measures implemented in 2019, the company's cost structure and sales-focused resources will facilitate growth in net sales.

## REVENUE AND FINANCIAL PERFORMANCE

	Q4 2019	Q4 2018	Change %	2019	2018	Change %
Net Sales, EUR 1.000	22 157	18 761	18,1 %	86 482	82 683	4,6 %
Net Sales growth, percent	18,1 %			4,6 %	-6,3 %	
EBITDA, EUR 1.000	-308	-4 007	-92,3 %	1 605	-4 782	133,6 %
EBITDA, percent of sales	-1,4 %	-21,4 %		1,9 %	-5,8 %	
Comparable EBITDA, EUR 1.000 *	-302	-3 767	-92,0 %	2 707	-3 529	176,7 %
Comparable EBITDA, percent of sales	-1,4 %	-20,1 %		3,1 %	-4,3 %	
EBITA, EUR 1.000	-1 061	-5 275	79,9 %	-4 927	-9 658	49,0 %
EBITA, percent of sales	-4,8 %	-28,1 %		-5,7 %	-11,7 %	
Comparable EBITA, EUR 1.000 **	-1 902	-5 035	62,2 %	-3 720	-8 405	55,7 %
Comparable EBITA, percent of sales	-8,6 %	-26,8 %		-4,3 %	-10,2 %	
EBIT, EUR 1.000 ***	-1 271	-24 776	94,9 %	-5 767	-29 800	80,6 %
EBIT, percent of sales	-5,7 %	-132,1 %		-6,7 %	-36,0 %	
Result for the period, EUR 1.000	-2 554	-25 512	90,0 %	-7 265	-31 384	76,9 %
Result for the period, percent of sales	-11,5 %	-136,0 %		-8,4 %	-38,0 %	
Earnings per share (EPS), EUR	-0,12	-0,07		-0,35	-1,49	
Return on equity (ROE), percent				-13,4 %	-41,9 %	
Return on capital employed (ROCE), percent				-8,7 %	-27,5 %	
Adjusted return on capital employed (ROCE), percent				-7,4 %	-26,4 %	
Net interest-bearing debt, EUR 1.000				22 967	15 810	45,3 %
Equity ratio, percent				47,4 %	49,3 %	
Equity per share EUR				2,41	2,74	
Net gearing, percent				45,3 %	27,4 %	
Gross investments, EUR 1.000	172	324	-46,9 %	1 375	4 630	-70,3 %
Gross investments, percent of sales	0,2 %	1,7 %		1,6 %	5,6 %	
Gross investments, excl.acquisition, EUR 1.000				1 375	4 630	
R&D costs, EUR 1.000	179	681	-73,7 %	569	1 228	-53,6 %
R&D costs, percentage of sales	0,8 %	3,6 %		0,7 %	1,5 %	
Average number of employees				274	308	-12,7 %
Number of employees at the end of period				252	286	-11,9 %
Dividend, euro ****				0	0	
Dividend % of the result				0,0 %	0,0 %	
Effective dividend yield				0,0 %	0,0 %	
Price / Earnings				-8	-1	
Share price at the end of the period				2,90	1,64	
Lowest				1,58	1,58	
Highest				3,97	8,18	
Market capitalization, million EUR				61,1	34,6	

Further information about IFRS 16 effects is given in Notes paragraph 2.

Items affecting comparability:

\*EBITDA: In Q4 there are no restructuring expenses affecting comparability. In 2019 restructuring costs totalled to EUR 1.102 thousand (EUR 651 thousand related to personnel and EUR 445 thousand to disposal of fixed assets). In Q4 2018 restructuring costs totalled to EUR 240 thousand and full year 2018 restructuring cost of EUR 1 253 thousand related to personnel expenses.

\*\* EBITA: In addition to above stated items a right of use assets impairment expense of EUR 874 thousand was reversed in Q4 2019. This entry is based on the management's new evaluation of the basis of the impairment, when Halco Brighthouse use of right assets have been re-leased to another operator. This the full year impairment expense was EUR 104 thousand including exchange differences.

Company has redefined reporting of write-downs in accordance with the nature of the asset, either for depreciation of tangible or amortization of intangible assets and for impairment losses. In Q4 the positive result effect, EUR 847 thousand, is presented as a reversal of the impairment depreciation of the concession asset, which affects EBITA.

\*\*\* EBIT 2019 was pressed due to an impairment of goodwill by EUR 19 289.

\*\*\*\* Capital refund proposal by the board for the Annual General Meeting is 0,03 euros per share

## NET SALES AND FINANCIAL PERFORMANCE:

### November – December 2019

The Group's net sales for the review period totalled EUR 22.2 million (18.8), an increase of 18 percent to comparison period.

EUR 9.5 million (8.7) of net sales in the review period came from the Top Hammer business, which grew 8,7 % and EUR 12.7 million (10.1) from the Down the Hole business representing growth of 26 %.

EUR 8.7 million (7.5) of net sales came from the EMEA region, EUR 3.8 million (3.6) from Australasia, EUR 2.1 million (3.0) from Asia, EUR 4.2 million (2.9) from the Americas, and EUR 3.4 million (1.8) from the East.

EBITA was EUR -1.1 million (-5,3). Comparable EBITA was EUR -1,9 million (-5,0), which is -8.6 % (-26,9%) of net sales. Items affecting comparability EUR 0.8 million (0.2) was reversal of the use of right asset impairment. This entry is based on the management's new evaluation of the basis of the impairment, when Halco Brighthouse use of right assets have been re-leased to another sub-tenant. Comparison periods expense related to personnel restructuring.

EBIT for the review period was EUR -1.3 million (-24,8). This was -5.7 (-132,1%) per cent of the review period net sales.

Net financial expenses totalled EUR -0.1 million (-0.4), and EUR -0.3 million of this was interest expenses and EUR 0.2 million exchange rate changes of subsidiary loans. Result before taxes was EUR -1.4 million (-25.2) and taxes were EUR 1.2 million (0.3).

### January - December 2019

The Group's net sales for the review period totalled EUR 86.5 million (82,7), a decrease of 5 % compared to the previous year. In constant currencies, the change was 0.4 %.

EUR 40.3 million (36.6) of net sales in the review period came from the Top Hammer business and EUR 46.2 million (46.1) from the Down the Hole (DTH) business. Year on year the DTH business net sales flat but increased to the comparison period 26 %.

EUR 36.2 million (32.0) of net sales came from the EMEA region, EUR 15.4 million (19.9) from Australia, EUR 10.5 million (11.6) from Asia, EUR 15.5 million (12.9) from the Americas, and EUR 8.9 million (6.3) from the East.

EBITA was EUR -4.9 million (-9.7). Comparable EBITA was EUR -3.7 million (-8,4), which is -4.2 % (-10.2) of net sales. Items affecting comparability EUR 1.1 million (1.3) were restructuring costs due to structural and business model changes. Of these expenses, EUR 0.7 million related to staff reductions and EUR 0.4 million to disposals of fixed assets.

EBIT for the review period was EUR -5.8 million (-29.8). This was -6.7 per cent (-36.0) of the review period net sales. In addition to the above mentioned, EUR 1.1 million personnel and asset disposal expense, EBIT includes an impairment expense of right of use assets for Halco Brighthouse facilities. This relates to the restructuring of the business and will improve cost efficiency in DTH production. The comparison year's EBIT includes EUR 19.3 million impairment loss related Down the Hole goodwill.

Net financial expenses totalled EUR -0.9 million (-1.6), and EUR -0.9 million of this was interest expenses. Exchange rate changes did not have material impact. The result before taxes was EUR -6.7 million (-31.4) and taxes were EUR -0.6 million (0.0).

## FINANCIAL TARGETS

Robit's long term target is to achieve organic net sales growth of 15 % annually and comparable EBITDA of 13 %.

## FINANCING AND INVESTMENTS

The Group's net cash flow from operations totalled EUR 1.8 million (-1.2). Changes in working capital had an impact of EUR 0.5 million (0.4). The change in working capital were caused by the EUR -1.0 million increase in receivables, increase in inventories by EUR -0.7 million and increase of non-interest-bearing liabilities by EUR 2.3 million. Due to application of IFRS 16 -standard, the cashflows from lease arrangements have mainly from operations to financing cashflows. The improvement in operational cashflow is about EUR 2.1 million.

Net working capital was EUR 37.0 million (36.8) at the end of the review period. Translation differenced increased the amount of NWC about EUR 0.7 million

The net cash flow for investment activities was positive EUR 0.9 million (-4.6) due to asset disposal proceeds. Gross investments in production during the review period totalled EUR 1.2 million (4.0). Major items of the investments were final payments of the Korean investment. The proceeds from disposal of fixed assets were EUR 2.1 million.

The net cash flow from financing activities was EUR -13.8 million (-7.6), comprising net changes in loans. The company repaid its loans by EUR 11.3 million during the year. In addition, repayment of lease liabilities of EUR 2.2 million reported in accordance with IFRS 16 in net cash flow from financing activities.

At the end of the review period the Group had financing loans totalling EUR 38.2 million (43.3), which included EUR 6.8 million according to IFRS 16 and other interest bearing debts EUR 31.2 million. Liquid assets totalled to EUR 15.2 million (27,5). Interest-bearing net debt according to IFRS 16 was EUR 23.0 million (15.8) and without IFRS 16 defined interest bearing net debt was EUR 16.1 million.

The Group's equity at the end of the review period was EUR 50.7 million (57.8).

The Group's equity ratio was 47.4 % (49.3) and its net debt to equity ratio (gearing) was 45.3 % (27.4).

Depreciation, amortisations and impairments totalled EUR 7.4 million (25.0). EUR 0.9 million of this related to amortisations of customer relationships and brand value from business acquisitions and EUR 0.2 million related to impairment of an use of right asset in Halco Brighthouse. IFRS16 depreciations were EUR 1.8 million. In 2018 impairments included EUR 19.3 million write-off relating to Down the Hole goodwill.

## PERSONNEL AND MANAGEMENT

The number of personnel decreased by 34 persons at the end of the comparison period and at the end of the review period the company's personnel numbered 252 (286) of which 75% were located outside Finland.

Tommi Lehtonen (b.1970), MSc. (Eng.) has been appointed Group CEO. He started in his position 1 May, 2019.

## SHARE BASED INCENTIVE PROGRAMS

### Share based incentive plan 2017-2019

In April 2017, Robit's Board of Directors decided on a share-based incentive scheme for the group's management and key personnel. The scheme is for three years and covers the period 2017-2019. The scheme has three parts: a key person's own investment in the company, a performance-based additional share scheme and an additional share scheme. With the share-based incentive, each participant in the scheme received in September 2018 a number of shares corresponding to the amount they invested, and after a three-year earning period up to a maximum of five

times the number of shares, provided the company's objectives for sales growth and earnings per share have been met. 18,672 basic shares participated in the 2017 program and in September 2018, a total of 18,672 shares and EUR 67 thousand in cash was paid as rewards based on the scheme. The scheme covers 13 key personnel.

#### **Share based incentive plan 2018-2021**

In June 2018, Robit's Board of Directors decided on a new share-based incentive scheme for the Group's management and key personnel. The scheme has three parts: a key person's own investment in the company, a performance-based additional share scheme and an additional share scheme. The prerequisite for receiving a reward on the basis of the share scheme is that the key individuals acquire Robit shares.

The additional share scheme has two commitment periods, which begin on 1 September 2018 and 1 September 2019. For shares subject to the share ownership conditions, the key individuals will receive shares as a reward after a commitment period of around three years. Receiving the shares is dependent on the continuation of the employment or service contract at the time of payment of the reward.

The rewards payable on the basis of the commitment period starting on 1 September 2018 will correspond to the value of a maximum of 24,000 Robit Plc shares, also including the component payable in cash.

The performance-based additional share scheme covers the calendar years 2018–2020 and 2019–2021. The possible reward of the performance period 2018–2020 is based on the Robit Group's cumulative earnings per share (EPS) and cumulative net sales. The rewards payable on the basis of the performance period 2018–2020 will correspond to the value of a maximum of 100,000 Robit Plc shares, also including the component payable in cash. The incentive scheme covers 7 key personnel.

The board decided on June 11, 2019, that there will be no allocation of shares to the commitment period planned to commence September 1, 2019. During 2019 an extensive efficiency programme was launched. Because of the change programme the board decided not start a new plan period. Though, it was decided, that new incentive plan will be started in 2020.

#### **Long term incentive plan for CEO 2019 - 2024**

The Board of Directors of Robit Oyj decided on September 24, 2019 to give a long-term share-based incentive plan for the CEO. The plan applies to Tommi Lehtonen, the CEO of the group since May 1, 2019. The share plan has three earning periods and covers the period January 1, 2019 to December 31, 2024.

Board of directors of Robit Plc sets targets for each two-year earning period starting from 2019. Earning periods end with December 31, 2020, December 31, 2022 or December 31, 2024. The fees, payable under this scheme, represent a total of 160,000 Robit Plc's share value, including the monetary contribution to taxes and tax-related payments. The share amount corresponds to approximately 0.8% of the total number of shares.

The incentive plan is paid in three instalments at the end of each earning period.

#### **RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2019**

The General Meeting adopted the financial statements and consolidated financial statements for the financial period 1 January - 31 December 2018 and resolved that no dividend is paid based on the adopted balance sheet for the financial year 2018.

The General Meeting resolved to discharge the members of the board of directors and the managing directors from liability for the financial period ending 31 December 2018.

The General Meeting resolved that the Board of Directors consists of five (5) members. Harri Sjöholm, Mammu Kaario, Mikko Kuitunen, Kai Seikku and Kalle Reponen were re-elected as members of the Board.

Ernst & Young Oy, an Authorized Public Accounting firm, was re-elected as the company's auditor for a term that will continue until the end of the next Annual General Meeting. Ernst & Young Oy has notified the company that Authorized Public Accountant Mikko Järventausta will serve as the company's principal responsible auditor. The



General Meeting resolved to pay the auditor's remuneration in accordance with the reasonable invoice approved by the company.

The General Meeting resolved to authorize the Board of Directors to resolve on the acquisition of a maximum of 2,108,390 shares of the company's own shares and/or accepting the same number of the company's own shares as a pledge, in one or several tranches by using funds in the unrestricted shareholders' equity. The maximum total of shares that will be acquired and/or accepted as a pledge corresponds to 10% of all shares in the company as of the date of the summons to the Annual General Meeting. However, the company cannot, together with its subsidiary companies, own or accept as a pledge altogether more than 10% of its own shares at any point in time. The company's shares may be purchased under this authorisation solely by using unrestricted shareholders' equity. The shares will be acquired otherwise than in proportion to the share ownership of the shareholders via public trading arranged by Nasdaq Helsinki Ltd at the market price on the date on which the acquisition is made or otherwise at a price formed on the market. The authorisation shall be used e.g. for the purposes of implementing the company's share-based incentive systems or for other purposes as decided by the Board of Directors. The authorization to repurchase own shares granted by the General Meeting on 28 March 2018 was revoked. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2020.

The Annual General Meeting resolved to authorize the Board of Directors to resolve on a share issue and on the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act, in one or more tranches, either against or without consideration. The number of shares to be issued, including shares to be issued on the basis of special rights, may not exceed 2,108,390, which amounts to 10% of all shares in the company as of the date of the summons to the Annual General Meeting. The Board of Directors may decide to either issue new shares or to transfer any treasury shares held by the company. The authorisation entitles the Board of Directors to decide on all terms that apply to the share issue and to the issuance of special rights entitling to shares, including the right to derogate from the shareholders' pre-emptive right. The authorisation shall be used e.g. for the purposes of strengthening the company's balance sheet and improving its financial status or for other purposes as decided by the Board of Directors. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2020. The authorisation will revoke all previously granted, unused authorisations to decide on a share issue and the issuance of options or other special rights entitling to shares.

The General Meeting resolved that a shareholders' nomination board shall be established in order to prepare proposals concerning the election and remuneration of the Board Members as well as the remuneration of the members of the various Board committees that will be submitted to future Annual General Meetings and to any Extraordinary General Meetings where necessary. In addition, the General Meeting resolved that the work schedule of the shareholders' nomination board, which is appended as an Appendix 1 of the Board's proposal, is approved. The work schedule of the shareholders' nomination board is available on the company's website at <https://www.robitgroup.com/?investor=corporate-governance/general-meeting>. The shareholders' nomination board shall be comprised of representatives appointed by the company's four largest shareholders.

## SHARES AND SHARE TURNOVER

On 31 December 2019 the company had 21,083,900 shares and 3 401 shareholders. Trading volume January - December was 7 996 657 shares (3 453 878).

The company holds 148 793 of its own shares (0.7% of total shares). On 31 December 2019 the market value of the company's shares was EUR 60.7 million (share price EUR 2.90).

## RISKS AND BUSINESS UNCERTAINTIES

The risks and uncertainties to which the company is exposed relate to any changes in the company's business environment, and to global economic and political developments.

Other uncertainties include fluctuations in currency exchange rates, the functioning and commissioning of new information systems, successful integration of acquisitions, risks relating to delivery reliability and logistics, and IPR risks. Changes in the tax and customs regulations of export countries can hamper the company's export sales or affect its profitability. Risks relating to data security and cyber threats may also have a harmful impact on Robit's business operations. Any changes in the business environment may have a negative impact on our customers' payment

behaviour and may increase the risk of legal procedures and demands as well as disputes relating to Robit's products and other operations.

## CHANGES IN GROUP STRUCTURE

There were no changes in the legal group structure during the review period.

## OTHER EVENTS DURING THE REVIEW PERIOD

On 3 Jan 2019, Robit Plc announced that it renegotiated on the restructuring of EUR 35.0 million in loans with its main financing bank. In the new agreement, the 2019 financial year covenants will be monitored for EBITDA between 1 January-30 June 2019 and 1 January -31 December 2019, after which we will return to the old covenant condition. According to the agreement, the loan margin will be raised by an average of 1.1 percentage points. The loan margin will return to the normal level when the covenant condition interest-bearing net debt/EBITDA meets the terms of the original financing agreement.

Robit Plc has on 8 Jan 2019 received a notification from i Athanase Industrial Partner Ltd. in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the total number of Robit shares owned by Athanase Industrial Partner Ltd. increased above five (5) per cent of the shares of Robit Plc on 8 Jan,2019.

On 5 March 2009, the company announced that it would reorganize Halco's business in the USA. Group has decided to centralize the manufacturing of DTH bits from Robit Sherman factory, USA to other manufacturing units of the company and the production in Sherman ends. Halco business in North and South America continues active and Halco continues to be able to serve its distributors and direct customers. This re-organizing has no impact on Robit branded business nor products in Americas region. This re-organizing reduces four persons from the production of the Sherman unit. The arrangement has no impact on Robit's guidance for the 2019.

The Board of Directors appointed at Robit Plc's Annual General Meeting held on 27 March 2019 elected a Chairman of the Board, a Vice Chairman of the Board, board members to serve on Robit Plc's remuneration committee, working committee and audit committee at its initial board meeting. The Board of Directors elected Harri Sjöholm as a Chairman of the Board and Mammu Kaario as Vice Chairman of the Board. The Board of Directors holds that all members of the Board of Directors, with the exception of Harri Sjöholm, are independent of the company and its key shareholders. Harri Sjöholm (Chairman), Mammu Kaario and Mikko Kuitunen were elected as members of the remuneration committee. Kalle Reponen (Chairman), Harri Sjöholm and Mikko Kuitunen were elected as members of the working committee. Mammu Kaario (Chairman), Kalle Reponen and Kai Seikku were elected as members of the audit committee.

On April 29, 2019, the company announced that Tommi Lehtonen (b. 1970), M.Sc. (Econ.), Has been appointed Managing Director of Robit Plc.

Robit Plc has on 4th June 2019 received a notification from OP- Finland Mutual Fund (business code 187493-1) in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the total number of Robit shares owned by OP-Finland Mutual Fund decreased below five (5) per cent of the shares of Robit Plc on 4 June 2019.

On 25 June 2019, the company announced that it will sharpen its Down the hole-business strategy. To develop the company's DTH business Robit is planning to sharpen its Down the Hole manufacturing strategy and to reorganize the DTH production. In March 2019 the company decided to centralize the manufacturing of DTH bits from Robit Sherman factory to company's factory in Perth, Australia. Now Robit is considering actions that would primarily concern manufacturing of Halco products and their manufacturing locations. The target of possible reorganization is to sharpen the company's Halco-strategy further under the parallel brand. The measures have no impact on the business of Robit branded products.

On 3 July 2019, the company announced that it will renew its Down the hole-business. Robit Plc has decided to sharpen the manufacturing operations of its DTH business segment and has decided to unify the production of the Brighouse products (UK) to the other manufacturing units in Chesterfield (UK) and Perth (AU).

DTH business segment represents over 50% of Robit Plc's net sales. The reorganization will further sharpen the company's DTH -strategy especially for the Halco brand. Halco will be strengthened as a Sales-Service & Engineering company in selected market segments in the global market under the known Halco-brand.

As a result of these measures, personnel were reduced by 23 persons. The transfer of production is planned to take place by the end of September 2019. The new structure creates better conditions to meet the global competition thanks to the improved cost structure. Thanks to these renewals also the volumes and utilization will increase in the mentioned two DTH- manufacturing units in Chesterfield (UK) and Perth (AU). With these decisions Robit targets an improvement in its profitability and efficiency. The company also prepares itself simultaneously for the potential Brexit in UK.

In the first three quarters, Robit recognised a total of EUR 2.1 million of items affecting comparability according to IFRS standards. On annual level the savings originated from these measures will cover the reorganizing costs.

Robit revised the guidance for 2019 on 2 August 2019. According to new guidance EBITA profitability for the year 2019 will be negative and the release of capital tied up in the business will be less than original target.

According to earlier guidance in 2019, the company's goal is to achieve positive EBITA profitability and a significant release of capital tied up in the business.

Robit Plc has on 29 August 2019 received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Five Alliance Oy (Business ID 0735545-3) has increased above the threshold of 25 percent. According to the notification, the holding of Five Alliance Oy in Robit Plc is 5 688 567 shares corresponding to approximately 26.7 percent of Robit Plc's entire share stock.

Robit Plc has on 26 August 2019 received a notification from i Athanase Industrial Partner Ltd. in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the information received by the company, Athanase Industrial Partner has re-allocated its shareholding in Robit Plc within the group to another entity, whereby the total number of shares held by that company has increased by more than five (5) percent. Aggregate number of shares held by the group remained unchanged.

Robit Plc has on 30 August 2019 received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Didner & Gerge Fonder AB has decreased below the threshold of five (5) percent on August 29, 2019.

On 3 September 2019, the company announced its four largest registered shareholders (shareholder register maintained by Euroclear Finland Ltd as per 3 September 2019) have nominated the following representatives to the Shareholders' Nomination Board:

- Harri Sjöholm, Chairman of the Board, Five Alliance Oy
- Tuomas Virtala, CEO, Asset Management, OP Financial Group
- Timo Sallinen, Head of Listed Securities, Varma Mutual Pension Insurance Company
- Jukka Vähäpesola, Head of Equities, Elo Mutual Pension Insurance Company

The Committee will elect a Chairman among its members at its first meeting.

The Nomination Board prepares and presents to the Annual General Meeting, a proposal regarding the remuneration of the members of the Board of Directors, the proposal regarding the number of members and a proposal regarding who should be elected as a member of the Board of Directors. In addition the committee prepares and presents for board approval the principles concerning the diversity of the Board of Directors.

The Shareholders' Nomination Board shall be established until further notice by the Annual General Meeting. The newly appointed Nomination Board submits its proposals to the Board of Directors no later than 31 January each year before the next Annual General Meeting.

Further information regarding the Nomination Committees duties can be found on the company's website:

<https://www.robitgroup.com/wp-content/uploads/2019/02/Charter-of-the-Shareholders-nomination-board-of-Robit-Plc.pdf>

On 19 September 2019, the company announced that, based on the authorisation given to the Board of Directors by the Annual General Meeting on 27 March 2019, the Board of Directors of Robit Plc, at its meeting on 19 September 2019, has decided to start the repurchase of the company's own shares. The Board of Directors has decided to acquire a maximum of 150,000 shares, which corresponds to approximately 0.7% of the company's currently issued shares. The shares will be acquired using the company's distributable unrestricted shareholders' equity at the market price prevailing at the time of acquisition via public trading in the marketplace maintained by Nasdaq Helsinki Ltd.

The acquisition of the company's own shares will start no earlier than 20 September 2019 and end no later than 30 November 2019. The authorisation received by the Board of Directors from the General Meeting is valid until the closing of the next Annual General Meeting, however until no later than 30 June 2020.

On 27 March 2019, the Annual General Meeting authorised the Board of Directors to resolve on the acquisition of a maximum of 2,108,390 of the company's own shares using the company's distributable unrestricted shareholders' equity. The company's own shares may be acquired for the purposes of implementing the company's share-based incentive plans or for other purposes decided by the Board of Directors.

On 24 September 2019, the company announced that The Board of Directors has decided on a new long-term share-based incentive plan for the Group CEO. The applies to Tommi Lehtonen, who started as Group CEO on 1 May 2019. The share-based bonus plan has three performance periods and it covers the period 1 January 2019 – 31 December 2024.

The Board of Directors of Robit Plc will set targets for each two-year performance period, starting from 2019. The new share-based incentive plan for the CEO has three performance periods, which will end on 31 December 2020, 31 December 2022 and 31 December 2024. The rewards to be paid on the basis of this plan correspond to the value of a total of 160,000 Robit Plc's shares including also the cash proportion to be used for taxes and tax-related costs.

On 13 November the company announced that has completed the repurchase of its own shares. Robit Plc acquired 150.000 of its own shares with an average price of EUR 2,1888 per share. The shares were acquired at the market price quoted at the time of the repurchase in public trading on Nasdaq Helsinki Ltd.

The share repurchase was based on an authorization granted by the Annual General Meeting of 2019. The Board of Directors of Robit Plc, at its meeting on 19 September 2019, decided to start the repurchase of the company's own shares and to acquire a maximum of 150,000 shares, which corresponds to approximately 0.7% of the company's currently issued shares.

The company announced on 13 December at the meeting on 13th December 2019, the Board of Directors of Robit Plc decided to grant in total 26.614 shares to its Board of Directors as the annual compensation for the year 2019. The grant was based on the authorization given to the Board by the Annual General Meeting on 27th March 2019. The stock price of the granted shares was 2,48 EUR, which was the closing price of Robit Plc's share on 13th December 2019. The total value of the granted shares is accordingly 66.002,72 EUR.

The Board decided to grant to the CEO in total 3.226 shares as part of the fixed yearly salary. The release is based on CEO contract. The total value of the granted shares is 8.000,48 euros.

The share compensation was granted with the shares, which were already in the assets of Robit Plc, so the total amount of shares did not change. The total amount of shares in Robit Plc's assets is after the release totally 148 793 which corresponds to approximately 0.7% of the company's currently issued shares.

## EVENTS AFTER THE REVIEW PERIOD

The company announced on 10 January that Arto Halonen (38), M.Sc. Eng., M.Sc. Econ. has been appointed as Chief Operating Officer (COO) and member of the Robit Management Team. He will start in his position in the beginning of May 2020, at the latest.

On 24 January Robit Plc announces that it has re-organized and transferred its subsidiary's business operations in Hong Kong to Millionbase International Ltd. Millionbase International Ltd. continues Robit's sales and customer service as a distributor for Robit DTH-offering in Hong Kong. Millionbase manages also the existing local stock to serve the market needs.

The right of use assets utilized previously by Halco Brighthouse Ltd have been sub-leased eth the beginning of February 2020. The impact of the agreement has been taken into account in the financial statements of 2019.

Lempäälä, 20 February 2020

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*Robit is a strongly internationalised growth company servicing global customers and selling drilling consumables for applications in mining, construction and contracting, tunnelling and well drilling. The company's offering is divided into two product and service ranges: Top Hammer and Down-the-Hole. Robit has 13 of its own sales and service points throughout the world as well as an active sales network in 115 countries. Robit's manufacturing units are located in Finland, South Korea, Australia and the UK. Robit's shares are listed on NASDAQ Helsinki Ltd. Further information is available at: [www.robitgroup.com](http://www.robitgroup.com)*

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Key media  
[www.robitgroup.com](http://www.robitgroup.com)

The information presented above includes statements about future prospects. These relate to events or the company's economic development in the future. In some cases, such statements can be recognised by their use of conditional words (such as "may", "expected", "estimated", "believed", "predicted" and so on) or other similar expressions. Statements such as these are based on assumptions and factors that Robit's management have at their disposal and on current decisions and plans. There is always risk and uncertainty attached to any statements regarding future events because they pertain to events and depend on factors that are not possible to predict with certainty. For this reason future results may differ even significantly from figures expressed or assumed in statements about future prospects.

## SUMMARY OF FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q4 2019	Q4 2018	2019	2018
<b>Net sales</b>	<b>22 157</b>	<b>18 761</b>	<b>86 482</b>	<b>82 683</b>
Other operating income	32	545	1 703	1 187
Materials and services*	-14 681	-12 105	-55 088	-50 248
Employee benefit expense	-4 110	-4 371	-17 308	-19 168
Depreciation, amortization and impairment*	-963	-20 769	-7 372	-25 018
Other operating expenses**	-3 706	-6 837	-14 184	-19 236
<b>EBIT (Operating profit)</b>	<b>-1 271</b>	<b>-24 776</b>	<b>-5 767</b>	<b>-29 800</b>
Finance income and costs				
Finance income	229	49	807	1 630
Finance cost*	-358	-458	-1 700	-3 253
Finance income and costs net	-128	-409	-893	-1 623
<b>Profit before income tax</b>	<b>-1 399</b>	<b>-25 185</b>	<b>-6 660</b>	<b>-31 423</b>
Income taxes				
Current taxes	-655	-395	-488	-385
Change in deferred taxes	-499	67	-116	424
Income taxes	-1 154	-327	-604	39
<b>Result for the period</b>	<b>-2 554</b>	<b>-25 512</b>	<b>-7 265</b>	<b>-31 384</b>
Attributable to:				
Owners of the parent	-2 554	-25 512	-7 265	-31 384
Non-controlling interest	0	0	0	0
	<b>-2 554</b>	<b>-25 512</b>	<b>-7 265</b>	<b>-31 384</b>
<b>Other comprehensive income</b>				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	431	90	273	-814
<b>Other comprehensive income, net of tax</b>	<b>431</b>	<b>90</b>	<b>273</b>	<b>-814</b>
<b>Total comprehensive income</b>	<b>-2 123</b>	<b>-25 423</b>	<b>-6 992</b>	<b>-32 198</b>
Attributable to:				
Owners of the parent	-2 123	-25 423	-6 992	-32 198
Non-controlling interest	0	0	0	0
	<b>-2 123</b>	<b>-25 423</b>	<b>-6 992</b>	<b>-32 198</b>
<b>Earnings per share attributable to the owners of the parent during the year:</b>				
Basic and diluted earnings per share	-0,12	-1,21	-0,35	-1,49

\* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. In Consolidated Statement of Comprehensive income leases are reported as depreciation costs and interest costs. More information about IFRS 16 standard in notes section 2.

**CONSOLIDATED BALANCE SHEET**

<b>EUR thousand</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	5 420	5 159
Other intangible assets	5 412	6 923
Property, plant and equipment*	26 779	25 824
Loan receivables	266	334
Other receivables	3	3
Deferred tax assets	1 069	1 443
<b>Total non-current assets</b>	<b>38 949</b>	<b>39 686</b>
<b>Current assets</b>		
Inventories	32 771	30 808
Account and other receivables	20 112	18 640
Loan receivables	154	222
Income tax receivable	127	170
Cash and cash equivalents	15 248	27 470
<b>Total current asset</b>	<b>68 412</b>	<b>77 310</b>
<b>Total assets</b>	<b>107 361</b>	<b>116 996</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	705	705
Share premium	202	202
Reserve for invested unrestricted equity	82 269	82 266
Cumulative translation difference	-1 710	-1 983
Retained earnings	-23 480	7 958
Profit for the year	-7 265	-31 384
<b>Total equity</b>	<b>50 721</b>	<b>57 763</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings*	22 106	25 862
Deferred tax liabilities	1 264	1 551
Employee benefit obligations	512	1 123
<b>Total non-current liabilities</b>	<b>23 881</b>	<b>28 535</b>
<b>Current liabilities</b>		
Borrowings*	16 109	17 419
Advances received	266	142
Income tax liabilities	289	240
Account payables and other liabilities	15 921	12 740
Other provisions	174	156
<b>Total current liabilities</b>	<b>32 760</b>	<b>30 697</b>
<b>Total liabilities</b>	<b>56 641</b>	<b>59 233</b>

\* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. More information about changes IFRS 16 standard caused in notes section 2.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR thousand	Q4 2019	Q4 2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before income tax	-1 399	-25 185	-6 660	-31 423
Adjustments				
Depreciation, amortization and impairment charges	491	20 769	5 538	25 018
Finance income and finance costs	-12	409	479	1 623
Share-based payments to employees	69	-8	197	85
Loss (+) / Gain (-) on sale of property, plant and equipment	-8	76	263	95
Other non-cash transactions*	387	2 307	1 476	3 014
Cash flows before changes in working capital	-472	-1 632	1 293	-1 588
Change in working capital				
Increase (-) in account and other receivables	-296	4 117	-1 047	5 341
Increase (-) / decrease (+) in inventories	-16	1 331	-695	-2 370
Increase (+) / decrease (-) in account and other payables	2 193	-2 885	2 251	-2 582
Cash flows from operating activities before financial items and taxes	1 410	1 517	1 802	-1 199
Interest and other finance expenses paid	-464	-416	-992	-887
Interest and other finance income received	24	20	74	64
Income taxes paid	-233	-554	-444	-188
<b>Net cash inflow (outflow) from operating activities</b>	<b>737</b>	<b>567</b>	<b>439</b>	<b>-2 210</b>
<b>Cash flows from investing activities</b>				
Purchases of property, plant and equipment	-150	-202	-1 243	-4 082
Purchases of intangible assets	-23	-151	-132	-555
Proceeds from the sale of property, plant and equipment	149	49	2 133	243
Proceeds from loan receivables	194	-20	131	-236
<b>Net cash inflow (outflow) from investing activities</b>	<b>170</b>	<b>-324</b>	<b>889</b>	<b>-4 630</b>
<b>Cash flows from financing activities</b>				
Acquisition of own shares	-328	0	-328	0
Proceeds from loans	0	1 112	0	1 112
Repayments of loans	-562	-2 267	-11 278	-5 445
Change in bank overdrafts	41	489	74	-803
Payment of lease liabilities*	-557	-64	-2 237	-356
Distribution of dividend	0	0	0	-2 100
<b>Net cash inflow (outflow) from financing activities</b>	<b>-1 407</b>	<b>-730</b>	<b>-13 770</b>	<b>-7 592</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>-499</b>	<b>-487</b>	<b>-12 442</b>	<b>-14 432</b>
Cash and cash equivalents at the beginning of the reporting period	15 696	28 026	27 470	42 172
Exchange gains/losses on cash and cash equivalents	51	-68	219	-270
<b>Cash and cash equivalents at end of the reporting period</b>	<b>15 248</b>	<b>27 470</b>	<b>15 248</b>	<b>27 470</b>

\* According to IFRS 16 standard lease payments are deducted from operating activities and added to financing activities in cash flow calculation. EUR 1 509 thousand from lease payments relates to IFRS 16 lease payments. More information about IFRS 16 standard in notes section 2.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
<b>Equity at 1 January 2018</b>	<b>705</b>	<b>202</b>	<b>82 502</b>	<b>-1 157</b>	<b>9 868</b>	<b>92 120</b>
Profit for the period					-31 384	-31 384
Other comprehensive income						
Translation differences				-826		-826
<b>Total comprehensive changes</b>				<b>-826</b>	<b>-31 384</b>	<b>-32 210</b>
Dividend distribution					-2 100	-2 100
Deferred tax revaluations			-308		57	-250
Share-based payments to employees					133	133
Use of treasury shares to BoD compensation			72			72
<b>Total transactions with owners, recognized directly in equity</b>			<b>-236</b>		<b>-1 909</b>	<b>-2 145</b>
<b>Equity at 31 December 2018</b>	<b>705</b>	<b>202</b>	<b>82 266</b>	<b>-1 983</b>	<b>-23 425</b>	<b>57 765</b>
<b>Equity at 1 January 2019</b>	<b>705</b>	<b>202</b>	<b>82 266</b>	<b>-1 983</b>	<b>-23 426</b>	<b>57 764</b>
Profit for the period					-7 265	-7 265
Other comprehensive income						
Translation differences				273		273
<b>Total comprehensive changes</b>				<b>273</b>	<b>-7 265</b>	<b>-6 992</b>
Acquisition of own shares					-328	-328
Share-based payments to employees					197	197
Use of treasury shares to BoD compensation			3		72	74
Other changes					5	5
<b>Total transactions with owners, recognized directly in equity</b>			<b>3</b>		<b>-54</b>	<b>-52</b>
<b>Equity at 31 December 2019</b>	<b>705</b>	<b>202</b>	<b>82 269</b>	<b>-1 710</b>	<b>-30 744</b>	<b>50 721</b>

\*The implementation of IFRS 16 had no effect on shareholders' equity as of 1 January 2019, as the assets and liabilities entered in the balance sheet due to the new standard were equal.

## NOTES

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### 1. SCOPE AND PRINCIPLES OF THE INTERIM REPORT

This financial statement release has been prepared in accordance with the IAS 34 standard for interim financial reporting and using the same principles as for the annual financial statement. The figures presented in this release are based on audited financial statement 2019.

All figures in the summarised financial statement have been rounded to the nearest figure, therefore the sum of reported figures may not exactly match those presented.

### 2. IMPLEMENTATION OF NEW IFRS STANDARDS

As of 1 January 2019, the Group has applied the IFRS 16 standard which replaces old IAS 17 Leases-standard. Robit adopted the IFRS 16 standard from 1 January 2019, using the modified retrospective approach whereby comparative financial information is not restated.

#### Impact of the adoption of IFRS 16 standard

IFRS 16 specifies the principles by which leases are recorded and measured, how they are presented in the financial statements and what information about them is presented. As a result, almost all rental or leasing agreements are recorded in the balance sheet, as there is no longer differentiation between operating leases and finance leases. According to the new standard, an asset (the right to use the asset that has been leased) is recognised, as is a financial debt corresponding to the lease or rental payment. The only exceptions will be rental agreements relating to short-term rental of low value assets.

At the balance sheet date, the Group has non-cancellable operating leases amounting to EUR 5,538 thousand. A total of EUR 8 073 thousand of leasing liabilities and leasing assets were recognized on 1 January 2019 in accordance with the standard.

EUR thousand	1-Jan-19
<b>Assets</b>	
Right-of-use assets	9 262
Assets prior reported as finance leases	-1 179
Prepayments	-10
<b>Total assets</b>	<b>8 073</b>
<b>Liabilities</b>	
Interest-bearing loans	8 073
<b>Total liabilities</b>	<b>8 073</b>

The Group has leases for various premises, equipment, machinery, vehicles and other equipment. Prior to the adoption of IFRS 16, the Group classified all leases as either finance leases or operating leases. A lease was classified as a finance lease if it transferred all the risks and rewards of ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Financial leases were capitalised at the inception of the lease at the fair value of the leased asset. In an operating lease, the leased asset was not capitalised and the leases were recognised as rental expenses in profit or loss over the lease term.

With the adoption of IFRS 16, the Group applies a uniform recognition and valuation method for all leases, except for short-term leases and leases of low-value assets.

#### *Leases previously classified as finance leases*

The Group did not change the original carrying amounts of the recognised assets and liabilities (i.e. the right-of-use assets and lease liabilities are equal to the lease payments and liabilities recognised in accordance with IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

#### *Leases previously classified as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases that were previously classified as operating leases, except for short-term leases and leases of low value assets.

#### *Bridge calculation from operating lease commitments to lease liabilities according to the standard:*

<b>EUR thousand</b>	
<b>Operating lease commitments as at 31 December 2018</b>	<b>5 538</b>
Weighted average rate as at 1 January 2019	5.6%
<b>Discounted operating lease commitments as at 1 January 2019</b>	<b>4 534</b>
<b>Less:</b>	
Commitments relating to short-term and low-value assets	-87
<b>Add:</b>	
Commitments relating to leases previously classified as finance leases	775
Extensions at management's discretion not recognized at 31 December 2018	3 625
<b>Lease liabilities as at 1 January 2019</b>	<b>8 847</b>

### **Accounting principles**

#### *Right-of-use assets:*

The Group records right-of-use assets on the date of adoption of the standard on 1 January 2019. Right-of-use assets are valued at acquisition cost less accumulated depreciation and impairment and are restated through reassessments of the leases.

#### *Leases*

On the date of adoption of the standard, 1 January 2019, the Group recognised lease commitments valued at the contractual or estimated present value of the lease term. Lease payments include fixed payments less any income from re-leasing.

When calculating the present value of lease payments, the Group uses the estimated discount rate of the property investor's yield requirement for buildings and land. In machinery and equipment as well as vehicles are used the interest rates specified in the financing agreements or the local estimated additional financing interest rate.

#### *Short-term leases and leases of low-value assets*

The Group applies the exemption for short-term leases. This is also applied to leases of low-value assets. Short-term leases and leases of low-value assets are recognised as an expense.

### Special consideration in determining the lease term

The Group defines leases as non-cancellable. If a lease includes the possibility to extend or terminate the lease, the extension is taken into account at management's discretion in significant lease items such as premises, land, plant and machinery.

### Changes in reporting period in the balance sheet

EUR thousand	Right-of-use assets				Total	Lease liabilities
	Land	Buildings and constructions	Machinery and equipment	Other tangible assets		
As at 1 January 2019	1 092	6 545	1 559	65	9 262	8 847
Net changes	-195	-366	-215	369	-407	-20
Depreciation	-56	-1 483	-141	-152	-1 832	
Payments						2 056
<b>As at 31 December 2019</b>	<b>842</b>	<b>4 053</b>	<b>1 203</b>	<b>282</b>	<b>7 023</b>	<b>6 771</b>

### 3.1 KEY FIGURES

ADJUSTED CONSOLIDATED KEY FIGURES	Q4 2019	Q4 2018	2019	2018
Adjusted EBITDA, EUR 1.000	-302	-3 767	2 707	-3 529
Adjusted EBITDA, percent of sales	-1.4 %	-20.1 %	3.1 %	-4.3 %
Adjusted EBITA, EUR 1.000	-1 902	-5 035	-3 720	-8 405
Adjusted EBITA, percent of sales	-8.6 %	-26.8 %	-4.3 %	-10.2 %
Adjusted EBIT, EUR 1.000	-2 112	-24 536	-4 560	-28 547
Adjusted EBIT, percent of sales	-9.5 %	-130.8 %	-5.3 %	-34.5 %
Adjusted return on equity (ROE), percent			-12,5 %	-40.2 %
Adjusted return on capital employed (ROCE), percent			-7.4 %	-26.4 %

### 3.2 CONSOLIDATING ALTERNATIVE KEY FIGURES

Robit presents alternative key figures to supplement the key figures given in the Group's financial statements, balance sheets and cash flow statements that have been drawn up according to IFRS standards. Robit considers that the alternative figures give significant extra insight into the result of Robit's operations, its financial position and cash flows. These figures are often used by analysts, investors and other parties.

Alternative key figures should not be studied apart from the key figures according to IFRS or instead of them. Not all companies calculate their alternative key figures in the same way, so Robit's alternative figures may not be directly comparable to those presented by other companies, even if they carry the same headings.

The following events affect comparability: costs relating to being listed on the stock exchange and share issue, acquisition costs and business restructuring costs.

Comparable EBITDA and EBITA				
EUR thousand	Q4 2019	Q4 2018	2019	2018
<b>EBIT / Operating profit</b>	<b>-1 271</b>	<b>-24 776</b>	<b>-5 767</b>	<b>-29 800</b>
Depreciation and amortisation	963	20 769	7 372	25 018
<b>EBITDA</b>	<b>-308</b>	<b>-4 007</b>	<b>1 605</b>	<b>-4 782</b>
<b>Items affecting comparability</b>				
Reorganising expenses	6	240	1 102	1 253
<b>Comparable EBITDA</b>	<b>-302</b>	<b>-3 767</b>	<b>2 707</b>	<b>-3 529</b>

<b>EBIT /Operating profit</b>	<b>-1 271</b>	<b>-24 776</b>	<b>-5 767</b>	<b>-29 800</b>
Amortizations of acquisitions	210	212	840	853
Impairment of acquisitions	0	19 289	0	19 289
<b>EBITA</b>	<b>-1 061</b>	<b>-5 275</b>	<b>-4 927</b>	<b>-9 658</b>
<b>EBIT /Operating profit</b>	<b>-1 271</b>	<b>-24 776</b>	<b>-5 767</b>	<b>-29 800</b>
<b>Items affecting comparability</b>				
Reorganising expenses	6	240	1 102	1 253
Impairment of asset lease	-847	0	104	0
<b>Comparable EBIT</b>	<b>-2 112</b>	<b>-24 536</b>	<b>-4 560</b>	<b>-28 547</b>
<b>Items affecting comparability</b>				
Amortizations of acquisitions	210	212	840	853
Impairment of acquisitions	0	19 282	0	19 289
<b>Comparable EBITA</b>	<b>-1 902</b>	<b>-5 042</b>	<b>-3 720</b>	<b>-8 405</b>

EBITDA: In Q4 there are no restructuring expenses affecting comparability. In 2019 restructuring costs totalled to EUR 1.102 thousand (EUR 651 thousand related to personnel and EUR 445 thousand to disposal of fixed assets). In Q4 2018 restructuring costs totalled to EUR 240 thousand and full year 2018 restructuring cost of EUR 1 253 thousand related to personnel expenses.

EBITA: In addition to above stated items a right of use assets impairment expense of EUR 874 thousand was reversed in Q4 2019. This entry is based on the management's new evaluation of the basis of the impairment, when Halco Brighthouse use of right assets have been re-leased to another operator. This the full year impairment expense was EUR 104 thousand including exchange differences.

Company has redefined reporting of write-downs in accordance with the nature of the asset, either for depreciation of tangible or amortization of intangible assets and for impairment losses. In Q4 the positive result effect, EUR 847 thousand, is presented as a reversal of the impairment depreciation of the concession asset, which affects EBITA.

EBIT: 2019 was pressed due to an impairment of goodwill by EUR 19 289.

### 3.3 CALCULATION OF KEY FIGURES

EBITDA	=Operating profit + depreciation and amortisation
EBITA	=Operating profit + amortisation and impairment of customer relationships and brand
Net working capital	= Inventory + Accounts receivables and other receivables – Accounts payables and other liabilities
Earnings per share (EPS), euros	= $\frac{\text{Profit (loss) for the financial year}}{\text{Amount of shares adjusted with the share issue (average during the financial year)}}$
Return on equity,%	= $\frac{\text{Profit (loss) for the financial year}}{\text{Equity (average during the financial year)}} \times 100$
Return on capital employed (ROCE),%	= $\frac{\text{Profit before appropriations and taxes + interest expenses and other financing expenses}}{\text{Equity (average during the financial year) + interest-bearing financial liabilities (long-term and short-term loans from financial institutions, average during the financial period)}} \times 100$
Net interest-bearing debt	= Long-term and short-term loans from financial institutions – cash and cash equivalents – short-term financial securities
Equity ratio,%	= $\frac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$
Gearing,%	= $\frac{\text{Net interest-bearing financial liabilities}}{\text{Equity}} \times 100$

#### 4. BREAKDOWN OF TURNOVER

Entries are recorded according to IFRS 15 in the same way for each business unit and market area.

##### NET SALES

###### Net sales by product area

EUR thousand	Q4 2019	Q4 2018	Change %	2019	2018	Change %
Top Hammer	9 475	8 715	9 %	40 322	36 598	10 %
Down the Hole	12 682	10 048	26 %	46 160	46 074	0 %
Digital services	0	-1	-100 %	0	10	-100 %
<b>Total</b>	<b>22 157</b>	<b>18 761</b>	<b>18 %</b>	<b>86 482</b>	<b>82 683</b>	<b>5 %</b>

###### Net sales by market area

EUR thousand	Q4 2019	Q4 2018	Change %	2019	2018	Change %
Europe, Middle East and Africa	8 668	7 472	16 %	36 190	31 919	13 %
North and South America	4 191	2 869	46 %	15 501	12 941	20 %
Asia	2 092	2 998	-30 %	10 482	11 593	-10 %
Australasia	3 782	3 635	4 %	15 405	19 884	-23 %
Russia and CIS countries	3 424	1 788	92 %	8 903	6 346	40 %
<b>Total</b>	<b>22 157</b>	<b>18 761</b>	<b>18 %</b>	<b>86 482</b>	<b>82 683</b>	<b>5 %</b>

#### 5. FINANCING ARRANGEMENTS

Robit Plc and its main financing bank have agreed that in financial year 2019 the covenant condition will be absolute EBITDA at 30 June 2019 and at 31 December 2019. The interest rate margin on loans is increased by 1.1% (new margin of 2.75%) until Robit Corporation's covenant interest-bearing net debt / EBITDA reaches the value specified in the financing agreement.

As of December 31, 2019, the company did not comply with this covenant term. Robit has received a waiver due to this breach.

##### Borrowings/Loans/Interest-bearing loans

EUR thousand	31-Dec-19	31-Dec-18
Non-current borrowings		
Loans from credit institutions	17 450	24 678
Other loans	585	660
Lease liabilities	4 070	524
<b>Total non-current borrowings</b>	<b>22 106</b>	<b>25 862</b>
Current borrowings		
Loans from credit institutions	9 414	13 246
Other loans	76	76
Bank overdrafts	3 919	3 845
Lease liabilities	2 700	251
<b>Total current borrowings</b>	<b>16 109</b>	<b>17 419</b>
<b>Total borrowings</b>	<b>38 215</b>	<b>43 280</b>

\* According to IFRS 16, leases have been reported as of 1 January 2019 in fixed assets and loans. Of the lease liabilities in 2019 EUR 6 176 thousand are IFRS 16 rents and EUR 599 thousand are former finance lease liabilities. For more information on IFRS 16, see Note 2.

## 6. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR thousand	31-Dec-19	31-Dec-18
Cost at the beginning of period	39 890	37 482
Additions	1 243	4 082
IFRS 16 additions and disposals net	8 589	0
Disposals	-4 177	-1 368
Reclassifications	0	0
Exchange differences	407	-306
Cost at the end of period	45 952	39 890
Accumulated depreciation and impairment at the beginning of period	-14 066	-11 202
Depreciation	-5 957	-4 055
Disposals	949	1 029
Reclassifications	81	0
Exchange differences	-200	161
Accumulated depreciation and impairment at the end of period	-19 193	-14 066
<b>Net book amount at the beginning of period</b>	<b>25 824</b>	<b>26 280</b>
<b>Net book amount at the end of period</b>	<b>26 759</b>	<b>25 824</b>

\* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. More information about changes IFRS 16 standard caused in notes section 2.

## 7. IMPAIRMENT TESTING

The amount of goodwill is reviewed at least annually in accordance with IFRS. The values of the goodwill testing variables are also revised if there have been material changes in business, competition, the market or other assumptions of goodwill testing. Company has decided to reorganize Down the Hole business in order to get considerable efficiency and cost benefits in the supply chain. In this respect Down the Hole and Halco, which have been reported as separate cash generating units (CGU), will be treated as one CGU. After this change company has two cash generating units (Top Hammer and Down the Hole). As the business will be transformed the changes in profitability, net working capital and in investment requirements have been considered.

As of 31 December 2019, the company has reviewed the assumptions used in goodwill testing, such as forecasts for the current and future years and changes in interest rates. Management has evaluated the impact of re-organizing the changes in the profitability of reorganization, working capital impact and investments. Planned changes are assumed to improve the performance of cash generating units. Based on the management's assessment, there is no need to make any changes.

## 8. GUARANTEES GIVEN

EUR thousand	31-Dec-19	31-Dec-18
Guarantees and mortgages given on own behalf	43 868	46 025
Other guarantee liabilities	83	261
<b>Total</b>	<b>43 951</b>	<b>46 286</b>

## 9. ACQUISITIONS

There were no changes in the legal group structure during the review period.

## 10. DERIVATIVES

The company hedges the most significant net and foreign currency positions that can be predicted in time and volume. During the reporting period, hedging had no significant impact on the result and there were no open derivatives at the end of the reporting period.