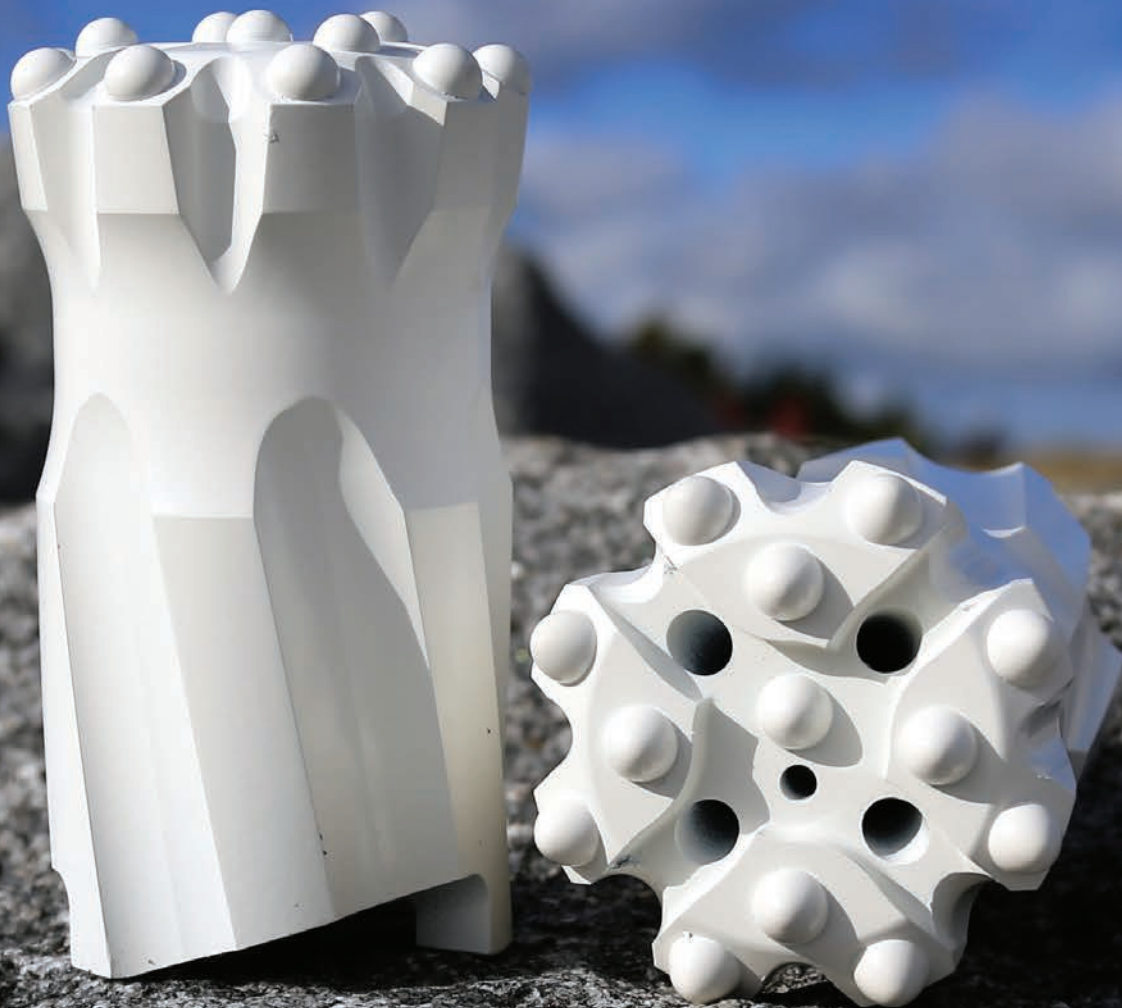


ROBIT 2020

ANNUAL REPORT



Robit
FURTHER. FASTER.

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YEAR 2020



Robit in Brief

Robit is a global growth company selling and manufacturing drilling consumables. The company provides products and services for the needs of the mining and surface mining, quarrying, underground construction and well drilling industries. This strongly internationalised company's offering is divided into two product and application groups: Top Hammer and Down the Hole. Robit has its own sales and service points in 9 countries as well as an active sales network in more than 100 countries. Robit's manufacturing units are located in Finland, South Korea, Australia and the UK. Robit's shares are listed on Nasdaq Helsinki Ltd.

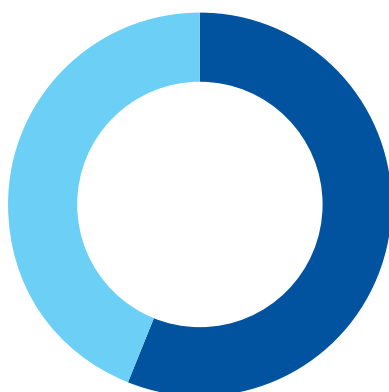
BUSINESS AREAS

Top Hammer Business

Top Hammer drills are primarily used in mining, construction, underground quarrying and quarrying of rock material.

The Top Hammer business comprises rock drilling consumables as well as digital products and services related to the drill hole measurement during drilling activity.

Net sales distribution 2020



Down the Hole Business

Down the Hole drilling is used in construction, well drilling, i.e. drilling of holes for water wells and geothermal energy wells, production drilling and piling. It is also used in production drilling for surface and underground mining.

The Down the Hole business comprises the Down the Hole consumables used in the segments listed above.

TOP HAMMER 46.3 MEUR

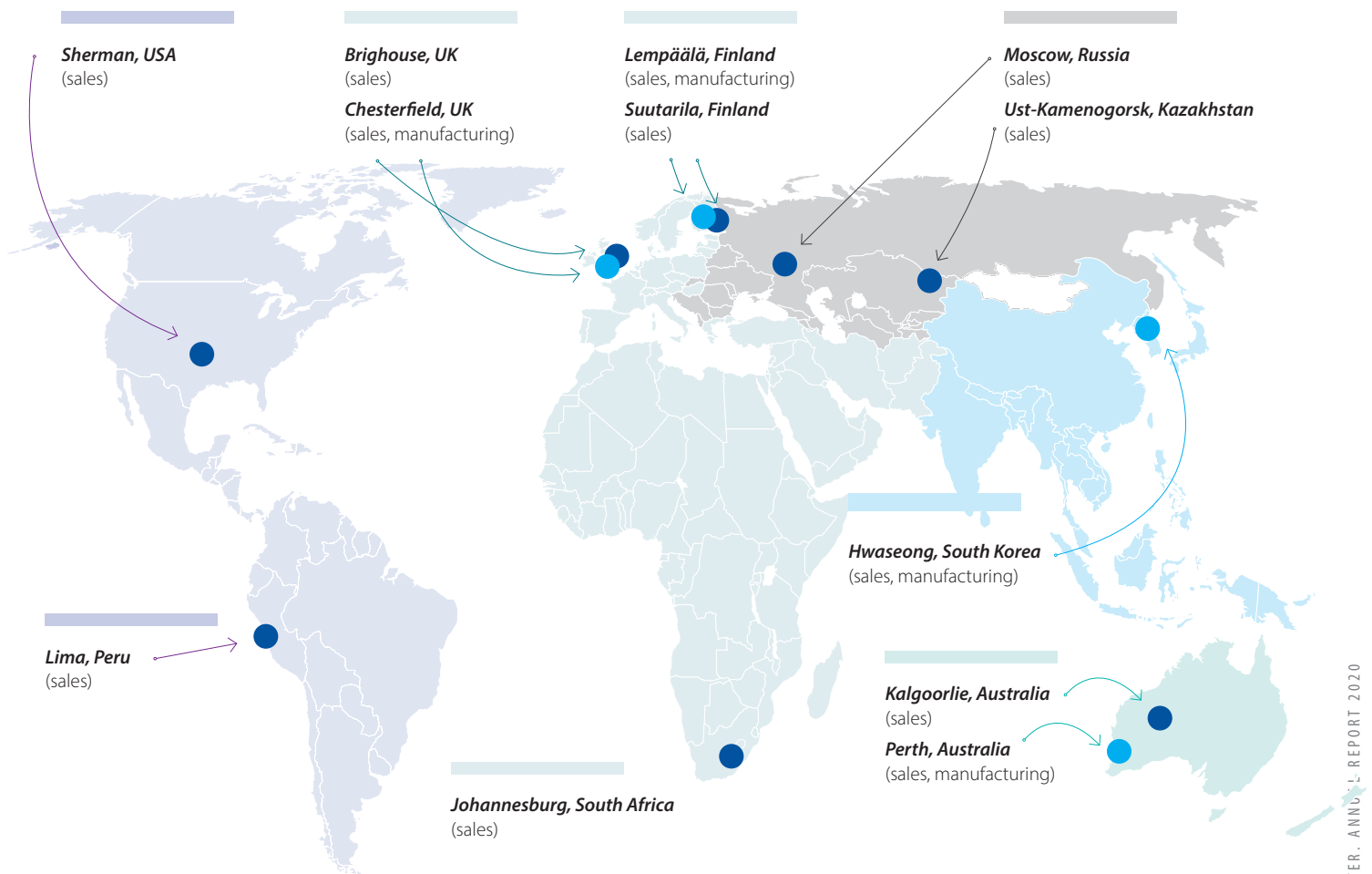
DOWN THE HOLE 45.3 MEUR

Key Figures 2020



Offices & Manufacturing Units

- Five sales areas: Americas, EMEA, East, Asia and Australasia
- Own sales and service points in 9 countries
- Active sales network in more than 100 countries
- 4 manufacturing units located in Finland, South Korea, Australia and the UK



Important Events in 2020

January

On 10 January, Arto Halonen, M.Sc. Eng., M.Sc. Econ. (38), was appointed as Chief Operating Officer (COO) and member of the Group Management Team. He has acted as CFO of Robit since 7 May 2020. Before joining Robit, Halonen worked in Metso, where he held several management positions, most recently as Vice President, Crushers, Aggregates Equipment Business Area. Halonen has extensive experience in international business in the construction and mining customer segments.



1.

2.

May

The company reported the third consecutive production record in Robit's South Korean manufacturing unit in the February–April period. This, the most modern factory of the industry, has also made major advances in improving safety and health aspects.



3.

4.

June

Robit launched an update of the popular DTH Prime piling bit range with optimised structure and rinsing properties. Larger products (ø52", ø56" and ø60") were also introduced.



5.

6.



March

Robit's extensive product portfolio was exhibited prominently at one of the world's largest construction events, CONEXPO-CON/AGG 2020, in Las Vegas, USA. Organised every three years, the event gathers visitors from all over the world to explore the latest innovations and products in the fields of earth and rock drilling as well as construction.

May

As part of comprehensive service, Robit opened for its customers a remote support service maintained by drill masters as a solution to travel restrictions caused by the COVID-19 pandemic. Experienced Robit professionals help and guide customers in problem solving, testing and product support, ensuring the best possible customer service, even under exceptional circumstances.



September

Robit's Turkish dealership Güris Is Makinaları Endüstri A.Ş. signed a supply agreement for Robit's drilling equipment with ETİ Bakır A.Ş., Turkey's largest copper mining company.



September

Robit successfully hosted an international sales event for its own global sales organisation with a hybrid model due to the restrictions caused by the COVID-19 pandemic. The intensive, 10-hour event featuring presentations and dialogue was a success.



7.

8.



October

Robit launched an update of the popular DTH Steel Fist wing/piling bit range, which has been complemented with products up to ø60 inches.

November

Robit's Chilean dealership Full Safety Company Ltda signed a supply agreement for Robit's Top Hammer and Down the Hole drilling equipment with Codelco, the world's largest copper mining company. Robit equipment will be shipped to the three largest copper mines in Chile.



9.

10.



December

The company organised a two-day Robit Family Goes Virtual online event for its dealership partners. The conference was divided into Mining & Blasthole and Construction days, which gathered 331 participants from 34 countries on the first day and 293 participants from 35 countries on the second day. In addition to training and product information, dealers shared their own success stories.

December

Robit launched a new revolutionary Rbit™ button bit series for Top Hammer drilling, replacing the current ø60 mm and larger product sizes.



11.

12.



December

Robit and the Belgian BIA Group entered into an exclusive dealership agreement. According to the agreement, BIA will represent Robit and its products in 17 countries in West and Central Africa.

Market Overview

Drilling consumables manufactured and supplied by Robit are used for the needs of the mining, quarrying and forepoling, underground construction and well drilling industries.

The COVID-19 pandemic affected the company's operations in 2020, but by reforming its policies, the company managed to achieve sales growth. Without the pandemic, the growth would have been estimated to be higher.

Robit's global market share was just under 5% in 2020. The low market share and the steady demand typical for consumables ensure good opportunities for Robit to grow by gaining market share from other operators in the industry. In addition, the company expects the overall market to grow beyond economic cycles by approximately 3–5% per year.

AMERICAS

The Americas accounted for 15.3% (17.9%) of net sales in 2020. Net sales declined by -9.6% compared with the previous year. The COVID-19 pandemic had a negative impact on the Americas market and net sales, especially in Mexico and Peru.

The net sales of Top Hammer products fell from 2019 levels, mainly due to a temporary decline in demand caused by the COVID-19 pandemic. At the end of the year, the company signed a significant multi-year supply agreement with the world's largest copper mines in Chile. Demand grew also in the mining segment in Mexico and Peru. Demand for Top Hammer products used in surface drilling in the United States is expected to strengthen in 2021 as a result of product improvements.

In the DTH product segment, demand for piling products remained stable despite the pandemic. Robit strengthened its market position in Canada and Chile, among other places. Robit is still in the early stages of selling other DTH products in the region, but the orders received and the customer relationships established in several countries promise healthy growth for the coming years.

In addition to existing distributors, the development of Robit's dealership network continued throughout the market area and the company received new distributors, especially in the United States. The largest dealerships' share of total sales increased from the previous year in accordance with our plans. Robit continued to operate in the same office facilities in Texas and Peru without any major personnel changes. The market outlook is expected to improve markedly in 2021. The company expects the South American market to pick up as a result of the end of the COVID-19 impact along with new mining agreements in Peru and Chile. In North America, this development is supported by the ever-increasing sales coverage of dealerships.

EMEA

The EMEA region is clearly Robit's largest market area, accounting for 43.7% (41.8%) of total sales in 2020. Net sales grew by 10.6% compared with the previous year.

The Nordic construction industry continued at a good level throughout the year and sales developed positively. The COVID-19 pandemic had a strong impact on Central European demand, which is driven by the construction industry. The activity of the mining industry in the EMEA region remained mainly at a reasonably good level, with the exception of South Africa, where most of the mines suspended their operations during the second quarter. Activities started to recover slowly in June and approached normal levels in the last quarter.

The year 2020 was strong in many markets in the EMEA region. In the Nordic countries, piling projects implemented with DTH technology continued at a good level throughout the year and Robit was successful in this region. Close cooperation with distributors continued in the Middle East and there was strong growth. A strong structure was created in the development of distribution in West and Central Africa to support the growth of business operations in the region in the coming years.

15.5
NET SALES
2019



14.0
NET SALES
2020

M€

36.2
NET SALES
2019



40.0
NET SALES
2020

M€

EAST

The East region accounted for 13.7% (10.3%) of Robit's sales in 2020. Net sales grew by 40.9% compared with the previous year. The sales of the region mainly consisted of orders from large mining companies. In the second half of the year, Robit signed the second largest mining contract in the history of the company in Russia.

The dealership network in the region was developed by renewing the distributor organisation. The focus of the development of sales through the dealership network was in the mining industry. The restrictions and challenges caused by the COVID-19 pandemic created new requirements for the organisation of activities such as business negotiations and site visits. As a result, Robit decided to start conducting site tests via remote connections. This was found to be a functional solution and was thus adopted as a part of the routine operating model.

Regardless of the exceptional year, Robit managed to organise product training for its dealers and also held an annual dealership event in the region. In view of the circumstances, these events were

carried out mostly online. The 2021 market outlook for the region is bright due to the strong demand situation in both the mining and construction industry.



8.9

NET SALES
2019



12.5

NET SALES
2020

ASIA

Asia accounted for 12.4% (12.1%) of Robit's net sales in 2020. Net sales remained at the same level as in the previous year. The negative impact of the COVID-19 pandemic on the net sales development in the first half of the year was significant. Some quarries and smaller mines closed down completely in the first quarter, while the utilisation rate of others varied between 30 and 50 per cent. The supply of products to dealers and end customers became considerably complicated as the number of flights and road transport available declined and also became more expensive due to the impact of the pandemic. During the second half of the year, the utilisation rate of Asian quarries and mines grew gradually, but slower than expected in all product segments. Net sales grew by 8.7% compared with the year 2019.

Robit renewed its operations in Hong Kong by appointing a local dealership for Down the Hole piling projects in January 2020. The unstable situation in Hong Kong continued throughout the year. Robit has a solid, strongly growing foothold in Asia's Top Hammer business market. Infrastructure construction – both above ground and underground – is expanding in Asia, where tunnel construction, particularly in South Korea, India and Thailand, continues to grow. Robit invests heavily in the continuous development of its dealership network. The outlook for 2021 is positive in both the Top Hammer and Down the Hole segments.

AUSTRALASIA

Australasia accounted for 14.9% (17.8%) of sales in 2020. Net sales in Australasia declined by -11.4% compared with the previous year.

2020 continued to be a challenging year, and the sales team was further reinforced during the year. Systematic work to turn sales back into growth continued throughout the year. The mining market climate remained good throughout the year, and the effects of the COVID-19 pandemic were mostly related to restrictions that prevented customer and site visits. The positive development of mineral prices increased demand related to, for example, test drilling.

Down the Hole production at the Perth factory increased considerably, which required increase in production resources to enable round-the-clock manufacturing. The increase in DTH manufacturing clearly strengthened the service of key customers and increased sales, especially in reverse circulation (RC) drilling due to the above-mentioned development of the raw material prices.

The Top Hammer segment also developed positively thanks to the increase in expert resources. During 2020, the company carried out many successful product tests, the results of which will become concrete in 2021.



10.5

NET SALES
2019



11.4

NET SALES
2020



15.4

NET SALES
2019



13.7

NET SALES
2020

CEO's Review

The year 2020 is remembered for positive development of Robit's net sales and profitability in a new kind of operating environment, in which the COVID-19 pandemic had a global impact on the company's operations.

Positive development in exceptional times

The company's net sales grew by 6.0% to EUR 91.6 million (86.5). Net sales increased primarily in the EMEA and East regions. Robit's profitability also developed as planned. The company's comparable EBITDA improved to EUR 5.1 million (2.7). In particular, the growth of sales volume and the improved cost structure supported the positive development of profitability. Together, they allowed the company to continue to grow and thereby gradually improve profitability.

The efficiency measures started in spring were implemented successfully and the savings were mainly realized already during the second half of the year. We now have a good structure for developing the company towards strategic targets and so, we take a step from the phase of structural changes to the phase of continuous improvement. Our focus is now in growth and implementing the improvement projects of our product margins. Our present structure of fixed costs supports our next growth stage without the need of significant additional investments. Ensuring the product availability is in key role in development of the company's growth and profitability improvement and so, we continue development of the related business processes. Our Top Hammer business as a whole along with Down The Hole product groups have developed strongly and thus, the outlook is still positive. As a result, we are accelerating our investment plans in Lempäälä and South Korea. According to our estimations, the investments however remain lower than the depreciations and the relative share of depreciations compared to net sales will decrease.

Year 2020

By 2020, the company had drawn up a plan that focused on a clear improvement in financial performance through strong implementation of growth projects and more efficient cost structure. These measures were already underway as the operating environment changed in a matter of few weeks as the COVID-19 epidemic spread first to Europe in early March and then around the world. As a result of this development, we quickly switched to a new management system. We monitored key business factors by company at a weekly level, with the focus on protecting cash flow in the event of a rapid deterioration in demand or in our customers' solvency. As we now know, the situation varied greatly according to country-specific restrictions. For example, in the Nordic countries and Russia, the mining and construction industry continued to operate at almost normal levels. At the same time,

in South Africa and Peru, restrictions halted most mining and construction activities. However, during the second quarter, it became evident that demand for Robit's products remained at a reasonable level despite the pandemic. The financial situation of the company's customers withstood the changes in demand and payment difficulties did not increase significantly. We continued previously planned efficiency measures in part and some of our long-term sales projects were realised, compensating for the loss of net sales in countries in which demand was impacted by the restrictions.

While preparing for the risks associated with the epidemic, we also systematically explored opportunities. We quickly created a program in which we intensified communication with our customers and distributors using a variety of modern communication tools. In this context, new operating methods were created, for example, how we provide remote technical support for product testing. As a result of this development, we developed completely new and permanent operating methods that allow us to communicate more closely with our distributors and customers also after the pandemic. This will affect, among other things, the amount of travel in the coming years.

During June, there were widespread signals that governments worldwide were changing their restriction policies in a direction that safeguards the operation of basic industry. Restrictions related to the mining industry started to be dissolved in June, but in several countries, the effects were reflected far into the autumn. In many areas, restrictions posed by customers regarding visitors continued to the end of the year, slowing down product testing activities directly related to tendering.

Considering the business environment, we succeeded in developing sales in the EMEA and East regions. These regions were the main support for our good development in 2020. COVID-19 had a major impact on the Americas and Asia regions and sales decreased in both regions. At the end of the year, however, the situation developed positively, especially in the Americas region, and we have a good chance of getting the region back on track for growth in early 2021. In the Asia region, we expect to return to a growth path once the restrictions caused by the pandemic are lifted, likely during 2021. In Australasia, mines and the construction industry continued to operate at a good level throughout the pandemic. Sales decline in Australasia is part of a longer development related to some customer relationships that are important to us. Outside of this development, however, we have already won smaller customer relationships and have made progress in our efforts to expand our customer base to new customer segments as well. Overall, the development of sales in

Australasia is lagging behind our expectations. We believe that we will be able to launch a positive cycle during 2021 and we will also be on a growth path in Australasia.

During the past year, we also achieved significant, individual sales successes. The supply contract we won together with Robit's Chilean dealership Full Safety Company Ltda for Codelco's most prominent mines, including El Teniente and Chuquicamata, was the result of long-term, systematic sales work. Codelco is the world's largest copper producer and the above-mentioned mines play a major role in the industry.

Our actions are guided by our values

At the end of 2019, we launched our new values: we serve with speed, we drive change and we respect everyone. Supported by these new values, we had an ongoing discussion regarding Robit's operating culture throughout the year 2020. All company personnel were actively involved in the definition of the values. This discussion provided an excellent basis for a united vision of what we hope and expect from each other. The positive development was also reflected in our annual personnel survey, which confirmed our personnel's confidence in the direction and opportunities of the company.

The company values discussion also provided a good foundation for the entire organisation to adapt to the changes caused by the COVID-19 pandemic. The value regarding change was implemented in practice when the entire Robit team actively sought new operating methods and committed to the necessary measures to protect their own, their colleagues' and their cooperation partners' health in accordance with instructions that were at times updated fairly quickly.

Three main themes towards financial targets

We started the year 2020 with three main themes: growth, profitability development and business processes. We are constantly updating the company's growth projects. Distribution development is at the heart of our sales development. Over the past year, we signed a major distribution agreement with a Belgian company, BIA Group, related to 17 African countries. This is a major opportunity for Robit to develop its business operations in the key mining market and, at the same time, an excellent example of our long-term work to acquire partners who commit to common goals and develop the Robit brand's position in the target market by taking advantage of the strengths of both parties to the contract.

Efficiency measures related to fixed costs focused on the first half of the year. We were able to realise fixed cost savings while also ensuring that we would achieve the desired growth. Our aim was to improve productivity in all activities and this will remain a key theme also in the coming years. During 2020, we also launched projects aimed at permanently improving our competitiveness through material cost savings achieved by restructuring our subcontracting network.

Our modern, cloud-based ERP system covers all Robit units and provides an excellent foundation for digitalisation development. Over the past year, we created a digitalisation plan that focuses on the development of our order and supply processes and availability planning both qualitatively and in terms of efficiency. The plan consists of quickly implemented sub-projects, three of which were adopted in production use already in 2020. With this development, we are laying foundation for an excellent level of customer service and efficient utilisation of working capital.

Competitiveness through new products

The 2020 product development agenda was concise. At the end of the year, we entered the first phase of the launch of the new Rbit Top Hammer button bit series. The commercial utilisation of the new product range will reach full speed during the first half of 2021. In the first half of 2021, we will also launch other new products in our Down the Hole and Geotechnical product ranges. During the second half of the past year, we also sharpened the focus of our long-term research and development activities and laid the foundation for the development of medium-term capabilities in technologies that are essential for competitiveness.



The year 2020 is remembered for Robit's positive development in a new kind of operating environment, in which the COVID-19 pandemic had a global impact on the company's operations."

Tommi Lehtonen
CEO



COMPANY



Product Offering

MINING

Global segment size estimate: 800–1,000 MEUR.

Mining industry development has been positive. Production volumes continue to increase and mines continue to make productivity improvements thus investing in modern technology and innovations.

Robit offering:

- Full range of Top Hammer drill strings for underground drilling, bolting and long hole drilling
- DTH-hammers, bits, tubes, and rotary heads for surface mining
- Digital Services completing the full solution offering



SURFACE DRILLING AND FOUNDATION

Global segment size estimate: 600–800 MEUR.

In foundation works, the drill piling method is gaining market share globally. Infrastructure projects are becoming larger and players becoming bigger as global contractors are increasing their influence on the global market. More and more underground spaces are used for storage or transportation purposes increasing the need for drill and blast equipment.

Robit offering:

- Widest range in piling products with large DTH hammers and locked casing systems
- Full scope of Top Hammer bench and underground drilling tools
- Digital services completing the full solution offering





WELL DRILLING (geothermal and water wells)

Global segment size estimate:
200–300 MEUR.

Global environmental changes and technological advances drives promising growth. Focus increasingly shifting from traditional Nordic markets to warmer areas (geothermal cooling) and water wells.

Robit offering:

- DTH-hammers, DTH bits and locked casing systems for tough ground conditions.

UNDERGROUND CONSTRUCTION

Global segment size estimate:
300–400 MEUR.

Further urbanization and infrastructure development especially in the emerging markets will continue to drive the need for new tunnels and underground construction.

Robit offering:

- Full range of Top Hammer drill strings for face drilling and forepoling as well as for bolting and roof support.



The predictions and opinions concerning segment size and future growth shown above in this report are the views of Robit's management based on current assumptions. While these assumptions on future events are believed to be founded on thorough analysis and the best available information, they should be considered as uncertain forecasts that cannot be guaranteed to occur as predicted. In consequence, actual growth trajectories may vary considerably from what has been predicted due to unforeseen events in the economic, market related, competitive, legal and international trade environment.

Strategy

Robit is a company focused on drilling consumables. Throughout its history, Robit's strategy has been strong growth and internationalisation. The company's main strategic objective is to strengthen and increase its market position and market share in the global drilling tool market.

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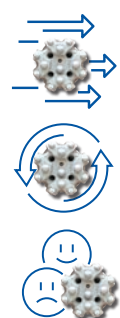
The key market segments identified in Robit's strategy are mining, underground construction, quarrying and forepoling, and well drilling, particularly for geothermal applications. These segments have a drilling tool market of approximately EUR 2 billion. Robit is currently among the top five operators in this market. The two largest operators, however, account for more than half of the market volume. Robit's goal is to achieve the third largest market share in the global drilling tool business segment.

Global megatrends drive the company's strategy and growth. The two megatrends most significant for Robit are urbanisation, which increases underground construction, as well as the depletion of mine ore bodies, which requires more tonnes of rock to be quarried relative to the amount of metal produced. These megatrends also means more drilling and increased demand for consumables. Although megatrends support the demand for Robit's products, Robit's market potential (target market potential of EUR 2 billion), which is high in view of the company's sales (market share of less than 5 per cent), and steady demand typical of the consumables business further support the company's development.

Robit is a company investing heavily in growth. The company aims for strong growth in net sales. At the same time, the goal is to ensure the profitability and cash flow that enable investments to be made in the company's growth. Robit's long-term targets are:

- Annual organic growth of 15%
- Adjusted EBITDA of 13%

Robit's strategy is based on the company values that support the effective implementation of the strategy. Our values are:



We serve with speed

We drive change

We respect everyone

Robit has systematically built its business model that enables the company to achieve its long-term goals. Robit's strengths and competitiveness are formed by:

- Business model focused on drilling consumables – the company does not operate in the investment product segment
- The industry's largest product offering in drilling consumables
- High quality of products
- Strong distribution channel both through own sales companies and through distribution network
- Competitive and dynamic pricing

Diversity of personnel is a key part of the company's strategy. Diversity drives the company's operations and responsible personnel policy. Our goal is to leverage the company's global presence and multiculturalism as a resource and competitive asset.

The company's main areas of focus for development are growth, profitability, processes and people. For each of these areas, the company has short and long-term action plans that allow the strategic objectives to be achieved.



Strategy

MARKET SEGMENTS & MEGATRENDS



UNDERGROUND & SURFACE MINING

Lower mineral content; more drilling needed per mineral tonne



CONSTRUCTION

Urbanization, underground construction & infrastructure investments grow



GEOTECHNICAL

More overburden and supporting construction needed for infrastructure buildings



WELL DRILLING

Geoenergy is increasing

VISION

In 2020 net sales: 90 M€
EBITDA 5 M€ / 6%

ab. 5% of the global drilling consumables market



2 000 M€
Global Drilling Consumables Market
(excl. China & India)

15% CAGR, 13% EBITDA

Big Goal net sales: 200 M€

No.1 drilling consumables company
10% of the global drilling consumables market

CUSTOMER VALUE PROPOSITION

EXCELLENT PRICE-QUALITY-PERFORMANCE-RATIO WITH CONSISTENT QUALITY

COMPLETE OFFERING IN DRILLING CONSUMABLES WITH THE CORE OF MARKET'S BEST BITS AND BIT CONCEPTS

BEST IN CLASS AVAILABILITY & SERVICE LEVEL

HIGH QUALITY DRILLING CONSUMABLES



COMPETITIVENESS



DRILLING CONSUMABLES ONLY
Widest offering in
Top Hammer & Down the Hole
High focus on bits – best in the market



GLOBAL COVERAGE & AVAILABILITY
Focus on serving distributor network (+100 pcs)
Own sales teams in 4 mining countries



EFFICIENT MANUFACTURING IN OWN FACTORIES
Price & cost-competitiveness secured by high volume, automation & robotization



BUSINESS



Top Hammer Business

NET SALES

46.3

MEUR



The new revolutionary Robit Rbit™ button bit series was launched at the end of 2020.

Competitiveness through product offering development

Top Hammer products are mainly used in mining, underground quarrying, construction and quarrying of rock material. The Top Hammer business comprises rock drilling consumables as well as digital products and services for drilling operations. Robit's Top Hammer offering is continuously evolving, an example of which is the new revolutionary Rbit™ button bit series launched at the end of 2020.

The year 2020 was exceptional, and also affected the Top Hammer business. Due to the COVID-19 pandemic, many of Robit's key customers had to suspend their operations. However, Robit quickly adjusted its operations. Thus, regardless of the exceptional circumstances, the company was able to secure product deliveries to its customers. Robit stayed close to its dealers and customers with the help of alternative operating tools, such as remote connections. Despite the challenges, the Top Hammer business grew successfully compared with the

year 2019. Growth was 14.9%. Strong product development and sales efforts are expected to further boost the growth of the Top Hammer business in 2021.

At product level, Robit's diamond bits have successfully met customer needs. Safety and deep hole drilling in increasingly demanding conditions are among the current main areas of focus of the mining industry, which at the same time increase the need for drilling automation. Robit's diamond bits meet these needs by enabling longer and unattended drilling periods in production drilling. Drilling operations are also supported by the company's digital solutions, S-Sense and M-Sense, which produce up-to-date information in Top Hammer surface drilling to measure the deviation of the drill hole during drilling.

During the past year, Robit also invested in the development of educational material. The company believes that appropriate training of Top Hammer business stakeholders is one of our key success factors. Our extensive and high-quality product range and excellent service level help our customers achieve their own production and financial goals.

Rbit™

Robit is known for its high-quality Top Hammer product range. As a result of continuous development, Robit launched the Rbit™ series at the end of 2020. Both computational fluid dynamics (CFD) and field testing have confirmed the excellent drilling results of the new product range.

Features of the Rbit™ series:

- Optimised button placement
 - maximum impact surface contact
- Renewed impact surface design
 - effective impact energy transfer to rock
- Improved flushing performance
 - faster penetration
- 'Heavy duty' models available in all Rbit drill bits
 - more drill meters

Top Hammer outlook for 2021

The outlook for 2020 was quickly reshaped due to the COVID-19 pandemic. Despite the challenging operating environment, Robit managed to grow the Top Hammer business. The exceptional operating environment will continue to some extent throughout 2021. However, the company has been successful in readjusting its operations quickly, so the development of the Top Hammer business continues actively. Robit will expand the Top Hammer product offering with new products, some of which are already in the testing phase. The company will also actively continue to develop the dealership and customer network.

The Top Hammer business comprises rock drilling consumables and digital products and services.



Our customers are satisfied
with the new revolutionary
Rbit™ button bit series"

Jorge Leal
Head of Offering

Down the Hole Business

NET SALES

45.3

MEUR



Robit's Down the Hole business (DTH) accounts for []% of the company's net sales. The company's extensive product range covers all aspects of ground drilling. The Down the Hole business is divided into two areas: DTH products serving the production drilling of the mining and excavation segment, and Geotechnical products specialising in the civil engineering and well drilling segment.

Mining and excavation segment

In the mining and excavation segment, Robit continued its systematic work in launching products to new market areas. Several customer tests were successful during the year and provided a basis for the development of sales in 2021. Robit was able to win individual supply contracts for mines, for example in the East region, in 2020. The company expects this development to accelerate in 2021. The decrease of the DTH business in 2020 was -1.9%.

Robit is launching a new DTH hammer series in 2021. Developed on the basis of customer feedback, this product range gives the company new opportunities to build a stronger foundation for the development of Robit's DTH business.

The DTH mining and excavation segment forms a significant growth opportunity for Robit. At the moment, Robit is focusing on expanding the customer base related to the offering in the key mining market. Robit sales staff's strong experience in this segment and high-quality offering provide a good basis for sales growth.

Mining and excavation segment comprises rock drilling Down the Hole consumables.



Geotechnical segment

The COVID-19 pandemic only temporarily slowed down the company's business with regard to the Geotechnical products. Demand for the products was strong in the Nordic countries and Canada and remained stable in other key markets in the product segment. In view of the circumstances, the year was good and the company delivered more products than ever in terms of number. In challenging circumstances, good performance was made possible by new customers, which were already won in the previous year, and strong distributors in addition to the high-quality product range. The work done on the development of sales and distributors is bearing fruit. Robit will continue to develop the distribution of the Geotechnical products, focusing on the strategically most important areas. The largest DTH hammer in the Robit product range doubled its sales from the previous year and is an excellent addition to the growing trend of large bored piles and casing systems. In addition to large bored piles, the product was also used for horizontal directional drilling. There was also demand for smaller products of the offering and, among other things, a civil engineering project was launched on the island of Verkkosaari in Helsinki, where a record number of micropiles are drilled using Robit's drill strings.

The company rationalised the product range during the year by discontinuing certain casing systems of lower importance and by launching new updated versions to support the core business product offering. This work on offering development will continue also in 2021. The product range developed for the drilling of energy wells and water wells has been well received, which also increased the product market share in 2020. The products have been designed for drilling holes deeper than usual and to perform even in the harshest conditions. Increasing market share in this product segment will be one of the key growth projects for the Geotechnical business in the coming years.

Down the Hole outlook for 2021

The outlook for the DTH mining and excavation segment is supported by the mineral market price development and the expected easing of restrictive measures related to the COVID-19 pandemic in the mining industry. Robit's offering and strengthened know-how in the field provide a good basis for growth. The growth in sales of the company's Geotechnical products is supported by the increased use of bored piling as a piling method. As a result of urbanisation, construction companies are having to build in increasingly demanding ground conditions, which also require piling. The energy well trend is supported by the general climate of increasingly supporting emission-free energy. Economy-boosting measures in a number of strategically important countries are likely to facilitate the launch of major civil engineering projects, strengthening demand for the Geotechnical products.



Geotechnical segment comprises ground and well drilling Down the Hole consumables like DTH hammers & bits, Casing Systems, drill pipes, shock absorbers and accessories.



SUSTAIN

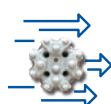
ABILITY



A Responsible Employer

Values as the basis for everything

With our values, we want to highlight issues that are important to us and that support our success now and in the future:



We serve with speed



We drive change



We respect everyone

We want to serve our customers, distributors and colleagues quickly, without compromising safety and quality. Speed and reliability are essential for us and our customers.

The ability to make rapid changes is important to us and we see it as one of our competitive advantages. Therefore, we seek to view changes positively and as opportunities for continuous development.

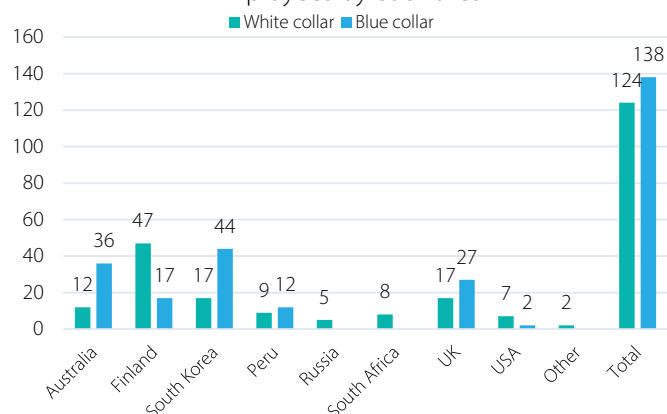
We treat everyone – colleagues, customers, suppliers, distributors and the community around us – respectfully. We want to be a responsible employer for our personnel and a reliable partner for all our stakeholders.

Our skilled personnel are an integral part of our competitiveness

At the end of 2020, Robit had 261 employees (252), of whom 47 percent worked in white-collar positions (123 employees) and 53 percent in production (138 employees). 53 percent of the white-collar employees (50%) worked in sales, sales support and customer service tasks. 82 percent of the employees are men (82%) and 19 percent are women (18%). Share of women employees increased during 2020. Robit wants to provide in all tasks equal possibilities both for men and women. Voluntary turnover of employees was 5,8 percent in 2020 (7,5%).

The effects of the COVID-19 pandemic were also reflected in the lives of all the Robit team members, both in their work and in their leisure time. In April–August, the pandemic forced us to make various temporary adjustments to cut costs. The measures varied from site to site according to the disease situation in the country concerned, regulatory guidelines and local legislation. At all sites, our employees worked remotely as allowed by their duties and required by the situation. Efforts have been made to avoid travelling and the use of remote connections has increased, both in meetings within the organisation and in meetings with our distributors and customers.

Employees by countries



During the year, we organised product training for both our own employees and distributors and end customers. Due to the pandemic, the training sessions were mainly carried out through remote connections. In addition, eLearning entities are available for self-study to improve product know-how.

In 2020, a management and key personnel development programme, Robit Growth Booster, was launched with 30 participants from all over Robit's organisation. The programme focuses on, among other things, Robit's strategy, various aspects of management and key financial issues. Due to the pandemic, the Robit Growth Booster programme is also partly implemented through remote connections.

The Robit Talent programme continued in 2020. The programme has been an important recruitment channel for several years and has been used to recruit students from higher education institutions who are in the final stages of their studies or have recently received their degree. A total of twelve employees have been employed in the company through five different Talent programmes. Four people were hired in 2020. The programme will continue in the future.

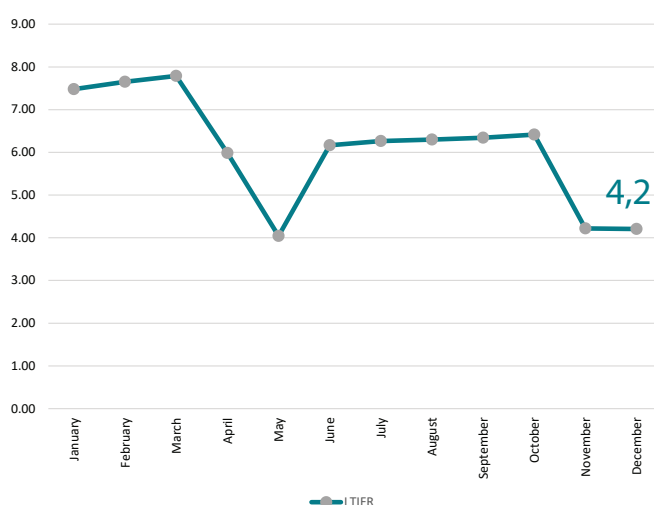
The Code of Conduct guides our responsibility. The induction of every new Robit employee includes the completion of the Code of Conduct eLearning programme. This is to ensure that everyone working in the company knows our Code of Conduct and is committed to it. The Code of Conduct provides guidelines on, among others, the following issues: compliance with laws, human and labour rights, equality, honesty and fair competition. During 2020, all Robit team members completed a refresher course of the Code of Conduct programme.

Employee experience is measured on a weekly basis

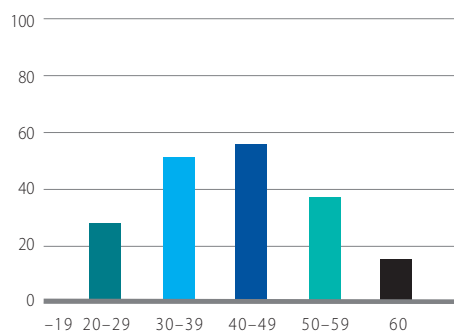
In 2020, we continued to monitor the personnel's employee experience in real time. An electronic tool, introduced in 2019, allows personnel to communicate their employee experience anonymously in real time. The results are constantly available on our intranet and a weekly summary of feedback is produced. The goal is to react immediately to issues raised in the survey.

As in previous years, a more extensive personnel survey was also conducted to measure the dedication and engagement of Robit employees in November 2020. The response rate was 78.6%. According to the survey, the level of dedication and engagement had increased significantly compared with the previous year. The level was still low compared to the control group. According to the survey, personnel are motivated and feel that their work contribution is significant and important. There was considered to be room for improvement in the decision-making process and also in communications. In particular, there was a desire for better communication on the grounds for decisions and on future prospects. During 2020, the above-mentioned issues have been addressed, but further efforts are needed.

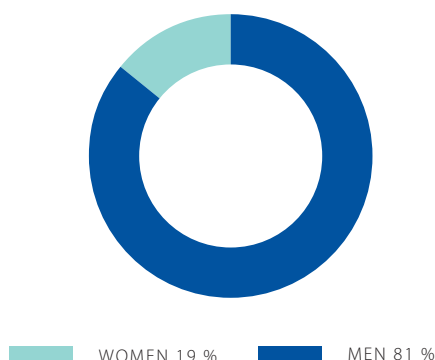
LOST TIME INJURY FREQUENCY RATE (LTIFR)



PERSONNEL AGE DISTRIBUTION



GENDER DISTRIBUTION



70%

ENGAGEMENT INDEX



100%

CODE OF CONDUCT ELEARNING COMPLETED



79%

PERSONNEL SURVEY

Working Together for a Safer Work Environment

Since its establishment, Robit has paid particular attention to occupational health and safety in its operations. In July 2020, Robit set up the Global HSE Team (Health, Safety and Environment).

The purpose of the team is to specify, develop and implement common practices related to the environment and occupational health and safety at Robit. In addition, the focus is on strengthening the safety culture in all Robit units around the world and in the Robit partner network. The goal of the team is to create common HSE standards for all Robit units, encourage communication on HSE topics and share best practices.

During 2020, the team focused on safe work instructions, training material and reporting. Safety instructions for general work tasks have been prepared at Robit units, including

instructions for sharpening drill bits, manual lifting and minimum requirements for personal protective equipment. The team has compiled standard training materials so that each Robit unit can use them effectively for internal HSE training. In addition, practices for sharing information have been developed in order to share best practices effectively and to improve the efficiency of continuous learning and development.



8th of February 2018 Hwaseong factory started its production and on 4th of November, 2020 employees celebrated 1000 injury free days.

Responsibility for the Environment and Responsible Management of Suppliers

The environment is important and unique to Robit. We are aware that we must use environmental resources responsibly. Our goal is to extend the life cycle of materials, reduce the use of non-renewable raw materials and enable the creation of added value. We continuously strive to reduce the negative environmental impacts of our product range, operations and supply chain. The mining and construction industries in our operating environment include environmental opportunities and risks. We need to recognise the effects of these by seizing the positive opportunities while minimising the risks.

Raw materials and production

The major environmental impacts caused by Robit's own operations are driven from the raw material consumption of our production and from transport. We are constantly working on raw material optimisation to ensure that the raw materials that are delivered to us fit as well as possible in the manufacture of our products. We track this development by measuring raw material wastage both in our own production and in the production of our most significant subcontractors. All waste generated is sorted and appropriate recycling is organised. We pay special attention to the treatment of harmful chemicals and water and for waste arising therefrom.

Energy use

Robit's energy use mainly relates to the manufacturing of the steel used in our products, heat treatment, transportation and the actual energy required by products for their particular purpose. The steel we require is nearly 100% produced from recycled steel. In transportation, priority is given to environmentally efficient transports, the proportion of which we are constantly aiming to increase.

Operating environment and product innovations

We strongly believe that all energy-efficiency product innovations will improve competitiveness and save energy. We continuously strive to improve the product offering to meet the needs of our customers with a strong environmental focus. The new Rbit product family is a good example of innovation that enables us to deliver our customers a state-of-the-art product and, at the same time, the modular structure of the product family enables us to optimise the use of raw materials in the production process.



The modular structure of the new Rbit™ product family enables us to optimise the use of raw materials in the production process.

Responsible management of suppliers

Our goal is to build a strong supplier network capable of fulfilling our business needs and honouring our values and expectations regarding social and environmental demands. We want to make sure that we act responsibly throughout the value chain and we also require our suppliers to understand the responsibilities involved in their operations. We expect all of our suppliers to follow the Code of Conduct determined by Robit. This is the starting point for all of Robit's business relationships. Collaboration with suppliers is based on our Code of Conduct, and our commitment to responsible procurement is an integral part of our business. We seek to continuously develop a responsible and competitive supplier network. Auditing of suppliers is part of our regular quality management, and responsibility is part of Robit's supplier audits.

Robit's equipment for environmentally friendly energy from the ground

Thermal energy stored in the surface of ground and bedrock is mainly from the sun. Deeper in bedrock thermal energy is mainly geothermal energy from the decomposition of radioactive substances. For example, in the southern parts of Finland, the temperature of bedrock at a depth of 300 m is about 6.5–9 °C. There is variation in thermal conductivity of rock types. The thermal properties of bedrock are most affected by the bedrock composition, fractures and groundwater movements. Groundwater and bedrock fractures enhance heat transfer in the ground. On the other hand, bedrock fractures may make drilling difficult and cause the walls of the drill hole to collapse. Today, the term energy well is used instead of the thermal well, as an energy well is increasingly used for both heating and cooling. Robit is strongly involved in developing increasingly better products for drilling energy and water wells. Each year, Robit's products are used to drill more than 30,000 water and energy wells worldwide. Thus, the company is closely linked to the utilisation of emission-free green energy and sustainable development.

The depth of an energy well is usually less than 300 m. Several energy wells may have to be drilled for the energy need of one building. As the number of wells increases, energy wells form an area called an energy field. The energy well is usually drilled to be 4.5–6.5" in diameter. The depth of the drill hole is determined on the basis of the building's heat demand. Robit's product portfolio includes the necessary equipment for drilling from 4" diameter to

18" inch energy wells. Deeper energy well drilling has also begun worldwide for geothermal power plants. In Otaniemi, Espoo, for example, drilling has reached the depth of about 6.4 km. The temperature of water pumped from that depth is over 100 °C. This year, Robit is involved in drilling Vantaa Energy's geothermal power plant, which aims to drill to a depth of 2 km.

A modern efficient heat pump connected to an energy well can save over half the energy costs compared to, for example, oil and electricity. Compared to an oil boiler, for example, which must be replaced every 15 to 20 years, only moving parts must be replaced in the heat pump within the same period. The heat pump can simply be described as a device that utilises so-called free energy, which is present in ground and bedrock.



Each year, Robit's products are used to drill more than 30,000 water and energy wells worldwide. Thus, the company is closely linked to the utilisation of emission-free green energy and sustainable development.

UN's Sustainable Development Goals

Robit supports in its operations the UN Sustainable Development Goals. We have identified seven goals material to our operations, and we support their implementation in everything we do. These goals provide a broader framework for our responsibility work.



Gender Equality

- Equality, fairness and non-discrimination are important principles that Robit applies throughout its employment relationships. We seek to provide everyone with equal opportunities, regardless of gender.



Clean Water and Sanitation

- We strive to reduce water consumption in our operations.
- We take local measures to reduce water consumption and conserve water.



Affordable and Clean Energy

- We generally seek to limit energy consumption.
- We try to find new ways of reducing energy consumption in our activities.



Decent work and economic growth

- We do not accept child labor or forced labor. We evaluate and audit our partners for compliance with these guidelines.
- Safety and well-being are important priorities for Robit.



Industry, innovation, and infrastructure

- We encourage the development of more energy-efficient products, and the energy performance of our products and services is of key significance



Responsible Consumption and Production

- Our goal is to reduce waste generated by our operations and to mitigate the use of fossil fuels.
- We handle chemicals carefully and minimize their use



Peace, justice and strong institutions

- We do not permit corruption in any form. This is clearly communicated in Robit's Code of Conduct, which all personnel must adhere to.
- All personnel have completed Code of Conduct training



Board of Directors

Mikko Kuitunen, b. 1980, M.Sc. (Eng.)

Member of the Board since December 2018. Independent of the company and its major shareholders.

Share ownership: Dec. 31, 2020
10,084 shares

Committees:

Remuneration Committee

Main occupation:

Vincit Plc (CEO), Digital-age entrepreneur and investor

Key positions of trust:

MRoom Group Oy (Member of the Board), Soilfood Oy (Member of the Board), Cloudberry Capital Oy (Member of the Board), OffiStore Oy (Chairman of the Board)

Kalle Reponen, b. 1965, M.Sc. (Econ.)

Member of the Board since 2012. Independent of the company and its major shareholders.

Share ownership: Dec. 31, 2020
30,328 shares

Committees: Working Committee

Main occupation:

Professional board member, independent consultant

Key positions of trust:

Panostaja Oyj (Member of the Board), Telamurska Oy (Chairman of the Board), Premix Oy (Chairman of the Board), Heatmasters Group Oy (Chairman of the Board), Pemamek Oy (Member of the Board), Vexve Armatury Group Oy (Member of the Board), Oy Mapvision Ltd (Member of the Board), Black Bruin Inc (Member of the Board), Koskitukki Oy (Member of the Board), Suomen Taideteollisuusyhdistyksen 100-vuotissäätiö (Member of the Board)

Kim Gran, b. 1954, M.Sc. (Econ.)

Member of the Board since April 2020. Independent of the company and its major shareholders.

Share ownership: Dec. 31, 2020
23,226 shares

Committees:

Working Committee

Main occupation:

Professional board member

Key positions of trust:

Pohjola Rakennus Oy (Member of the Board), Dayton Group Oy (Member of the Board)

Mammu Kaario, b. 1963, Master of Laws with court training, MBA

Vice Chairman of the Board, Member of the Board since 2017. Independent of the company and its major shareholders.

Share ownership: Dec. 31, 2020
19,106 shares

Committees:

Audit- and Remuneration Committee

Main occupation:

Professional board member

Key positions of trust:

CapMan Oyj (Vice Chairman of the Board), Ponsse Plc (Vice Chairman of the Board), Aspo Plc (Vice Chairman of the Board), Lapti Oy (Member of the Board), Nordic ID Plc (Member of the Board), Gofore Plc (Member of the Board), Sibelius Academy Foundation (Member of the Board)

Harri Sjöholm, b. 1954, M.Sc. (Eng.)

Chairman of the Board since 2018, previously in the Robit Board in 1998–2018. Non-independent of the company and its major shareholders. Major shareholder in Five Alliance Oy, which holds 26.86 percent of the company's shares.

Share ownership: Dec. 31, 2020
23,360 shares

Committees:

Shareholders' Nomination Committee and Audit- and Working Committee

Main occupation:

Robit, Chairman of the Board

Key positions of trust:

Five Alliance Oy (Chairman of the Board), Tampere University of Applied Sciences Foundation (Member of the Board)

Anne Leskelä, b. 1962, M.Sc. (Econ.)

Member of the Board since April 2020. Independent of the company and its major shareholders.

Share ownership: Dec. 31, 2020
3,226 shares

Committees:

Audit- and Remuneration Committee

Main occupation:

Professional board member

Key positions of trust:

HKScan Corporation (Member of the Board), Componenta Corporation (Vice Chairman of the Board), Kojamo Plc (Member of the Board), ImageWear Oy (Member of the Board), Tammer Brands Oy (Chairman of the Board)

Management Team



**Tommi Lehtonen, b. 1970,
M.Sc. (Eng.)**

CEO

Employed by the company since 2017.

Share ownership: Dec. 31, 2020
15,452 shares

Primary work experience:

Metso Minerals Inc., 2016–2017, Head of Mining Business Line, China, India, Asia-Pacific; Metso Minerals Inc., 2014–2015, Senior Vice President, Crushing and Screening Business Line; Metso Minerals Inc., 2012–2014, Senior Vice President, Mobile Equipment Business Unit



**Jaana Rinne, b. 1962,
M.Sc. (Econ.)**

HR Director

Employed by the company since 2017.

Share ownership: Dec. 31, 2020
13,000 shares

Primary work experience:

Pöyry Plc, 2013–2016, Vice President, Human Resources; Konecranes Plc, 2007–2013, Vice President, Human Resources; Konecranes Plc, 2004–2007, HR Director, BA Service



**Arto Halonen, b. 1981,
M.Sc. (Eng.), M.Sc. (Econ.)**

CFO

Employed by the company since March 2020.

Share ownership: Dec. 31, 2020
18,710 shares

Primary work experience:

Metso Minerals Inc., 2018–2020, Vice President, Crushers; Metso Inc., 2017, Vice President, Strategy and Business Development; Metso Minerals Inc., 2015–2016, Vice President, Global Sales & Marketing



Information for Shareholders

Annual General Meeting 2021

Robit Plc's Annual General Meeting will be held on Thursday 25 March 2021 at 2.00 p.m. (Finnish time) at Robit Plc's meeting room Granit (Vikiniityntie 5, 33880, Lempäälä, Finland).

The company's shareholders and their proxy representatives may attend the meeting and exercise their shareholder rights only by voting in advance and submitting counterproposals and questions in advance in accordance with this summons and other instructions provided by the company. Due to the COVID-19 pandemic, it is not possible to attend the meeting in person.

The right to attend the general meeting is restricted to those shareholders who, on 15 March 2021 (record date of the general meeting), are recorded as shareholders in the company's shareholder register maintained by Euroclear Finland Ltd. A shareholder whose shares are registered in their personal Finnish book-entry account is registered in the company's shareholder register.

Shareholders may register and vote in advance for certain items on the agenda of the general meeting between 4 March and 18 March 2021 in the following ways:

- via the company's website www.robittgroup.com
- by mail to Robit Plc, Yhtiökokous, Vikiniityntie 9, FI-33880 Lempäälä, Finland
- by email to investors@robittgroup.com

Registrations must be made before the end of the registration period.

Further information: www.robittgroup.com/investor/corporate-governance/general-meeting/

Distribution of funds to shareholders

On 27 October 2020, the Board of Directors decided, on the basis of the authorisation given to it by the Annual General Meeting of 2020, that no funds from the invested unrestricted equity fund would be distributed to the shareholders. With this decision, the company prepared for a possible second wave of the COVID-19 pandemic and for investments to increase automation and capacity in the near future. On 22 April 2020, the Annual General Meeting authorised the Board of Directors to decide on the possible distribution of funds to shareholders, if the company's financial situation supports this, at maximum 0.03 euros per share from the company's distributable funds. The possible distribution of funds would be executed as refund of capital from the company's invested unrestricted equity fund. The Board of Directors has the right to decide on all the other terms of the aforementioned distribution of funds. The authorisation was valid until 31 December 2020.

Robit Plc's financial information in 2021

In 2021, Robit Plc will publish its financial statement release, half-year financial report and financial reviews for three and nine months as follows:

18 February 2021	Financial statements release for the financial year that ended on 31 December 2020
22 April 2021	Financial review for January–March 2021
10 August 2021	Half-year financial report for January–June 2021
28 October 2021	Financial review for January–September 2021

The company publishes its financial reports and stock exchange releases in Finnish and English. The releases will be available on the company's website www.robittgroup.com after publication.

A press conference for analysts and the media will be held on the publication date of the financial statements and the half-year financial report at a date and time to be announced separately.

Robit observes a silent period of 30 days prior to the publication of the financial statements release and financial reviews. During this period, the company does not comment on the company's financial position or future prospects or meet representatives of the capital market or financial media.

Changes of address

In the event of change of address, Robit shareholders are asked to notify the bank at which they have their book entry account.

Further information:

Violetta Silver, IR- and Communications Manager
Tel. +358 (0)3 3140 3400
E-mail: investors@robittgroup.com

Visit address:
Robit Plc
Vikiniityntie 9
33880 Lempäälä, Finland



THE REPORT OF THE BOARD OF DIRECTORS



The Report of the Board of Directors

Year 2020 in Brief

- Net sales EUR 91.6 million (86.5)
- EBITDA EUR 5.1 million (1.6)
- Adjusted EBITDA EUR 5.1 million (2.7)*
- EBITA EUR -0.0 million (-4.9)**
- Adjusted EBITA EUR -0.0 million (-3.7)**
- Operating profit as percentage of net sales (EBIT %) -0.9 per cent (-6.7)
- Review period net income EUR -2.9 million (-7.3)
- Operating cash flow EUR 4.3 million (0.4)
- Equity ratio at the end of the review period 45.5 per cent (47.4)

Key financials	2020	2019	Change %
Net sales, EUR 1,000	91,631	86,482	6.0%
EBITDA, EUR 1,000	5,116	1,605	218.8%
EBITDA, per cent of sales	5.6%	1.9%	
Adjusted EBITDA*, EUR 1,000	5,116	2,707	89.0%
Adjusted EBITDA, per cent of sales	5.6%	3.1%	
EBITA, EUR 1,000**	-48	-4,927	99.0%
Adjusted EBITA*, EUR 1,000	-48	-3,720	98.7%
Adjusted EBITA, percent of sales	-0.1%	-4.3%	
EBIT, EUR 1,000	-868	-5,767	85.0%
EBIT, per cent of sales	-0.9%	-6.7%	
Result for the period, EUR 1,000	-2,894	-7,265	60.2%

Items affecting comparability:

*EBITDA: In Q4, there were no restructuring expenses affecting comparability. In 2019, restructuring costs amounted to EUR 1,102 thousand (EUR 651 thousand related to personnel and EUR 445 thousand related to the realisation of fixed assets).

**EBITA: In addition to the above items, the period Q4/2019 is subject to a EUR 847 thousand depreciation recovery of a right-of-use asset. The entry is based on the company's assessment of the basis for the depreciation when the premises of Halco Brighthouse Ltd have been leased to a new operator under a contract concluded at the beginning of February 2020. In the financial year 2019, the effect of the entire depreciation, taking into account exchange rate changes, is EUR 104 thousand.

The company has specified the handling of write-downs in accordance with the nature of the item into either depreciation or amortisation and impairment expenses. In the Q4/2019 result, the positive profit impact of EUR 847 thousand has been presented as a depreciation recovery of a right-of-use asset, which affects EBITA.

Further information about comparable items is given in the principles in Notes paragraph 2.2.

Robit's Outlook for 2021

Robit expects the market situation to develop positively and believes COVID-19 restrictions to have a limited impact on the demand of Robit's products in 2021. Demand is supported by the positive development in the price of raw materials and customers' good work situation in the construction market areas that are relevant to Robit.

The mining industry's demand is expected to remain very stable in 2021, which is typical of the consumables business related to the production process of the segment. The positive development of mineral prices and bright outlook are reflected in the research drilling activities that are developing well. Research drilling is a cyclical part of the industry, reflecting the mining industry's willingness to invest in future capacity increases.

The construction industry is always locally cyclical, and the market situation can change rapidly. In Robit's key markets, customer prospects are good, and projects related to infrastructure construction that are ongoing or to be launched in 2021 support the prospects for the beginning of the year.

Guidance for 2021

Robit expects the market situation to develop positively and believes COVID-19 restrictions to have a limited impact on the demand of Robit's products in 2021. Robit estimates 2021 net sales to grow and euro-dominated comparable EBITDA profitability to improve from 2020.

CEO Tommi Lehtonen

The year 2020 is remembered for the positive development of Robit's net sales and profitability in a new kind of operating environment, in which the COVID-19 pandemic had a global impact on the company's operations.

Positive development in exceptional times

Robit's key performance indicators developed positively in the last quarter of 2020. In the last quarter of the year, the company's net sales grew by 6.9 per cent on the comparison period and totalled EUR 23.7 million (22.2). The Top Hammer (TH) business increased by 19.1 per cent and the Down the Hole (DTH) business decreased by -2.2 per cent. In constant currencies, the company's net sales grew by 14.1 per cent in the last quarter of the year.

In the last quarter of the year, Robit's order intake increased by 24.4 per cent on the comparison period and totalled EUR 23.6 million (19.0). Adjusted EBITDA developed positively to EUR 2.1 million (-0.3). The operating cash flow for the review period totalled EUR 4.1 million (0.7).

During the financial year, the company's net sales grew by 6.0 per cent to EUR 91.6 million (86.5). In constant currencies, the company's net sales grew by 10.8 per cent in the financial year. Net sales increased primarily in the EMEA and East regions. The Top Hammer business grew by approximately 14.9 per cent, reaching a net sales of EUR 46.3 million (40.3). The Down the Hole business net sales declined by 1.9 per cent to EUR 45.3 million (46.2). Order intake grew by 8.1 per cent on the previous year and totalled EUR 94.3 million (87.3).

Robit's profitability developed positively during the financial year. The company's adjusted EBITDA improved to EUR 5.1 million (2.7). The operating cash flow for the financial year totalled EUR 4.3 million (0.4). In particular, the growth of sales volume and the improved cost structure supported the positive development of profitability. Together, they allowed the company to continue to grow and thereby gradually improve profitability. The company's equity ratio at the end of the year was 45.5 per cent (47.4).

Robit was able to implement the efficiency measures launched during the spring well and the savings were mainly realised already in the second half of the year. Robit now has a good structure for developing the company towards strategic goals, and the company is moving from the stage of structural changes to the stage of continuous improvement. Robit now focuses on growth and implementation of product margin improvement projects. The current fixed cost structure supports the company's next growth stage without significant increases. Ensuring product availability is key to the company's growth and profitability development, and Robit will continue to develop the related business processes. The company's Top Hammer business as a whole and individual product groups in the Down the Hole business have developed strongly and the outlook remains bright. As a result, Robit is bringing forward investment plans in Lempäälä and Korea. The company expects, however, that the investments will remain below depreciation and that the proportion of depreciation in relation to net sales will decrease.

Year 2020

By 2020, the company had drawn up a plan that focused on a clear improvement in financial performance through strong implementation of growth projects and more efficient cost structure. These measures were already underway as the operating environment changed in a matter of few weeks as the COVID-19 epidemic spread first to Europe in early March and then around the world. As a result of this development, Robit quickly switched to a new management system. The company monitored key business factors by company at a weekly level, with the focus on protecting cash flow in the event of a rapid deterioration in demand or in its customers' solvency. As we now know, the situation varied greatly according to country-specific restrictions. For example, in the Nordic countries and Russia, the mining and construction industry continued to operate at almost normal levels. At the same time, in South Africa and Peru, restrictions halted most mining and construction activities. However, during the second quarter, it became evident that demand for Robit's products remained at a reasonable level despite the pandemic. The financial situation of the company's customers withstood the changes in demand and payment difficulties did not increase significantly. The company continued to implement efficiency measures that had been partly planned already previously and some of the company's long-term sales projects were realized successfully, compensating for the loss of net sales in countries in which demand was impacted by the restrictions.

While Robit prepared for the risks associated with the pandemic, the company also systematically explored opportunities. The company quickly created a program in which communication with its customers and distributors was intensified using a variety of modern communication tools. New operating methods were created in this context including, for example, the way that the company provides remote technical support for product testing. As a result of this development, Robit developed completely new and permanent operating methods that enable closer than ever communication with its distributors and customers also after the pandemic. This will affect, among other things, the amount of travel in the coming years.

During June, there were widespread signals that governments worldwide were changing their restriction policies in a direction that safeguards the operation of basic industry. Restrictions related to the mining industry started to be dissolved in June, but in several countries, the effects were reflected far into the autumn. In many areas, restrictions posed by customers regarding visitors continued to the end of the year, slowing down product testing activities directly related to tendering.

Considering the business environment, Robit succeeded well in developing sales in the EMEA and East regions. These regions were the main support for our good development in 2020. COVID-19 had a major impact on the Americas and Asia regions and sales decreased in both regions. At the end of the year, however, the situation developed positively, especially in the Americas region, and the company has a good chance of getting the region back on track for growth in early 2021. In the Asia region, the company expects to return to a growth path once the restrictions caused by the pandemic are lifted, likely during 2021. In Australasia, mines and the construction industry continued to operate at a good level throughout the pandemic. Robit's sales decline in Australasia is a part of a longer development related to some customer relationships that are important to the company. Outside of this development, however, Robit has already won smaller customer relationships and has made progress in its effort to expand its customer base to new customer segments as well. Overall, the Australasian sales development is lagging behind the company's expectations. Robit believes that it will be able to launch a positive cycle during 2021 and the company will reach a strong growth path also in Australasia.

During the past year, Robit has also achieved significant individual sales successes. The supply contract we won together with Robit's Chilean dealership Full Safety Company Ltda for Codelco's most prominent mines, including El Teniente and Chuquibambilla, was the result of long-term, systematic sales work. Codelco is the world's largest copper producer and the above-mentioned mines play a major role in the industry.

Robit's actions are guided by the company values

At the end of 2019, Robit launched its new company values: we serve with speed, we drive change, and we respect everyone. Supported by these new values, the company had an ongoing discussion regarding its operating culture throughout the year 2020. All company personnel were actively involved in the definition of the values. This discussion provided an excellent basis for a united vision of what the Robit team hopes and expects from one another. This positive development was also reflected in Robit's annual personnel survey, which confirmed the personnel's confidence in the company and its opportunities.

The value discussion also provided a good foundation for the entire organisation to adapt to the changes caused by the COVID-19 pandemic. The value "we drive change" was implemented in practice when the entire Robit team actively sought new operating methods and committed to the necessary measures to protect their own, their colleagues' and their cooperation partners' health in accordance with instructions that were at times updated fairly quickly.

Three main themes towards financial targets

Robit started the year 2020 with three main themes: growth, profitability development and business processes.

The company's growth projects are constantly updated. Distribution development is at the heart of the company's sales development. Over the past year, Robit signed a major distribution agreement with a Belgian company, BIA Group, related to 17 African countries. This is a major opportunity for Robit to develop its business operations in the key mining market and, at the same time, an excellent example of the company's long-term work to acquire partners who commit to common goals and develop the Robit brand's position in the target market by taking advantage of the strengths of both parties to the contract.

Efficiency measures related to fixed costs focused on the first half of the year. The company realised fixed cost savings while also ensuring that it would achieve the desired growth. Robit aimed at improving productivity in all its activities and this will remain a key theme also in the coming years. During 2020, the company also launched projects aimed at permanently improving its competitiveness through material cost savings achieved by restructuring the company's subcontracting network.

The modern, cloud-based ERP system covers all Robit units and provides an excellent foundation for digitalisation development. Over the past year, the company created a digitalisation plan that focused on the development of the order and supply processes and availability planning both qualitatively and in terms of efficiency. The plan consisted of quickly implemented sub-projects, three of which were adopted in production use already in 2020. With this development, the company laid foundation for an excellent level of customer service and efficient utilisation of working capital.

Net Sales and Financial Performance

Consolidated net sales for the review period totalled EUR 91.6 million (86.5), an increase of 6.0% over the comparison period. In constant currencies, the change was 10.8%.

The company's growth came from the Top Hammer business and mainly from the mining business. The decrease in the DTH business from the comparison period was mainly due to the declined net sales in Australia.

Net sales by product area, EUR thousand	2020	2019	Change %
Top Hammer	46,348	40,322	14.9%
Down the Hole	45,283	46,160	-1.9%
Total	91,631	86,482	6.0%

Net sales by market area, EUR thousand	2020	2019	Change %
EMEA	40,028	36,190	10.6%
Americas	14,008	15,501	-9.6%
Asia	11,397	10,482	8.7%
Australasia	13,654	15,405	-11.4%
East	12,544	8,903	40.9%
Total	91,631	86,482	6.0%

Adjusted EBITDA was EUR 5.1 million (2.7), which was 5.6% (3.1) of net sales. Adjusted EBITA was EUR -0.0 million (-3.7), which was -0.1% (-4.3) of net sales. EBIT for the review period was EUR -0.9 million (-5.8). EBIT was -0.9% (-6.7) of the review period net sales. In December, the company received a remission of a product development loan. This had a positive impact of EUR 0.5 million on the EBITDA and a positive impact of EUR 0.4 on the EBITA. The positive development of profitability was supported by the savings measures taken during the financial year and the improved utilisation rate of the company's factories.

Net financial expenses totalled EUR -2.7 million (-0.9), of which EUR -1.1 million (-0.9) was interest expenses and EUR -1.3 million (0.0) exchange rate losses, most of which results from loans to subsidiaries and are unrealised, and other financial expenses EUR -0.2 million (-0.1). The result before taxes was EUR -3.5 million (-6.7), and taxes totalled EUR 0.6 million (-0.6).

Financial Targets

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

Financing and Investments

In the financial year, the Group's net cash flow from operations totalled EUR 4.3 million (0.4). Changes in working capital had an impact of EUR -1.5 million (0.5). The change in working capital was positively impacted by the EUR 3.4 million increase in account payables and other liabilities. Account and other receivables remained at the level of the comparison period, but the increase in inventories affected the net cash flow from operations negatively by EUR 5.0 million. The company had strong net cash flow from operations, especially in the last quarter, when it amounted to EUR 4.1 million (0.7). The positive development of profitability, systematic work in the management of receivables and the increase in account payables supported the positive development of the net cash flow.

The company could enhance the management of working capital. Net working capital was EUR 34.4 million (37.0) at the end of the review period, which was 37.6% (42.8) of sales.

The net cash flow for investment activities was EUR -1.2 million (0.9). Gross investments in production during the review period totalled EUR -1.2 million (-1.2). The investments made were mainly directed at the company's factories in Korea and Lempäälä, and they are aimed at responding to the growth of the Top Hammer business.

Net cash flow from financing activities was EUR -3.6 million (-13.8). Net changes in loans totalled EUR -1.8 million (-11.3). The repayment of lease liabilities reported in net cash flow from financing activities under IFRS 16 totalled EUR 1.8 million (2.2).

The Group had interest-bearing debt amounting to EUR 35.6 million (38.2), of which EUR 6.4 million (6.2) was interest-bearing debt under IFRS 16. The Group's liquid assets totalled EUR 14.3 million (15.2). Interest-bearing net debt was EUR 21.2 million (23.0), and interest-bearing net bank debt without IFRS 16 debt impact was EUR 14.8 million (16.1).

The Group's equity at the end of the review period was EUR 47.0 million (50.7). The Group's equity ratio was 45.5% (47.4) and its net debt to equity ratio (gearing) was 45.2% (45.3).

Depreciation, amortisation and write-downs totalled EUR 6.0 million (7.4). Of this, EUR 0.8 million related to amortisation of customer relationships and brand value from business acquisitions.

Personnel and Management

The number of personnel increased by 9 from the end of the comparison period, and at the end of the review period it was 261 (252). At the end of the review period, 76% of the company's personnel were located outside Finland.

The company Management Team at the end of the review period was comprised of Tommi Lehtonen (CEO), Jaana Rinne (HR Director) and Arto Halonen (CFO). Two members left the Management Team: Ilkka Miettinen (22 February 2017–7 May 2020) and Jukka Pihamaa (12 October 2017–31 March 2020). Arto Halonen joined the Management Team on 31 March 2020.

Share-Based Incentive Programmes

Share-based incentive scheme 2018–2021

On 15 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: the key person's own investment in the company, reward shares and a performance-based additional share scheme. Obtaining a reward from the share scheme required the acquisition of Robit Plc's shares by the key person.

The additional share scheme has two commitment periods, which started on 1 September 2018 and 1 September 2019.

For shares subject to the share ownership conditions, the key person 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 that started 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 targets set for the earning period 2018–2020 of the performance-based additional share scheme were not achieved, and no reward will be paid for the earning period of the performance-based additional share scheme that ended on 31 December 2020. The incentive scheme currently covers 7 individuals.

Share-based incentive scheme 2020–2023

On 25 February 2020, Robit's Board of Directors decided on a new share-based incentive scheme for the Group's management and key personnel, including own investment of the key personnel in Robit shares (base share plan), reward shares by the company (matching share plan) and performance-based additional share plan (performance matching plan). The share-based incentive scheme covers approximately 25 individuals. The company's matching shares and performance matching shares will be paid in April 2023. If all three main elements of the scheme are fulfilled in total as determined in the plan and according to the target setting of the Board of Directors of the company, the maximum amount of shares issued based on the plan will be 450,000 shares, corresponding to 2.1% of the entire current shareholding. The incentive scheme currently covers 17 individuals.

Long-term share-based incentive scheme for the CEO 2019–2024

On 24 September 2019, the Board of Directors of Robit Plc decided on a long-term share-based incentive scheme for the CEO. The scheme covers Tommi Lehtonen, who started as the CEO of the Group on 1 May 2019. The share reward scheme has three earning periods and covers the period from 1 January 2019 to 31 December 2024.

The Board of Directors of Robit Plc sets targets for each two-year earning period starting from 2019. The earning periods end on 31 December 2020, 31 December 2022 and 31 December 2024. The rewards payable on the basis of this system will correspond to the value of a total of 160,000 Robit Plc shares, also including the amount of money used for taxes and tax-related payments. The number of shares corresponds to approximately 0.8% of the total number of the company's shares.

The rewards of the incentive scheme are paid in three instalments after the end of each earning period. No reward was paid to the CEO for the earning period ending on 31 December 2020.

Resolutions of the Annual General Meeting 2020

Robit Plc's Annual General Meeting on 22 April 2020 adopted the financial statements for 1 January–31 December 2019 and resolved that no dividend would be paid based on the adopted balance sheet for the financial year 2019.

The Annual General Meeting resolved to authorise the Board of Directors to resolve that the maximum of EUR 0.03 per outstanding share, if any, be paid from the company's distributable funds to the shareholders if the financial position of the Company is favourable to such distribution. The possible distribution of funds would have been executed as refund of capital from the company's invested unrestricted equity fund. The Board of Directors has the right to decide on all the other terms of the aforementioned distribution of funds. The authorisation was valid until 31 December 2020.

The General Meeting resolved to discharge the members of the board of directors and the managing directors from liability for the financial year ending 31 December 2019. The General Meeting resolved that the Board of Directors consists of six (6) members. Harri Sjöholm, Mammu Kaario, Mikko Kuitunen and Kalle Reponen were re-elected as members of the Board. Kim Gran and Anne Leskelä were elected as new members of the Board of Directors.

Ernst & Young Oy, an Authorised 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 Authorised Public Accountant Toni Halonen will serve as the company's principal responsible auditor. The General Meeting resolved to pay the auditor's remuneration in accordance with an invoice approved by the company.

The General Meeting resolved to authorise the Board of Directors to resolve on the acquisition of a maximum of 2,108,390 shares of the company and/or accepting the same number of the company's 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. It was resolved that the authorisation revokes the authorisation granted by the General Meeting on 27 March 2019 to decide on the acquisition of treasury shares. The authorisation is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2021.

The Annual General Meeting resolved to authorise 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, implementing the company's share-based incentive systems or for other purposes as decided by the Board of Directors. The authorisation is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2021. 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.

Report of Other than Financial Information

Robit is a global growth company selling and manufacturing drilling consumables. The company provides products and services for the needs of the mining and surface mining, quarrying, underground construction and well drilling industries. This strongly internationalised company's offering is divided into two product and service areas: Top Hammer and Down the Hole. Robit has its own sales and service points in 9 countries as well as an active sales network in more than 100 countries. Robit's manufacturing units are located in Finland, South Korea, Australia and the UK. Robit is dedicated to act responsibly in its business. Daily work is directed by strategy, values and operating principles of the Group.

Key principles and obligations supporting other than financial matters' management

Robit follows international and local laws and statutes in force in its business. The company follows also international agreements and recommendations, such as the UN Sustainable Development Goals.

The Code of Conduct guides our responsibility. The induction of every new Robit employee includes the completion of the Code of Conduct eLearning programme. This is to ensure that everyone working in the company knows our Code of Conduct and is committed to it. The Code of Conduct provides guidelines on, among others, the following issues: compliance with laws, human and labour rights, equality, honesty and fair competition. During 2020, all Robit team members completed a refresher course of the Code of Conduct programme.

Environment and sustainable development

The environment is important and unique to Robit. The major environmental impacts caused by Robit's own operations are driven from the raw material consumption of our production and from transport. We are constantly working on raw material optimisation to ensure that the raw materials that are delivered to us fit as well as possible in the manufacture of our products. We track this development by measuring raw material wastage both in our own production and in the production of our most significant subcontractors. All waste generated is sorted and appropriate recycling is organised. We pay special attention to the treatment of harmful chemicals and water and for waste arising therefrom.

Robit's energy use mainly relates to the manufacturing of the steel used in our products, heat treatment, transportation and the actual energy required by products for their particular purpose. The steel we require is nearly 100% produced from recycled steel. In transportation, priority is given to environmentally efficient transports, the proportion of which we are constantly aiming to increase.

A responsible employer

With our values, we want to highlight issues that are important to us and that support our success now and in the future:

- We serve with speed
- We drive change
- We respect everyone

We want to serve our customers, distributors and colleagues quickly, without compromising safety and quality. Speed and reliability are essential for us and our customers. The ability to make rapid changes is important to us and we see it as one of our competitive advantages. Therefore, we seek to view changes positively and as opportunities for continuous development. We treat everyone – colleagues, customers, suppliers, distributors and the community around us – respectfully. We want to be a responsible employer for our personnel and a reliable partner for all our stakeholders.

In 2020, we continued to monitor the personnel's employee experience in real time. The results are constantly available on our intranet and a weekly summary of feedback is produced. The goal is to react immediately to issues raised in the survey. As in previous years, a more extensive personnel survey was also conducted to measure the dedication and engagement of Robit employees in November 2020. The response rate was 78.6%. According to the survey, the level of dedication and engagement had increased significantly compared with the previous year.

Robit pays particular attention to occupational health and safety in its operations. In July 2020, Robit set up the Global HSE Team (Health, Safety and Environment). The purpose of the team is to specify, develop and implement common practices related to the environment and occupational health and safety at Robit. In addition, the focus is on strengthening the safety culture in all Robit units around the world and in the Robit partner network.

Shares and Share Turnover

On 31/12/2020, the company had 21,179,900 shares and 3,954 shareholders. Trading volume in January-December was 7,539,280 shares (7,996,657).

The company holds 120,964 treasury shares (0.57% of total shares). On 31 December 2020, the market value of the company's shares was EUR 77.3 million. The closing price of the share was EUR 3.65. The highest price in the review period was EUR 3.65 and the lowest price EUR 1.75.

Shareholding of the board members and management 31 Dec 2020	Shares	Share %
Shareholding of the board members	5 797 897	27,37 %
Harri Sjöholm *	5 711 927	26,97 %
Kim Gran	23 226	0,11 %
Mammu Kaario	19 106	0,09 %
Mikko Kuitunen	10 084	0,05 %
Anne Leskelä	3 226	0,02 %
Kalle Reponen	30 328	0,14 %
Group CEO	15 452	0,07 %
Other management team members	31 710	0,15 %
Yhteensä	5 845 059	27,60 %

* 26,86 % owned by Harri Sjöholm through Five Alliance Ltd

Shareholdings by owner class (shares) 31 Dec 2020

	Owners	Owners %	Votes	Shares	Share %
1 - 100	1 169	29,57	56 730	56 730	0,27
101 - 500	1 347	34,07	381 886	381 886	1,80
501 - 1 000	588	14,87	486 019	486 019	2,30
1 001 - 5 000	656	16,59	1 460 292	1 460 292	6,90
5 001 - 10 000	106	2,68	792 487	792 487	3,74
10 001 - 50 000	64	1,62	1 231 732	1 231 732	5,82
50 001 - 100 000	4	0,10	282 506	282 506	1,33
1 00 001 - 500 000	12	0,30	2 452 356	2 452 356	11,58
500 001 -	8	0,20	14 035 892	14 035 892	66,27
Total	3 954	100	21 179 900	21 179 900	100
In administrative registration	12		565 342	565 342	2,67
In waiting list					
Shared accounts					
On special purpose accounts total					
Shares total			21 179 900	21 179 900	100

Risks and Business Uncertainties

Robit closely monitors the impact of the second wave of the COVID-19 pandemic on demand in the sector. In general, customer activities have returned to normal levels. The number of cases is increasing, and restrictions placed on the business operations of customers, and thereby on Robit's demand remain possible. At this stage, the impact seems limited. The COVID-19 pandemic continues to restrict travel and thus the implementation of some testing and sales growth projects. The company has returned from managing the effects of the acute crisis to the comprehensive development of the company towards the company's strategic goals.

Robit will continue actions to protect the health of its personnel and to ensure the continuity of the company's operations. At the time of reporting, all of the company's factories operate at planned capacity. No disruptions in the supply chain have been identified that cannot be managed, for example, with current inventory levels and supplier cooperation.

In the longer term, the effects of the COVID-19 pandemic on Robit's operations will depend on the extent of any restrictive measures and how long the restrictive measures continue. As Robit operates in the drilling consumables business, the effects are milder than in the investment goods business. In addition, many of Robit's customers operate in sectors that are highly significant for the economy of the country in question, and therefore such business may be assumed to suffer less from the economic impact of the COVID-19 pandemic.

As of 31 December 2020, the company assessed the valuation of inventories, trade receivables and goodwill. According to current knowledge and understanding, inventories are not subject to higher than normal material obsolescence risks. The collection of trade receivables has been further improved, and the company managed to reduce trade receivables in the last quarter of the year. The company will continue to collect doubtful receivables in the improved way in order to manage credit loss risks. The credit loss reserve was adjusted as necessary in conjunction with the 2020 financial statement. As of 31 December 2020, the company carried out goodwill impairment testing, taking into account the uncertainty in the business environment caused by the second wave of the COVID-19 pandemic. Based on the impairment testing, there is no need for goodwill write-downs.

In addition, uncertainty factors include exchange rate development, the functioning and commissioning of new information systems, integration of corporate acquisitions, risks related to security of supply and logistics, and IPR risks. Changes in export countries' tax and customs legislation may adversely impact the company's export trade or its profitability. Risks related to information security and cyber threats may also have a detrimental effect on Robit's business. Potential changes in the business environment may adversely impact the payment behaviour of the Group's customers and increase the risk of litigation, legal claims and disputes related to Robit's products and other operations.

Changes in Group Structure

During the reporting period, the company acquired a 4% stake in Robit SA's share capital. After the transaction, the company owns 74% of the share capital of Robit SA. 26% of the share capital of Robit SA is owned by Black Employees Empowerment Trust. In 2015, Robit SA established a trust in South Africa called Black Employees Empowerment Trust ("the trust"). The trust aims to support Robit SA's local employees of colour and create better business opportunities for Robit in South Africa.

Other Events During the Review Period

On 10 January 2020, the company announced the appointment of Arto Halonen (b. 1981), M.Sc. Eng., M.Sc. Econ., as Chief Operating Officer (COO) and member of the Robit Management Team.

On 24 January 2020, the company announced the reorganisation of its sales operations in Hong Kong. Robit reorganised and transferred the business of its subsidiary in Hong Kong to Millionbase International Ltd. Millionbase International Ltd will continue Robit's sales and customer service as the company's DTH offering distributor in Hong Kong. Millionbase also assumed the responsibility for the local inventories.

On 14 February 2020, the company announced that it was booking an EUR 0.8 million entry to the last quarter of 2019 EBITA. Robit Plc decided to sharpen the manufacturing operations of its Down the Hole business segment during the first half of 2019. The company decided to unify the production of Halco products in Brighthouse in England to the company's other production units in Chesterfield, England and Perth, Australia. The decision of the manufacturing transfer was made in the beginning of July 2019, and in connection with this the company recognised a write-down of approximately EUR 1.0 million on the assets in use in the Halco Brighthouse production facility. In February 2020, Robit re-leased these premises and re-evaluated the basis of the write-down. According to the evaluation, the company recognised approximately EUR 0.8 million as income for the last quarter of 2019. This liability did not have a significant impact on the result on the annual level.

On 20 February 2020, the company announced that it was updating its financial targets and guidance for 2020. The company's long-term target is to achieve organic net sales growth of 15% annually and adjusted EBITDA profitability of 13%. Robit gives guidance that in 2020 it seeks net sales growth and increased profitability of euro-denominated adjusted EBITDA from the previous financial year.

On 9 March 2020, the company announced that Jukka Pihamaa (b. 1966), M.Sc. Tech., MBA, was leaving his position as Head of Supply Chain.

On 24 March 2020, the company announced that it was renouncing its guidance for 2020. The uncertainty created by the COVID-19 pandemic for the development of the industry and the economy is adversely affecting normal forecasting of the business outlook. The outlooks and guidance can be updated again once the market situation offers the normal preconditions for it. The company's previous guidance was: In 2020, Robit Plc seeks net sales growth and increased profitability of the euro-denominated adjusted EBITDA from the previous financial year.

Robit Plc's Board of Directors decided on a share-based incentive scheme for key personnel. On 25 March 2020, the company announced that the purpose of the variable long-term incentive scheme is to encourage key personnel to implement the company's important strategic objectives. The targets are based Robit Plc's long-term strategic goals such as to promote Robit Plc's long-term financial success. The incentive scheme covers years 2020–2022. The scheme has three elements: own investment of the key personnel in Robit shares (base share plan), reward shares by the company (matching share plan) and performance-based additional share plan (performance matching plan). The share-based incentive scheme covers approximately 25 individuals. The company's matching shares and performance matching shares will be paid in April 2023. If all three main elements of the scheme are fulfilled in total as determined in the plan and according to the target setting of the Board of Directors of the company, the maximum amount of shares issued based on the plan will be 450,000 shares, corresponding to 2.1% of the entire current shareholding.

On 25 March 2020, the company announced that it was starting co-determination negotiations in its Finnish units regarding possible temporary lay-offs due to the impact of the coronavirus. The negotiations cover all of the company's personnel in Finland, in total some 65 persons in all personnel groups. Any lay-offs will be temporary, lasting a maximum of 90 days. In addition to Finland, actions will be taken in units in other countries as necessary. The negotiations will start on 27 March 2020, taking up to two weeks. The specific number, duration and form of the lay-offs will be determined in the negotiations.

On 27 March 2020, the company announced that it was changing its previous proposal for distribution of funds. On 24 March 2020, the company announced that it was renouncing its profit guidance for 2020 due to the uncertainty and difficulty to forecast the outlook caused by coronavirus epidemic. Due to the above-mentioned uncertainty in the industry and difficulty to forecast the outlook, Robit announced that the company will strive to ensure good cash availability even in the event of a prolonged exceptional market situation. Therefore, the Board of Directors resolved to change its previous proposal for the Annual General Meeting. According to the specified proposal, the Annual General Meeting would authorise the Board of Directors to decide subsequently on the possible distribution of funds for the shareholders, after the market disruption caused by the coronavirus pandemic is cleared up. The possible distribution of funds, at maximum EUR 0.03 per outstanding share, would be paid from the company's distributable funds in case the company's financial situation supports that.

On 2 April 2020, the company announced that the co-determination negotiations for Robit Group personnel working in Finland had been completed. The company will lay off personnel in Finland in phases between April and August 2020. Durations will vary depending on the job, never exceeding 90 days per person, in the period 14 April 2020–31 August 2020. The negotiations affected approximately 65 persons. The actions are due to increased uncertainty caused by the coronavirus pandemic. Robit is preparing for potential decrease in demand caused by the pandemic and for changes in the business environment. Potential changes may hinder the availability and logistics of raw materials and components, thereby slowing the normal progress of work.

In its organisation meeting, the Board of Directors elected by Robit Plc's Annual General Meeting on 22 April 2020 elected from among its members a Chairman of the Board, a Vice Chairman of the Board, and members to serve on Robit Plc's remuneration committee, working committee and audit committee. The Board of Directors elected Harri Sjöholm as 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. Mikko Kuitunen (Chairman), Mammu Kaario and Anne Leskelä were elected as members of the remuneration committee. Kalle Reponen (Chairman), Kim Gran and Harri Sjöholm were elected as members of the working committee. Mammu Kaario (Chairman), Anne Leskelä and Harri Sjöholm were elected as members of the audit committee.

On 7 May 2020, the company announced that Ilkka Miettinen (b. 1963), M.Sc.Econ, will leave his position as CFO. The company also announced that Arto Halonen will take over as CFO and deputy for the Group CEO from 7 May 2020 onward. The company Management Team will consist of Tommi Lehtonen (CEO), Arto Halonen (CFO) and Jaana Rinne (HR Director).

On 11 June 2020, the Board of Directors of Robit Plc resolved on a directed share issue to implement the long-term incentive scheme for the company's key personnel. The issuance of shares was based on the authorisation given to the Board of Directors by the company's Annual General Meeting held on 22 April 2020 and share-based incentive scheme for key personnel of the company resolved by the Board of Directors on 25 March 2020. A maximum of 96,500 new shares, in deviation from the shareholders' pre-emptive right, were offered in the share issue for subscription to the key personnel participating in the share-based incentive scheme. The company had a weighty financial reason for the deviation from the shareholders' pre-emptive right, since the purpose of the share issue was to engage its key personnel with the long-term incentive scheme. The share subscription period was 11–18 June 2020, during which period the shares must be paid into the account specified by the company. The share subscription price was EUR 1.91 per share, equal to the trade volume-weighted average price of the share on Nasdaq Helsinki Ltd during 1–31 May 2020. Each subscription must concern a minimum of 500 shares and a maximum of 10,000 shares. The incentive scheme covers calendar years 2020–2022. The scheme has three elements: own investment of the key personnel in Robit shares (base share plan), reward shares by the company (matching share plan) and performance-based additional share plan (performance matching plan). In the matching share plan, the key person will receive one matching share for each invested share. In the performance matching share plan, the key person will receive a maximum of three performance matching shares, provided that the performance targets set by the Board of Directors for the plan are achieved. Matching shares and performance matching shares will be paid by the end of April 2023. The shares will be subject to the transfer restriction for a period of one year following the date of share payment. Information about the launch and the terms and conditions of the long-term incentive scheme for the key personnel of Robit Plc were published in a stock exchange release on 25 March 2020.

On 11 June 2020, the company announced having received, on 10 June 2020 from Athanase Industrial Partner, a notification under Chapter 9, Section 5 of the Finnish Securities Markets Act. According to the information received by the company, the total number of Robit shares owned by Athanase Industrial Partner had decreased below five (5) per cent of the total shares of Robit Plc on 9 June 2020.

On 17 June 2020, the company announced that it had agreed on the restructuring of EUR 24.5 million in loans with its main financing bank. In the new agreement, for Robit Plc's current loans expiring during 2020 and 2021 (totalling approximately EUR 17.0 million), the repayment will be postponed by one year, meaning a new due date on 30 June 2022. The company's instalments of the loan (approximately EUR 7.5 million) will be postponed so that the first instalment of EUR 2.0 million expires on 31 December 2020. Subsequently, the instalments of EUR 2.0 million will expire half-yearly, meaning that the final instalment of EUR 1.5 million will expire on 30 June 2022. Robit Plc received a waiver from the financier, should the covenant be breached on 30 June 2020. This arrangement enabled the company to ensure its liquidity.

On 22 June 2020, the Board of Directors of Robit Plc resolved on the approval of the subscriptions of the share issue. On 11 June 2020, the Board of Directors resolved on a directed share issue to implement the long-term incentive scheme for the company's key personnel. A maximum of 96,500 new shares were offered in the share issue for subscription to the key personnel. The subscription price for the new shares was EUR 1.91 per share. The total amount of subscribed shares was 96,000, corresponding to approximately 0.45% of all shares of Robit Plc. The new shares were entered in the book-entry system maintained by Euroclear Finland Ltd, and registered in the book-entry accounts of the subscribers after the new shares had been registered in the Trade Register. The new shares were registered in the Trade Register on or about 24 June 2020. After above-mentioned registrations, the new shares were applied to be admitted to trading on the stock exchange list of Nasdaq Helsinki Ltd together with the other shares of the company (trading name: ROBIT and ISIN: FI4000150016). After the subscribed shares had been entered in the Trade Register, the number of shares of the company was 21,179,900, of which 150,793 shares are held by the company, corresponding to approximately 0.71% of all shares of the company. Information about the launch and the terms and conditions of the long-term incentive scheme for the key personnel of Robit Plc were published in a stock exchange release on 25 March 2020.

On 26 June 2020, the company announced that 2,000 of the company's shares had been returned to Robit Plc on 25 June 2020. The return was related to the company's long-term share-based incentive plan. The shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme due to the termination of employment of a key person. After the return, Robit Plc held a total of 152,793 treasury shares.

On 4 August 2020, the company announced that it would start co-determination negotiations at Robit Finland Oy Ltd on possible changes and measures aimed at ensuring and strengthening the company's profitability and cash flow in the long term. Robit announced layoffs in Finnish units in a press release on 2 April 2020 due to preparations for the COVID-19 situation. The negotiations concerned all

senior employees of Robit Finland Oy Ltd. The company announced that the negotiations could lead to a permanent reduction of up to 5 employees based on financial or production-related reasons. The company announced that the negotiations would start on 10 August 2020, taking up to two weeks.

On 6 August 2020, the company published its half-yearly report for 1 January–30 June 2020.

The company published a revision release on 20 August 2020 related to the 1 January 2020–31 March 2020 interim report and the 1 January 2020–30 June 2020 half-yearly report. The company corrected the presentation of exchange rate gains and losses caused by exchange rate changes in its interim report and half-yearly report. The revisions did not affect the company's equity, balance sheet position or cash flow. The exchange gains and losses resulted from intra-group items and loans to subsidiaries, and nearly all of them were unrealised.

On 21 August 2020, the company communicated on the completion of the co-determination negotiations concerning senior employees of Robit Finland Oy Ltd. The negotiations concerned all senior employees of Robit Finland Oy Ltd. The estimated need for reduction was up to five persons. As a result of the negotiations, the company decided to dismiss four people, taking into account the company's situation and future business needs and objectives. The persons dismissed were freed from their work obligations. The purpose of the co-determination negotiations was to ensure and strengthen the company's profitability and cash flow in the long term.

On 2 September 2020, the company announced that the four largest registered shareholders of the company (the company's shareholders list maintained by Euroclear Finland Ltd, 1 September 2020) have appointed the following representatives to the shareholders' Nomination Committee: Harri Sjöholm (Chairman of the Board of Directors, Five Alliance Oy), Timo Sallinen (Senior Vice-President, Investments, Varma Mutual Pension Insurance Company), Jukka Vähäpesola (Head of Equities, Elo Mutual Pension Insurance Company) and Tuomas Virtala (CEO, OP Asset Management Ltd). The Committee will elect a chairperson from among its members at its first meeting. The shareholders' Nomination Committee prepares and presents to the General Meeting proposals on the remuneration and number of Board members and on members to be elected for the Board. In addition, the Nomination Committee prepares and presents to the Board of Directors for approval the principles concerning the diversity of the Board. The shareholders' Nomination Committee is established for an indefinite period until the General Meeting decides otherwise. The Nomination Committee elected now submits its proposals to the company's Board of Directors no later than 31 January each year before the next Annual General Meeting. The tasks and composition of the Nomination Committee are described in more detail on the company's website at <https://www.robitgroup.com/investor/corporate-governance/nomination-committee/>.

On 27 October 2020, the Board of Directors of Robit Plc decided, on the basis of the authorisation given to it by the Annual General Meeting of 2020, that no funds from the invested unrestricted equity fund would be distributed to the shareholders. With this decision, the company prepared for a possible second wave of the COVID-19 pandemic and for investments to increase automation and capacity in the near future. On 22 April 2020, the Annual General Meeting authorised the Board of Directors to decide on the possible distribution of funds to shareholders, if the company's financial situation supports this, at maximum 0.03 euros per share from the company's distributable funds. The possible distribution of funds would have been executed as refund of capital from the company's invested unrestricted equity fund. The Board of Directors had the right to decide on all the other terms of the aforementioned distribution of funds. The authorisation was valid until 31 December 2020.

On 27 October 2020, the company published its half-yearly report for 1 January–30 September 2020.

On 27 October 2020, Robit published the company's schedule for financial information and the Annual General Meeting of 2021.

On 13 November 2020, the company announced that it had restored its profit guidance for 2020. On 24 March 2020, Robit renounced its profit guidance for the financial year 2020 as the uncertainty caused by the coronavirus made normal forecasting of the development of the industry and the economy more difficult. According to the company's original guidance, in 2020 Robit aimed for net sales growth and increased profitability of the euro-denominated comparable EBITDA from the previous financial year. Robit's outlook for the rest of the year had become clearer, and this enabled profit guidance to be restored for 2020. Robit estimated that net sales for 2020 would grow and comparable EBITDA profitability in euros would improve compared with 2019.

On 18 December 2020, the Board of Directors of Robit Plc decided to transfer a total of 19,893 shares of the company as Board fees to the members of the Board of Directors on the basis of the Board's 2020 term of office. The transfer was based on the authorisation given by the Annual General Meeting on 22 April 2020. It was decided to transfer to the CEO a total of 3,226 shares as part of the fixed annual salary. The transfer was based on the CEO agreement. The total value of the shares to be transferred was EUR 12,000.72. It was decided to

transfer to the CFO a total of 8,710 shares as part of the fixed annual salary. The transfer was based on the executive employment contract. The total value of the shares to be transferred was EUR 32,401.20. The transfer price per share of the shares to be transferred was EUR 3.72, which was the closing price of Robit Plc's share on 17 December 2020. The total number of shares to be transferred was therefore 31,829 and their total value EUR 118,403.88. The share rewards were paid with Robit Plc's treasury shares held by the company, so the total number of Robit Plc's shares did not change. After the transfers, Robit Plc held 120,964 treasury shares, which was 0.6% of the total number of the company's shares. The share rewards were paid by 23 December 2020.

Treatment of Result for the Financial Year

The Board of Directors proposes to the Annual General Meeting that the parent company's loss for the financial year ended on 31 December 2020, EUR 4,886,157.58, be transferred to cumulative loss.

Distribution of Result for the Financial Year

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for 2020.

Events After the Review Period

On 14 January 2021, the company announced having received, on 14 January 2021 from Fondita Fund Management Company Ltd, a notification under Chapter 9, Section 5 of the Finnish Securities Markets Act. According to the information received by the company, the total number of Robit shares owned by Fondita Nordic Micro Cap Investment Fund had decreased below five (5) per cent of the total shares of Robit Plc on 13 January 2021.

On 18 January 2021, the company published the proposals of Robit Plc's Shareholders' Nomination Board for the Annual General Meeting of 2021:

Number of Board members and election of Board members

The Nomination Board proposes that the Annual General Meeting elect six (6) members to the Board of Directors.

The Nomination Committee proposes to the Annual General Meeting that Kim Gran, Mammu Kaario, Mikko Kuitunen, Anne Leskelä, Kalle Reponen and Harri Sjöholm be re-elected as members of the Board of Directors for a term ending at the end of the next Annual General Meeting after the election. Information relevant to the work of the proposed persons in the Board of Directors is available on the company's website.

All candidates have given their consent to the selection and are independent of the company and its key shareholders, with the exception of Harri Sjöholm, who is dependent on the company and its key shareholders. Harri Sjöholm is the major shareholder in Five Alliance Oy, which holds 26.86 percent of the company's shares.

Remuneration of the Board of Directors

The Nomination Committee proposes to the Annual General Meeting that the annual remuneration for the Chairman of the Board is EUR 45,000, of which 40% is paid as shares and the remaining 60% is an advance tax withheld and paid to the Finnish Tax Administration by the company. The annual remuneration for the Board members is EUR 30,000, of which 40% is paid as shares and the remaining 60% is an advance tax withheld and paid to the Finnish Tax Administration by the company.

The Nomination Committee also proposes that the Board members and the Chairman be paid a meeting fee of EUR 500 per meeting attended for Board meetings and committee meetings. Other costs such as travel and lodging expenses will also be compensated.

The annual remuneration of the Chairman of the Board and Board members for the entire term of office will be paid in December 2021. The part of the remuneration that shall be paid in shares may be paid by issuing new shares in the company or by acquiring shares by the authorization given to the Board of Directors by the General Meeting. The receiver of the remuneration shall pay the transfer tax.

The nomination committee's proposals will be included in the notice of the general meeting.

Timo Sallinen (Senior Vice-President, Investments, Varma Mutual Pension Insurance Company) has acted as the Chairman of the Shareholder Nomination Committee, and Harri Sjöholm (Chairman of the Board of Five Alliance Oy), Tuomas Virtala (CEO of OP Asset Management Ltd) and Jukka Vähäpesola (CEO of Elo Mutual Pension Insurance Company) have acted as the other members.

Key Figures Summary

	2020	2019	2018	2017
Net sales, EUR 1.000	91 631	86 482	82 683	88 222
Net sales growth, percent	6,0 %	4,6 %	-6,3 %	37,7 %
EBITDA, EUR 1.000	5 116	1 605	-4 782	1 626
EBITDA, percent of sales	5,6 %	1,9 %	-5,8 %	1,8 %
Adjusted EBITDA, EUR 1.000	5 116	2 707	-3 529	3 500
Adjusted EBITDA, percent of sales	5,6 %	3,1 %	-4,3 %	4,0 %
EBITA, EUR 1.000	-48	-4 927	-9 658	-2 734
EBITA, percent of sales	-0,0 %	-5,7 %	-11,7 %	-3,1 %
Adjusted EBITA, EUR 1.000	-48	-3 720	-8 405	-861
Adjusted EBITA, percent of sales	-0,0 %	-4,3 %	-10,2 %	-1,0 %
EBIT, EUR 1.000	-868	-5 767	-29 800	-3 640
EBIT, percent of sales	-0,9 %	-6,7 %	-36,0 %	-4,1 %
Result for the period, EUR 1.000	-2 894	-7 265	-31 384	-5 190
Result for the period, percent of sales	-3,2 %	-8,4 %	-38,0 %	-5,9 %
Earnings per share (EPS), EUR	-0,14	-0,35	-1,49	-0,27
Return on equity (ROE), percent	-5,9 %	-13,4 %	-41,9 %	-7,3 %
Return on capital employed (ROCE), percent	-6,0 %	-8,7 %	-27,5 %	-5,8 %
Adjusted return on capital employed (ROCE), percent	-6,0 %	-7,4 %	-26,4 %	-4,2 %
Net interest-bearing debt, EUR 1.000	21 228	22 967	15 810	7 752
Equity ratio, percent	45,5 %	47,4 %	49,3 %	57,6 %
Equity per share, EUR	2,23	2,41	2,74	4,37
Net gearing, percent	45,2 %	45,3 %	27,4 %	8,4 %
Gross investments, EUR 1.000	1 281	1 375	4 630	13 341
Gross investments, percent of sales	1,4 %	1,6 %	5,6 %	15,1 %
Gross investments, excl. acquisition, EUR 1.000	1 281	1 375	4 630	11 139
R&D costs, EUR 1.000	566	569	1 228	1 482
R&D costs, percent of sales	0,6 %	0,7 %	1,5 %	1,7 %
Average number of employees	257	274	308	296
Number of employees at the end of period	261	252	286	329
Dividend, EUR *	0	0	0	0,1
Dividend of the result, percent	0,0 %	0,0 %	0,0 %	-37,0 %
Effective dividend yield	0,0 %	0,0 %	0,0 %	1,5 %
Price / earnings	-27	-8	-1	-37
Share price at the end of the period	3,65	2,90	1,64	6,47
Lowest	1,75	1,58	1,58	6,42
Highest	3,65	3,97	8,18	11,73
Market capitalization, EUR million	76,9	61,1	34,6	135,9

ADJUSTED CONSOLIDATED KEY FIGURES	2020	2019
Adjusted EBITDA, EUR 1.000	5 116	2 707
Adjusted EBITDA, percent of sales	5,6 %	3,1 %
Adjusted EBITA, EUR 1.000	-48	-3 720
Adjusted EBITA, percent of sales	-0,1 %	-4,3 %
Adjusted EBIT, EUR 1.000	-868	-4 560
Adjusted EBIT, percent of sales	-0,9 %	-5,3 %
Adjusted return on equity (ROE), percent	-5,6 %	-12,5 %
Adjusted return on capital employed (ROCE), percent	-5,9 %	-7,4 %

Consolidating Alternative Key Figures

Robit presents alternative key figures to supplement the key figures given in the Group's income 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: acquisition costs and business restructuring costs.

Adjusted EBITDA and EBITA

EUR thousand	2020	2019
EBIT (Operating profit)	-868	-5,767
Depreciation, amortisation and impairment	5,984	7,372
EBITDA	5,116	1,605
Items affecting comparability		
Reorganising expenses	0	1,102
Adjusted EBITDA	5,116	2,707
EBIT (Operating profit)	-868	-5,767
Amortisation of acquisitions	820	840
EBITA	-48	-4,927
EBIT (Operating profit)	-868	-5,767
Items affecting comparability		
Reorganising expenses	0	1,102
Impairment of a right-of-use asset	0	104
Adjusted EBIT (Operating profit)	-868	-4,560
Items affecting comparability		
Amortisation of acquisitions	820	840
Adjusted EBITA	-48	-3,720

Items affecting comparability:

EBITDA: In Q4, there were no restructuring expenses affecting comparability. In 2019, restructuring costs amounted to EUR 1,102 thousand (EUR 651 thousand related to personnel and EUR 445 thousand related to the realisation of fixed assets).

EBITA: In addition to the above items, the period Q4/2019 is subject to a EUR 847 thousand depreciation recovery of a right-of-use asset. The entry is based on the company's assessment of the basis for the depreciation when the premises of Halco Brighthouse Ltd have been leased to a new operator under a contract concluded at the beginning of February 2020. In the financial year 2019, the effect of the entire depreciation, taking into account exchange rate changes, is EUR 104 thousand.

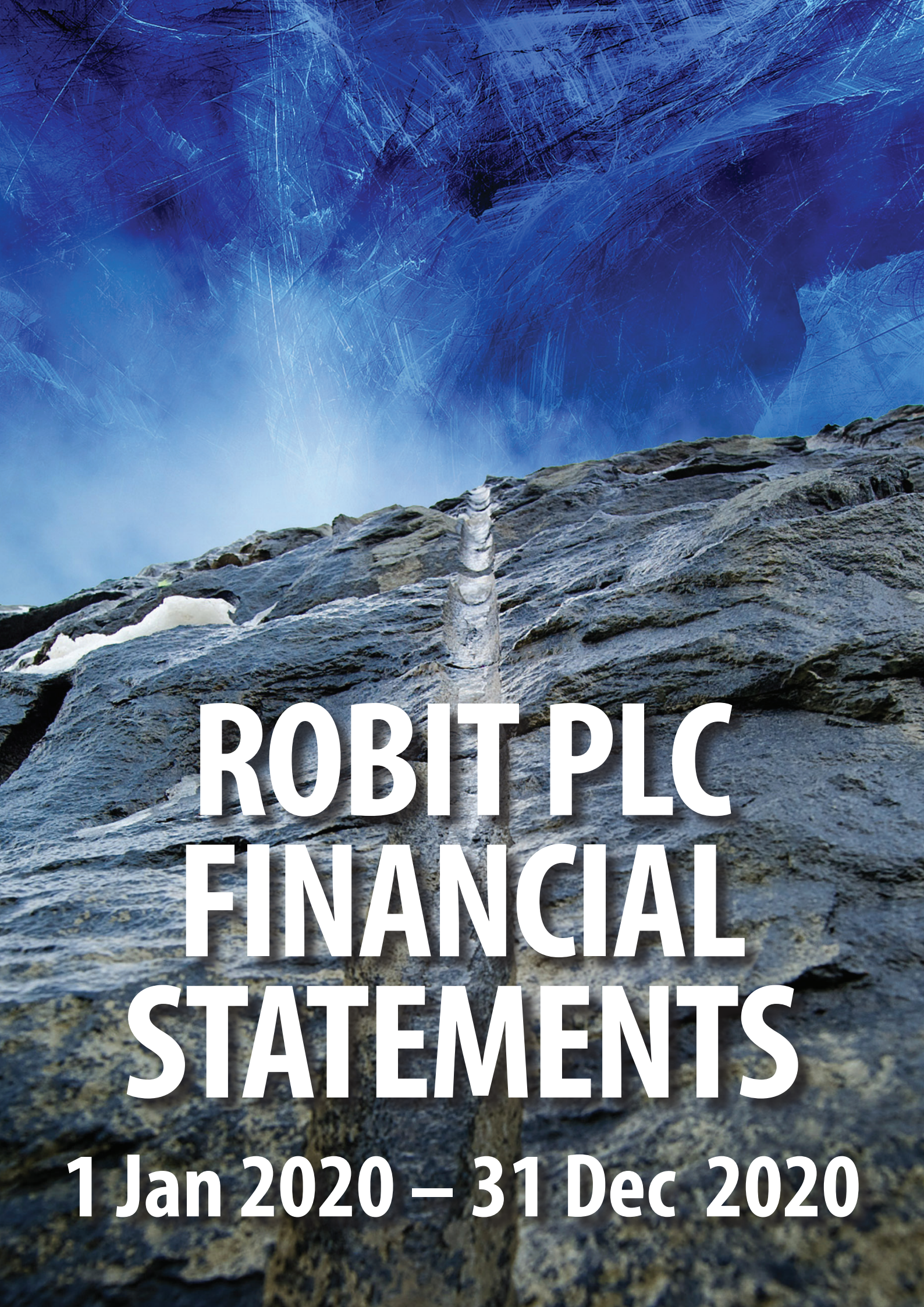
The company has specified the handling of write-downs in accordance with the nature of the item into either depreciation or amortisation and impairment expenses. In the Q4/2019 result, the positive profit impact of EUR 847 thousand has been presented as a depreciation recovery of a right-of-use asset, which affects EBITA.

Corporate Governance Statement and Remuneration Review

Robit Corporate Governance Statement for 2020 has been published as a separate statement on Robit's website:
<https://www.robitgroup.com/investor/corporate-governance/corporate-governance-statement/>

In Lempäälä 18 February 2021

ROBIT PLC
Board of Directors



ROBIT PLC FINANCIAL STATEMENTS

1 Jan 2020 – 31 Dec 2020

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This Financial Statements and Board of Directors' review 2020 have not been prepared in accordance with ESEF (European Single Electronic Format) regulations. The Financial Statements and Board of Directors' review 2020 in accordance with ESEF regulations are available electronically as an xHTML document in which the primary statements in the Financial Statements are marked with XBRL tags. The ESEF requirement is based on the harmonization of transparency requirements for listed companies pursuant to the Transparency Directive (2004/109/EC) and its amending Directive (2013/50/EU), as well as the European Commission Delegation Regulation (2019/815/EU). In Finland, the directive has been implemented in the Securities Markets Act (AML 7:5§). The Financial Statements and Board of Directors' review 2020 in accordance with ESEF regulations are available at www.robitgroup.com.

Consolidated Statement of Comprehensive Income

EUR thousand	Note	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Net sales	2.1	91 631	86 482
Other operating income	2.4	2 524	1 703
Materials and services	2.2	-58 773	-55 088
Employee benefit expense	2.3	-15 747	-17 308
Depreciation, amortization and impairment	2.5	-5 984	-7 372
Other operating expenses	2.4	-14 520	-14 184
EBIT (Operating profit)		-868	-5 767
Finance income and costs			
Finance income	4.5	286	807
Finance cost	4.5	-2 936	-1 700
Finance income and costs net		-2 650	-893
Profit before income tax		-3 518	-6 660
Income taxes			
Current taxes		-380	-488
Change in deferred taxes		1 004	-116
Income taxes	6.2	624	-604
Result for the period		-2 894	-7 265
Attributable to:			
Owners of the parent		-2 894	-7 265
Non-controlling interest		0	0
		-2 894	-7 265
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences	4.1	-1 088	273
Other comprehensive income, net of tax		-1 088	273
Total comprehensive income		-3 981	-6 992

EUR thousand	Note	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Attributable to:			
Owners of the parent		-3 981	-6 992
Non-controlling interest		0	0
		-3 981	-6 992

Earnings per share attributable to the owners of the parent during the year:

Basic and diluted earnings per share	4.2	-0,14	-0,35
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The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

EUR thousand	Note	31-Dec-20	31-Dec-19
ASSETS			
Non-current assets			
Goodwill	3.1	5 134	5 420
Other intangible assets	3.2	3 809	5 412
Property, plant and equipment	5.1	24 641	26 779
Loan receivables	4.4	386	266
Other receivables		3	3
Deferred tax assets	6.2	1 528	1 069
Total non-current assets		35 500	38 949
Current assets			
Inventories	5.2	34 857	32 771
Account and other receivables	4.4, 5.3	18 621	20 112
Loan receivables	4.4	125	154
Income tax receivable	6.2	81	127
Cash and cash equivalents	4.4	14 339	15 248
Total current asset		68 023	68 412
Total assets		103 523	107 361

EUR thousand		31-Dec-20	31-Dec-19
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	4.1	705	705
Share premium	4.1	202	202
Reserve for invested unrestricted equity	4.1	82 570	82 269
Cumulative translation difference	4.1	-2 798	-1 710
Retained earnings	4.1	-30 796	-23 480
Profit for the year	4.1	-2 894	-7 265
Total equity		46 989	50 721
Total equity		46 989	50 721

EUR thousand	Note	31-Dec-20	31-Dec-19
Liabilities			
Non-current liabilities			
Borrowings	4.3	19 247	18 036
Lease liabilities	4.3	5 166	4 070
Deferred tax liabilities	6.2	798	1 264
Employee benefit obligations	2.3	628	512
Total non-current liabilities		25 838	23 881
Current liabilities			
Borrowings	4.3	9 941	13 409
Lease liabilities	4.3	1 213	2 700
Advances received	5.5	130	266
Income tax liabilities	6.2	283	289
Account payables and other liabilities	5.4	19 029	15 921
Provisions	5.5	100	174
Total current liabilities		30 696	32 759
Total liabilities		56 535	56 640
Total equity and liabilities		103 523	107 361

Consolidated Statement of Changes in Equity

	Note	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
EUR thousand							
Equity at 1.1.2019		705	202	82 266	-1 983	-23 426	57 764
Profit for the period						-7 265	-7 265
Other comprehensive income							
Translation differences					273		273
Total comprehensive changes					273	-7 265	-6 992
Purchase of treasury shares						-328	-328
Share-based payments to employees						197	197
Use of treasury shares to BoD compensation				3		72	74
Other changes						5	5
Total transactions with owners, recognized directly in equity		0	0	3	0	-54	-51
Equity at 31.12.2019	4.1	705	202	82 269	-1 710	-30 744	50 721

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total	
Equity at 31.12.2019	705	202	82 269	-1 710	-30 744	50 721	
Other changes*					-223	-223	
Equity at 1.1.2020	705	202	82 269	-1 710	-30 968	50 498	
Profit for the period					-2 894	-2 894	
Other comprehensive income							
Translation differences				-1 088		-1 088	
Total comprehensive changes	0	0	0	-1 088	-2 894	-3 981	
Share issue			183			183	
Share-based payments to employees			44		172	216	
Use of treasury shares to BoD compensation			74			74	
Total transactions with owners, recognized directly in equity	0	0	301	0	172	473	
Equity at 31.12.2020	4.1	705	202	82 570	-2 798	-33 690	46 989

* Other changes include corrections to 2019 IFRS 16 calculations and Robit SA inventory

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

EUR thousand	Note	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flows from operating activities			
Profit before income tax		-3 518	-6 660
Adjustments			
Depreciation, amortization and impairment charges	2.5	5 984	5 538
Finance income and finance costs	4.5	2 650	479
Share-based payments to employees	2.3	182	197
Loss (+) on sale of property, plant and equipment	2.4	158	263
Other non-cash transactions		1 704	1 476
Cash flows before changes in working capital		7 160	1 293
Change in working capital			
Increase (-) in account and other receivables		1	-1 047
Increase (-) / decrease (+) in inventories		-5 000	-695
Increase (+) in account and other payables		3 395	2 251
Cash flows from operating activities before financial items and taxes		5 555	1 802
Interest and other finance expenses paid		-1 083	-992
Interest and other finance income received		28	74
Income taxes paid		-238	-444
Net cash inflow (outflow) from operating activities		4 263	439

EUR thousand	Note	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flows from investing activities			
Purchases of property, plant and equipment	5.1	-1 204	-1 243
Purchases of intangible assets	3.3	-77	-132
Proceeds from the sale of property, plant and equipment		103	2 133
Proceeds from loan receivables	4.4	6	131
Net cash inflow (outflow) from investing activities		-1 173	889
Cash flows from financing activities			
Share issue	4.1	79	0
Acquisition of own shares	4.1	0	-328
Repayments of loans		-1 751	-11 278
Change in bank overdrafts	4.3	-179	74
Payment of lease liabilities	4.3	-1 774	-2 237
Net cash inflow (outflow) from financing activities		-3 626	-13 770
Net increase (+) / decrease (-) in cash and cash equivalents		-536	-12 442
Cash and cash equivalents at the beginning of the financial year	4.4	15 248	27 470
Exchange gains/losses on cash and cash equivalents		-370	219
Cash and cash equivalents at end of the year	4.4	14 339	15 248

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 About the Consolidated Financial Statements

1.1 General Information

These are the consolidated financial statements of Robit Plc (the "Company") and its subsidiaries (together referred as "Robit", or the "Group"). Robit is a Finnish Group that sells and services drilling consumables for global customers for applications in the tunnelling, geothermal heating and cooling, construction and mining industries. Robit has 10 offices and active sales networks in 115 countries. Robit has production units in Finland, South Korea, Australia and UK.

Robit Corporation is a publicly listed company and its shares are listed on the NASDAQ OMX Helsinki Ltd main list with trading code ROBIT.

Robit Plc, the parent company of Robit is a Finnish public limited liability company. The registered address of Robit Plc is Vikkiniityntie 9, FI-33880 Lempäälä, Finland. Copies of the consolidated financial statements are available at the head office at Robit Oyj and at Robit's home pages www.robitgroup.com.

The Board of Directors of Robit Plc has approved these consolidated financial statements for issue on February 18th, 2021. Under the Finnish Limited Liability Companies Act, shareholders can approve or disapprove the consolidated financial statements in the Annual General Meeting held after the release. The Annual General Meeting is also entitled to amend the consolidated financial statements.

1.2 Basis of Preparation

The consolidated financial statements of Robit have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the International Accounting Standards (IAS) and IFRS standards as well as SIC and IFRIC interpretations applicable as per 31 December 2019. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards.

The consolidated financial statements of Robit have been prepared on a historical cost basis, except for the derivative financial instruments, that are measured at fair value through profit or loss. Financial statements are presented in thousands of euros. The figures presented in the financial statements are rounded and therefore the sum of individual figures may differ from the presented sum figure. Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). The Company's functional currency is euro, which is also the presentation currency of Robit's consolidated financial statements.

Parent company Robit Plc financial statements have been prepared according to Finnish Accounting Standards (FAS).

1.3 Management Judgement and Sources of Uncertainty

The preparation of financial statements requires the use of estimates and assumptions that may affect the recognized amounts of assets and liabilities at the date of the financial statements. In addition, the recognized amounts of net sales and expenses during the periods presented are affected. Actual results may differ from previously made estimates.

The management's assumptions and estimates can be found in the following notes:

Key judgements and estimates	Note
Goodwill impairment testing	3.2.
Fair value of the acquired assets (customer relationships and brand)	3.1.
Other intangible assets (capitalized development expenses)	3.3.
Inventory valuation	5.2.
Deferred tax assets and liabilities	6.2.
Overdue receivables	4.6.

How Should Robit's Financial Statements be Read?

Robit has focused in its financial statements on the information, which it considers to be relevant to the stakeholders and other users of financial statements. The notes to the consolidated financial statements include six sections: About the consolidated financial statements, Robit's performance, Acquisitions and intangible assets, Capital structure and financing, Operating assets and liabilities and Other Notes. Each part includes related significant accounting principles. This presentation aims at providing the reader a clear understanding of the Group's financial position and performance as well as selected accounting policies.

2 Robit's Performance

2.1 Net Sales and Segment Information

Accounting policies

Product sales

Robit enters into contracts with customers to supply its products, such as drill bits and casing systems. In general, these products are standardised and require only limited specifications provided by customers. Robit is responsible for the purchase or production of the products and in some cases also for their delivery. The performance obligation ends when the goods have been delivered to the customer. If the performance obligation ends based on terms of delivery only when the customer has received the goods, sales revenue is recognised at the time of receipt. The time of recognition of sales is specified by terms and conditions in the sales contract, such as based on terms of delivery or the customer's acceptance procedure.

Longer-term supply contracts covering individual purchase orders are also entered into with customers, for example for the supply of consumables for mines or projects. The performance obligations associated with these longer-term contracts are recognised based on terms of delivery at the time of delivery and are not partially recognised, for example based on the degree of completion of the projects over time, because Robit's products are consumables in nature. Return or repayment obligations are generally not associated with supply contracts. Robit is responsible for ensuring that the products meet the customer's order in terms of technical specifications and also Robit's own quality standards at the time of delivery. If a technical or qualitative problem due to Robit is identified in a product, Robit is obliged to supply to customer with replacement products. These obligations are assessed for each contract in turn, and a separate warranty provision is recognised for them (presented in Note 5.5). Because the products are consumables in nature, no long-term warranty obligations that could be payable in future financial years are associated with the products.

Some customer contracts may contain a variable discount component that allows the customer to receive a quantity discount if the quantities of the original delivery contract are exceeded. In these cases, the realisation of the quantity discount is estimated for each contract in turn and deducted for sales revenue based on the most probable value. The significance of such contracts for the recognition of Robit's sales revenue is currently very minor, however. For these reasons, no significant judgmental decisions are made in the recognition of sales revenue.

Terms of payment and payment periods vary from customer to customer. The applied terms of payment and length of payment period granted to the customer are influenced by, among other things, the geographical location of the customer and the production plant and their distance from each other. In addition, the customer's terms of payment are influenced by the customer-specific credit risk, which is assessed based on the customer's geographical location, the customer's financial situation and the customer's previous payment behaviour. Typically, credit terms of payment are used with customers in cases where the performance obligation ends before payment is received from the customer. Cash discounts are generally not used but, if they are used, the cash discounts given are deducted from net sales. With some customers, an advance payment principle is applied, and the advance payments received from customers are entered in the balance sheet (disclosed in Note 5.6). Significant credit components are generally not associated with sales transactions.

Sales of products with after-sales support

Robit enters into service agreements with customers that include services such as technical support or training in addition to supplying the products. These services bring added value for the client and they are not part of the integration of products that takes place at the customer. The agreements therefore typically include more performance obligations, service and products sold.

Selling prices are allocated to different performance obligations relative to their separate selling prices. Possible discounts are allocated proportionately to all performance obligations. Product sales revenue is recorded at a specific time (see above), whereas sales revenue for services is recognised over time as the customer simultaneously receives and consumes the services provided by Robit. The degree of fulfilment of a performance obligation relative to sales is measured using the output-based method, whereby the degree of fulfilment is measured based on the service provided to date.

Net sales by business unit

Net sales from external customers broken down by strategic business units is shown on the table below.

Net sales by product area

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Top Hammer	46 348	40 322
Down the Hole	45 283	46 160
Total	91 631	86 482

Net sales by market area

Net sales from external customers broken down by location of the customers is shown on the table below.

EUR thousand	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2019
EMEA	40 028	36 190
Americas	14 008	15 501
Asia	11 397	10 482
Australasia	13 654	15 405
East	12 544	8 903
Total	91 631	86 482

None of the Robit's customer generated more than 10 per cent of the Group's revenue for the year ended 31 December 2020 or 2019.

Segment information

The chief operating decision-maker has been identified as Robit's board of directors. The board of directors is responsible for strategy, appointing key management positions, significant development projects, business combinations, investments, organization structure and financing.

A global skilled sales and distributor organizations recognizing customer needs and requirements in addition to high quality manufacturing based on local subcontractors and global sourcing function are cornerstones of Robit's operations. In accordance with its strategy, Robit is primarily a sales company on global markets. Robit's sales organization is divided into geographical regions (EMEA, Americas, Asia, Australasia and East). Four manufacturing units located in Finland, South Korea, Australia and UK, are common resources for business operations. These manufacturing units serve the entire sales organization but concentrating to manufacture certain type or certain size of products.

In order to manage the efficiency of the resources, the business is divided into two strategic business units (SBU): Top Hammer and Down the Hole. The SBU's are structured around the different drilling technologies but they have substantial synergies in sales, manufacturing and sourcing. Due to the Group's structure and nature of business, the business is presented as one segment, which includes group services and other items. The board of directors regularly reviews consolidated net sales and profitability of the group. In addition, the board of directors reviews net sales of the sales regions and the strategic business units.

2.2 Production's Materials and Services

Materials and services recognized as an expense during the year ended 31 December 2020 amounted to EUR 58 773 thousand (2019: EUR 55 088 thousand). Materials and services include purchases of raw materials such as steel, tungsten carbide, trading products and subcontracting services inventories and changes in inventories.

2.3 Employee Benefits

Accounting policies

Short-term benefits

Short-term employee benefits include wages and salaries, including non-monetary benefits and annual leave compensations expected to be settled within 12 months of the reporting date. Short-term benefits are recognized in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Post-employment benefits

Robit's pension plans are defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plans are charged directly to the statement of comprehensive income in the year to which these contributions relate.

Other long-term benefits

Other long-term employee benefits are long-service leave or sabbatical leave, jubilee or other long-service benefits and long-term disability benefits. Robit has other long-term employee benefits plans in Australia (long-service leave) and in Korea (severance payment). Robit key employees are obliged to take part into a long-term incentive plan based on initial investment to Robit shares. The expense is accrued to the period, on which the employee is able to utilize the benefit.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Wages and salaries	-13 102	-14 390
Pension costs - defined contribution plans	-1 038	-1 353
Social security expenses	-660	-621
Share-based payments	-300	-221
Other long-term benefits	-257	-263
Other employee benefit expenses	-390	-459
Total	-15 747	-17 308

Robit's number of personnel increased in 2020 by 9 persons compared to 31.12.2019, with the total number of personnel being 261 at the end of the period under review (31.12.2019: 252). Robit's average number of personnel was 257 persons during the financial period 2020 and 274 in 2019.

Robit has both defined contribution plans and defined benefit plans. All pension plans are defined contribution plans. In Australia, the employees are entitled to be paid long-service leave after 10 years of service in the same business. This arrangement is defined as other long-term employee benefit and thus defined benefit plan. Expenses related to long-service leave amounted to EUR 8 thousand for the year ended 31 December 2020 (2019: EUR 46 thousand). The liability related to long-service fee amounted to EUR 289 thousand as at 31 December 2020 (31.12.2019: EUR 283 thousand).

In Korea, Robit has severance payment plan, where employees earn the benefit based on their service and the whole benefit is paid to an employee when an employment ends. This plan meets the criteria of being other long-term employee benefit and thus defined benefit plan. Expenses related to severance payment plan amounted to EUR 197 thousand for the year ended 31 December 2020 (2019: EUR 136 thousand). The employee benefit obligation recognized for severance payment plan amounted to EUR 338 thousand as at 31 December 2020 (31.12.2019: EUR 228 thousand).

Long-Term Remuneration: Share-Based Incentive Plan

Share-based incentive scheme 2018–2021

On 15 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: the key person's own investment in the company, reward shares and a performance-based additional share scheme. Obtaining a reward from the share scheme required the acquisition of Robit Plc's shares by the key person. The additional share scheme has two commitment periods, which started on 1 September 2018 and 1 September 2019. For shares subject to the share ownership conditions, the key person 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 that started 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 targets set for the earning period 2018–2020 of the performance-based additional share scheme were not achieved, and no reward will be paid for the earning period of the performance-based additional share scheme that ended on 31 December 2020. The incentive scheme currently covers 7 individuals.

Long-term share-based incentive scheme for the CEO 2019–2024

On 24 September 2019, the Board of Directors of Robit Plc decided on a long-term share-based incentive scheme for the CEO. The scheme covers Tommi Lehtonen, who started as the CEO of the Group on 1 May 2019. The share reward scheme has three earning periods and covers the period from 1 January 2019 to 31 December 2024. The Board of Directors of Robit Plc sets targets for each two-year earning period starting from 2019. The earning periods end on 31 December 2020, 31 December 2022 and 31 December 2024. The rewards payable on the basis of this system will correspond to the value of a total of 160,000 Robit Plc shares, also including the amount of money used for taxes and tax-related payments. The number of shares corresponds to approximately 0.8% of the total number of the company's shares.

The rewards of the incentive scheme are paid in three instalments after the end of each earning period. No reward was paid to the CEO for the earning period ending on 31 December 2020.

Share-based incentive scheme 2020–2023

On 25 February 2020, Robit's Board of Directors decided on a new share-based incentive scheme for the Group's management and key personnel, including own investment of the key personnel in Robit shares (base share plan), reward shares by the company (matching share plan) and performance-based additional share plan (performance matching plan). The share-based incentive scheme covers approximately 25 individuals. The company's matching shares and performance matching shares will be paid in April 2023. If all three main elements of the scheme are fulfilled in total as determined in the plan and according to the target setting of the Board of Directors of the company, the maximum amount of shares issued based on the plan will be 450,000 shares, corresponding to 2.1% of the entire current shareholding. The incentive scheme currently covers 17 individuals.

2.4 Other Operating Income and Expenses

Accounting policies

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Robit as lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Robit as a lessor

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.

Other operating income

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Operational exchange rate income	1 484	1 297
Other operating income	1 040	406
Total	2 524	1 703

In December 2020 the company was given a ruling of a partial forgiveness of a R&D loan. This had a positive impact of 0.5 million to Other operating income.

Other operating expenses

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Administration costs	-6 587	-8 457
Lease payments	-31	-274
Premise expenses	-1 197	-1 479
Operational exchange rate expenses	-2 965	-1 020
Other operating expenses	-3 740	-2 954
Total	-14 520	-14 184

Auditor's fees

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Statutory fees	-301	-224
Tax consultancy	-22	0
Other services	-3	-3
Total	-327	-227

Ernst & Young -company portion of statutory fees is 273 thousand euros for auditing.

2.5 Depreciation and Amortization

Accounting policies

Property, plant and equipment and other intangible assets are recognized on the balance sheet at cost less accumulated depreciations, amortizations and impairment losses, if any. Depreciation and amortization is recognized on a straight-line basis to write off the cost over the estimated economic useful life of assets. The assets' useful lives are reviewed, and adjusted when necessary, at each balance sheet date.

Depreciation and amortization periods are disclosed in notes 3.3 and 5.1.

Depreciation by class

Land and water	-54	-53
Buildings and constructions	-1 559	-2 054
Machinery and equipment	-2 456	-3 158
Other tangible assets	-316	-355
Total	-4 385	-5 622

Right of use asset (IFRS 16) depreciation amounted to EUR 1 496 thousand (2019:1 904)

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Amortization by class		
Customer relationships and brand	-820	-840
Intangible rights	-142	-149
Other intangible assets	-637	-760
Total	-1 599	-1 750

Customer relationships and brand were recognized in connection of the acquisitions. Please refer to Note 3.

3 Acquisitions and Intangible assets

3.1 Acquisitions

Accounting policies

Robit applies the acquisition method to account for business acquisitions. Identifiable assets acquired and liabilities in business acquisitions are measured initially at their fair values at the acquisition date. The fair value of the consideration transferred comprises the initial cash paid to the sellers and an estimate of any future payments Robit may be liable to pay based on future performance of the business. This latter amount is classified as contingent consideration and can be either classified as equity or a financial liability. Where settlement of any part of cash consideration is deferred the amounts payable in the future are discounted to their present value. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

Key judgements and estimates – fair value of the acquired net assets

Net assets acquired through business combinations are measured at fair value. The measurement of fair value of the acquired net assets is based on market value of similar assets (property, plant and equipment), or an estimate of expected cash flows (intangible assets). The valuation, which is based on prevailing repurchase value, expected cash flows or estimated sales price, requires management judgement and assumptions. The management trusts that the applied estimates and assumptions are sufficiently reliable for determining fair values.

Acquisitions in 2020

No acquisitions in 2020.

Acquisitions in 2019

Robit acquired in October 1, 2019 about 10 % of the shares in Swedish Eurodrilling Services AB. Acquisition price was 99 euros and the acquisition did not materially affect Robit's financial position. In conjunction to the acquisition a distribution was signed.

3.2 Goodwill & Impairment Testing

Accounting policy

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the assets and liabilities of the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

The Group uses value in use calculations when assessing the recoverable amount. In assessing the recoverable amount, estimated future net cash flows are discounted to their present value based on the weighted average pre-tax cost of capital. The weighted average cost of capital reflects the current market view of the time value of money and risks related to the units to be tested.

An impairment loss is charged to the statement of income when the carrying amount of CGU exceeds the recoverable amount. Impairment loss is first allocated to goodwill and then to other assets on a pro rata basis. Impairment losses recognized for goodwill in the statement of income are not reversed.

Key judgements and estimates – goodwill impairment testing

The management makes significant estimates and judgements in determining the level at which the goodwill is tested and whether there are any indications of impairment.

The goodwill in the Robit's balance sheet arose mainly in June and July 2016 when Robit acquired Robit Australia and Robit GB, but also acquisition in February 2017 of Halco. Robit has re-organized its Down the Hole business and substantial savings in production and supply chain are expected to be gained. Robit has two CGU's Top Hammer and Down the Hole).

Cash flow estimates are based on management's best estimates for future net sales, cost development, general market conditions and applicable tax rates. The estimate covers following three-year period. The cash flows beyond this period are based on the estimated growth rates stated below.

Management tests the effects of changes of significant estimates used in forecasts by sensitivity analyses in a way described below.

The table below presents the movements of goodwill:

EUR thousand	2020	2019
Carrying value at 1 January	5 420	5 159
Exchange differences	-286	261
Carrying value at 31 December	5 134	5 420

The table summarizes the allocation of goodwill to business units:

EUR thousand	2020	2019
Down the hole	5 046	5 332
Top Hammer	88	88
Total	5 134	5 420

The goodwill of **Top Hammer** cash-generating unit has been tested for impairment as of December 31, 2020. The values used for the goodwill testing and their impact are presented in the table below.

Based on the assumptions below, the recoverable amount of the Top Hammer cash-generating unit is estimated to exceed the carrying amount of tested net assets by EUR 4 556 thousand, which represents 12 % of the carrying amount of the tested assets.

Management has determined the values for key assumptions used in the impairment testing of the Top Hammer cash-generating unit as follows:

Assumption	Approach used to determine values
Net sales growth	The cumulative annual growth rate for the revenue is expected to be 10 % (2019: 16%) during the three-year forecast period. Net sales are expected to increase since training and development of the distribution network has been targeted better as well as the Korean facility's improved performance allows more active pricing and enables growth of market share.
EBITDA-margin	Average EBITDA-margin is expected to be 11.5% (2019: 11.6 %) during the three-year forecasting period. The long-term EBITDA is expected to be 13.6% (2019: 13.6 %) of the net sales. This is based on implemented measures and management's expectations for future development.
Long-term growth rate	The long-term growth rate beyond three year forecast period is expected to be 1.5% (2019: 1.5%) per annum. This in line with the expected long-term inflation rate.
Pre-tax discount rate	The pre-tax discount rate used in impairment testing is 13.1% (2019: 14.3 %). This reflects the specific risks relating to Down the Hole business and the countries in which it operates.

The recoverable amount of Top Hammer cash-generating unit would equal its carrying amount if any of the key assumptions were to change as follows (keeping other assumptions constant):

Assumed values in goodwill impairment calculations	From	To
Average EBITDA-margin during the three-year forecast period	11.5 %	10.7 %
Average EBITDA-margin (exceeding the three-year forecasting period)	13.6 %	12.5 %
Pre-tax discount rate	13.1 %	14.5 %

If the long-term growth rate of the Top Hammer cash-generating unit beyond the three-year forecast period was 0.5% instead of 1.5%, the recoverable cash flow would be 7% higher than the carrying amount:

Long-term growth rate exceeding the three-year forecasting period	Growth 1.5%	Growth 0.5%
Recoverable amount of cashflow exceeding carrying amount	12,0%	7,0%

The goodwill of **Down the Hole** cash-generating unit has been tested for impairment as of December 31, 2020. The values used for the goodwill testing and their impact are presented in the table below.

Based on the assumptions below, the recoverable amount of the Down the Hole cash-generating unit is estimated to exceed the carrying amount of tested net assets by EUR 9 508 thousand, which represents 33 % of the carrying amount of the tested assets.

Management has determined the values for key assumptions used in the impairment testing of the Down the Hole cash-generating unit as follows:

Assumption	Approach used to determine values
Net sales growth	The cumulative annual growth rate for the revenue is expected to be 8.2% (2019: 5.2 %) during the three-year forecast period. Net sales is expected to increase due to the synergies related to business combinations after training of the distribution networks has been completed and the steady development of the market.
EBITDA-margin	Average EBITDA-margin is expected to be 11.2% (2019: 11.5%) during the three-year forecasting period. The long-term EBITDA is expected to be 12.6% (2019: 13.6%) of the net sales. This is based on implemented measures and management's expectations for future development.
Long-term growth rate	The long-term growth rate beyond three-year forecast period is expected to be 1.5% (2019: 1.5%) per annum. This in line with the expected long-term inflation rate.
Pre-tax discount rate	The pre-tax discount rate used in impairment testing is 12.7% (2019: 13.5%). This reflects the specific risks relating to Down the Hole business and the countries in which it operates.

The recoverable amount of Down the Hole cash-generating unit would equal its carrying amount if any of the key assumptions were to change as follows (keeping other assumptions constant):

Down The Hole	2020	
Assumed values in goodwill impairment calculations	From	To
Average EBITDA-margin during the three-year forecast period	11.2 %	9.3 %
Average EBITDA-margin	12.6 %	10.2 %
Pre-tax discount rate	12.7 %	16.3 %

If the long-term growth rate of the Down the Hole cash-generating unit beyond the three-year forecast period was 0.5% instead of 1.5%, the recoverable cash flow would be 25.6% higher than the carrying amount:

Long-term growth rate exceeding the three-year forecasting period	Growth 1.5%	Growth 0.5%
Recoverable amount of cashflow exceeding carrying amount	32.6 %	25,6 %

3.3 Other Intangible Assets

Accounting policy

Intangible assets are recognized in the balance sheet when the asset can be controlled by Robit, the expected future benefits attributable to the asset will flow to Robit and the cost of the asset can be measured reliably. An intangible asset is initially recognized at cost, comprising of its purchase price and any directly attributable expenditures. Intangible assets are carried in the balance sheet at acquisition cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized using the straight-line method depending on the useful life of the asset. The appropriateness of the amortization periods and method is assessed at each balance sheet date. The useful lives for Robit's intangible assets are as follows:

	Years
Customer relationships	7-10
Brand	15
Intangible rights	5
Other intangible assets	5

Development costs

Development costs are capitalized when certain criteria related to economic and technical feasibility are met, and it is expected that the product will generate future economic benefits. Capitalized development costs include mainly materials, supplies and direct labour costs. Earlier expensed development costs are not capitalized later. Intangible assets under development are not amortized, but they are tested for impairment at least annually.

Key judgements and estimates - capitalized development expenses

Costs incurred in the development phase of a development project are capitalized as intangible assets if a number of criteria are met. Management has made judgements and assumptions when assessing whether a project meets these criteria, and on measuring the costs and the economic life as well as the future cash inflows generated by the development projects. Expected returns from capitalized development projects involve estimates and judgement from the management about the future net sales and related costs. These estimates involve risks and uncertainties, and it is possible that, following changes in circumstances, expected returns from capitalized development projects change. Robit assesses indications of impairment for capitalized development projects. The value for capitalized development projects may decrease, if the expected returns from new services change.

Key judgements and estimates related to intangible assets acquired in connection with business combinations are discussed in section Acquisitions.

Other intangible assets

EUR thousand	Customer relation- ships	Brand	Intangible rights	Other intangible assets	Total
2020					
Cost at 1 January	5 804	870	663	5 749	13 087
Additions	0	0	9	69	77
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Exchange differences	-17	-47	-3	-7	-73
Cost at 31 December	5 788	823	669	5 810	13 091
Accumulated amortization and impairment at 1 January	-2 771	-203	-512	-4 188	-7 675
Amortization	-764	-56	-142	-637	-1 599
Disposals And impairment	0	0	0	0	0
Exchange differences	-26	11	3	3	-9
Accumulated amortization and impairment at 31 December	-3 561	-247	-652	-4 822	-9 282
Net book amount at 1 January	3 034	667	151	1 561	5 412
Net book amount at 31 December	2 227	576	17	988	3 809
EUR thousand	Customer relationships	Brand	Intangible rights	Other intangible assets	Total
2019					
Cost at 1 January	5 693	827	600	5 672	12 793
Additions	0	0	42	67	110
Disposals	0	0	0	0	0
Reclassifications	0	0	22	0	22
Exchange differences	111	42	-1	9	162
Cost at 31 December	5 804	870	663	5 749	13 087
Accumulated amortization and impairment at 1 January	-1 944	-138	-352	-3 436	-5 870
Amortization	-784	-56	-149	-760	-1 750
Disposals And impairment	0	0	-12	12	0
Exchange differences	-43	-9	1	-5	-55
Accumulated amortization and impairment at 31 December	-2 771	-203	-512	-4 188	-7 675
Net book amount at 1 January	3 749	689	248	2 237	6 923
Net book amount at 31 December	3 034	667	151	1 561	5 412

Intangible assets customer relationships and brand were recognized in connection with the acquisitions of Robit Australia and Robit GB in 2016. Intangible rights include mainly patents. Robit aims to continue to strengthen its existing patent and intellectual property portfolio by acquiring and licensing strategic patents, other intellectual property rights and technologies. Other intangible assets include capitalised development costs and IT software.

Research and development

Robit continues to invest in its own product development projects and in collective product development projects in the industry in order to secure a competitive and innovative offering. Total costs relating to research and development recognized to the consolidated statement of comprehensive income were EUR 566 thousand in 2020 and EUR 569 thousand in 2019. Robit has, among others, developed the Robit Sense Systems technology designed for monitoring and measuring drilling results. Capitalized development expenses in the balance sheet amounted to EUR 629 thousand as at December 31st 2020 (31.12.2019: EUR 896 thousand).

4 Capital Structure and Financing

4.1 Share Capital and Reserves

Accounting policy

Robit's equity consists of share capital, share premium, the reserve for invested unrestricted equity, translation differences, and retained earnings. Changes in treasury shares owned by Robit are recorded in the retained earnings. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share capital and share premium

Ordinary shares are classified as equity. The parent company has one share class, and each share has equal right to dividend. Each share carries one vote at the general meeting. All shares issued by the parent company are fully paid. The shares have no nominal value.

The table below presents the number of outstanding shares for the reported periods:

Shares	Number
At 1 Jan 2019	21 056 393
Use of treasury shares to management compensation	3 226
Use of treasury shares to BoD compensation	25 488
Acquisition of own shares	-150 000
At 31 Dec 2019	20 935 107
Use of treasury shares to management compensation	7 936
Use of treasury shares to BoD compensation	19 893
Share issue	96 000
At 31 Dec 2020	21 058 936

The amounts included in the share premium fund relate to share issues in accordance with the previous Finnish Limited Liability Companies Act, which was in force until 31 August 2006, whereby the share premium account was credited with the amounts in excess of the then current nominal value of the shares that were paid by shareholders in connection with share issues.

Own shares

The table below shows the changes in own shares during the reporting periods:

Shares	Number
At 1 Jan 2019	27 507
Use of treasury shares to management compensation	-3 226
Use of treasury shares to BoD compensation	-25 488
Acquisition of own shares	150 000
At 31 Dec 2019	148 793
Use of treasury shares to management compensation	-7 936
Use of treasury shares to BoD compensation	-19 893
At 31 Dec 2020	120 964

Reserve for invested unrestricted equity

Under the Finnish Companies Act, the subscription price of new shares is credited to the share capital, unless it is provided in the share issue resolution that it is to be credited in full or in part to the invested unrestricted equity reserve. Contributions to the reserve for invested unrestricted equity can also be made without share issues.

Part of the Board of Directors yearly compensation was paid with Robit's treasury shares in 2020 and 2019.

Dividends

The annual general meeting on 22.4.2020 resolved to authorise Board of Directors to resolve that the maximum of EUR 0.03 per outstanding share, if any, be paid from the company's distributable funds to the shareholders, if the financial position of the Company is favourable to such distribution. The Board of Directors resolved not to use the authorisation and no such distribution was made in 2020. The annual general meeting resolution March 27, 2019 was not pay dividend in 2019.

4.2 Earnings per Share

Accounting policy

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated on the same basis as Basic EPS except that it reflects the impact of any potential commitments the Group has to issue shares in the future.

The Group did not have any instruments that would have dilutive impact on the earnings per share as at 31 December 2020 or 2019.

	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Profit attributable to the owners of the parent company (euros)	-2 893 815	-7 264 646
Weighted average number of shares (number of shares)	20 983 328	20 967 117
Basic and diluted earnings per share	-0,14	-0,35

4.3 Borrowings

Accounting policy

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost.

Transaction costs are amortized over the term of the loan and recognized as finance cost as part of interest expense using effective interest rate method. Borrowings are derecognized when loan has been repaid or liability has been extinguished for example in connection with refinancing.

Borrowings are recognized as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of reporting period.

The benefit of a government loan (Business Finland loan) at a below market rate of interest is treated as a government grant. The loan itself is accounted for as described above. However, those government loans that have been withdrawn before the date of transition to IFRS are recorded at their nominal value in accordance with the transitional provisions of IFRS 1.

Carrying amounts of the borrowings:

EUR thousand	31-Dec-20	31-Dec-19
Non-current borrowings		
Loans from credit institutions	19 060	17 450
Other loans	41	585
Lease liabilities	5 312	4 070
Total non-current borrowings	24 413	22 106
Current borrowings		
Loans from credit institutions	5 850	9 414
Other loans	86	76
Bank overdrafts	3 739	3 919
Lease liabilities	1 479	2 700
Total current borrowings	11 154	16 109
Total borrowings	35 567	38 215

The Group's management has determined that there is no material difference between the borrowings' carrying value and fair value because significant part of Robit's loans are with variables interest rate. There have not been significant changes in interest rates since the issue date of the loans and margins of loans are considered to reflect different conditions and the subordination of the loans with reasonable accuracy. The management has assessed that there have not been significant changes in credit risk since the loans were drawn-down.

Loans from credit institutions

A credit facility, totalling EUR 24.9 million, of which EUR 22.5 million is secured by a negative pledge that imposes on Robit certain covenants and limitations regarding additional loans. The negative pledge states that (subject to certain exceptions) Robit will not provide any other security over its assets, and will ensure that the following financial performance measures (the original terms of the financing agreement) are met:

- Minimum equity ratio of 32.5% and
- Net debt/adjusted EBITDA ratio is defined to be 2.5

Robit Plc agreed on the restructuring of EUR 24.5 million in loans with its main financing bank. The net debt/EBITDA ratio according to the new financing agreement at the next covenant review date on 31 December 2020 must not exceed 4.0. Financial year 2021 will return to the original covenant on the net debt/EBITDA ratio, which must not exceed 2.5. The covenant of Robit Plc's financing agreement, net interest-bearing debt/EBITDA, was 4.1 and did not meet the terms of the financing agreement on 31 December 2020. The company obtained the consent of its main financier to the breach of the covenant on 18 December 2020. Robit amortized its loans by EUR 2 million at the end of December. In 2019, the interest rate margin on these loans was increased by 1.1 percentage points, i.e. to 2.75%. Robit has EUR 14.3 million in cash assets at its disposal on 31 December 2020 and according to management estimates, will be able to meet its loan amortization obligations and liquidity.

Other loans from financial institutions includes mainly variable rate bank loans and short-term reverse factoring agreements. Information regarding guarantees for the loans can be found in note 4.7. Factoring limit available in Korea was not utilized at the end of 2020 or 2019.

Other loans

Other loans are Business Finland interest subsidized loans for Robit's research and development projects. The loans have an interest rate lower than the market rate. In December 2020, Robit received a decision of a partial remittance of a R&D loan. This had reduced other loans by EUR 0.5 million.

Bank overdrafts

The Group had EUR 3 739 thousand liability as at 31 December 2020 (2019: EUR 3 919 thousand) related to its credit facility agreement including one Finnish bank limit. The maximum amount at 31 December 2020 was EUR 4 000 thousand (2019 EUR 4 000 thousand).

Finance lease liabilities

Lease liabilities are secured as the rights to the leased asset revert to the lessor in the event of default:

Lease liabilities are reported as use of asset liabilities with bank financing.

Net debt

EUR thousand	31-Dec-20	31-Dec-19
Cash and cash equivalents	14 339	15 248
Current loans	-11 154	-16 108
Non-current loans	-24 413	-22 106
Net debt	-21 228	-22 967
Cash	14 339	15 248
Gross debt - fixed interest rate	-281	-2 228
Gross debt - variable interest rate	-35 286	-35 987
Net debt	-21 228	-22 967

EUR thousand	Cash / bank overdraft	Current leases	Non-current leases	Current loans	Non-current loans	Total
Net debt as at 1 January 2019	23 625	-251	-524	-13 322	-25 338	-15 810
Cash flows	-11 634	-32	-1 388	3 832	15 110	5 888
Foreign exchange adjustments	-662	0	1 597	0	-7 807	-6 873
Other non-cash movements*	0	-2 417	-3 755	0	0	-6 172
Net debt as at 31 December 2019	11 329	-2 700	-4 070	-9 490	-18 035	-22 967
Cash flows	-356	2 434	660	3 554	5 306	11 598
Foreign exchange adjustments	-373	0	3 264	0	-6 372	-3 480
Other non-cash movements*	0	-1 213	-5 166	0	0	-6 379
Net debt as at 31 December 2020	10 600	-1 479	-5 312	-5 936	-19 101	-21 228
Net book amount at 1 January 2020	11 329	-2 700	-4 070	-9 490	-18 035	-22 967
Net book amount at 31 December 2020	10 600	-1 479	-5 312	-5 936	-19 101	-21 228

* IFRS 16 debt net change

4.4 Financial Assets

Accounting policies

The Group classifies all its financial assets in category "loans and receivables". The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are included in the consolidated balance sheet lines "Cash and cash equivalents", "Loan receivables", "Account and other receivables" and "Other receivables" (non-current).

Loans and receivables at amortised cost mainly consist of accounts receivable and cash and cash equivalents that are not quoted in an active market and that are not kept for trading purposes. Loans and receivables are measured initially at fair value plus transaction costs, if any, and subsequently, at amortised cost using the effective interest method. An impairment loss is recognized in the statement of comprehensive income if the carrying value of the loan receivable is higher than the estimated recoverable amount.

EUR thousand	31-Dec-20	31-Dec-19
Carrying amounts of loans and receivables		
Loan receivables	125	154
Account and other receivables	18 621	20 112
Cash and cash equivalents	14 339	15 248
Total current	33 085	35 514
Loan receivables	386	266
Other receivables	0	0
Total non-current	386	266
Total	33 471	35 781

Loan receivables

Loan receivables previously reported as share loan receivables amounted to EUR 247 thousand as at 31 December 2020 (2019: EUR 128 thousand). In previous years Robit has issued shares to its key employees and has promissory notes to enable them to pay the share subscriptions. The loans are mainly bullet loans with 5 years' maturity, however there are some loans with instalments, with variable, long maturities. The interest rate used is the reference rate set by the Finnish Ministry of Finance every six months. Interest is paid two times a year. No margin has been added to the reference rate. The amount of interest subsidy is recognized as other operating expenses. In connection with the 2020 long term incentive plan and share issuance to key personnel, the company granted loans for the payment of share subscription. The payment period for these loans is 8 years and the interest rate is 12-month Euribor plus a margin of 0.99%.

Loan receivables are measured at amortised cost because the criteria below are met:

- the financial asset is held within a business model whose objective is holding financial assets in order to collect contractual cash flows, and
- the terms of contract of the financial asset provide for cash flows at certain times which are solely the payment of the principal and interest on the remaining amount of capital

Account and other receivables are described more detailed in note 5.3. Account and other receivables.

Cash and cash equivalents consist of cash at hand and deposits held at call with banks.

4.5 Finance Income and Costs

Accounting policy

Finance costs consist of interest expenses on bank loans, bank overdrafts and other loans, foreign exchange losses on financing activities.

Transaction costs related to loans are expensed in profit or loss using effective interest rate method. The effective interest rate is the rate that discounts the estimated future payments through the expected life of a loan to the net carrying amount of the financial liability. The calculation includes all fees paid by the contracting parties and transaction costs.

Interest income is recognized using the effective interest rate, unless the receipt of interest is uncertain. In such cases the interest income is accounted for on a cash basis. Foreign exchange gains and losses on financing activities are recognized within finance income or costs.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair value gains and losses on derivatives are recognized to the statement of comprehensive income.

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Finance income		
Foreign exchange gains on financing activities	258	733
Other finance income	25	53
Interest income on cash equivalents	2	21
Finance income total	286	807
Finance cost		
Foreign exchange losses on financing activities	-1 519	-357
Interest expenses on borrowings	-1 148	-1 226
Interest expense on deferred consideration	-21	-24
Other finance costs	-248	-94
Finance cost total	-2 936	-1 700
Finance income and costs total	-2 650	-893

4.6 Financial risk and capital management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses to seek to identify and mitigate potential risks arising from financial markets, customer transactions and liquidity requirements.

Risks are identified, assessed and mitigated as a part of daily management routines. Majority of Group financing is done by Robit Plc, minor investments or working capital needs may be financed locally.

The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Australian dollar, sterling pound, Russian ruble and Korean Won. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Group companies initiate sale and purchase transactions mainly in group companies' functional currencies. The Group has specified a policy for hedging against currency risks. Management aims to balance the revenue and expenses realised in a currency other than the functional currency and hedges the most significant positions that are cost-effective to hedge.

At 31 December 2020, if the EUR had weakened/strengthened by 10% against the Australian dollar with all other variables held constant, the recalculated post-tax profit for the year would have been EUR 132 thousand higher/lower, mainly as a result of foreign exchange gains/losses on translation of Australian dollar-denominated account receivables from group companies.

As 31 December 2020, if the EUR has weakened/strengthened by 10% against the US dollar with all other variables held constant, the recalculated post-tax profit for the year would have been EUR 181 thousand higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated loans amounted to EUR 1 851 thousand.

As 31 December 2020, if the EUR has weakened/strengthened by 10% against the Korean won with all other variables held constant, the recalculated post-tax profit for the year would have been EUR 536 thousand higher/lower, mainly as a result of foreign exchange gains/losses on translation of Korean won denominated loan amounted to EUR 5 821 thousand.

As 31 December 2020, if the EUR has weakened/strengthened by 10% against the pound sterling (GBP) with all other variables held constant, the recalculated post-tax profit for the year would have been EUR 243 thousand higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP denominated loan amounted to EUR 1 335 thousand and account receivables from group companies and third parties amounted to EUR 1 222 thousand.

As 31 December 2020, if the EUR has weakened/strengthened by 10% against the South African rand with all other variables held constant, the recalculated post-tax profit for the year would have been EUR 132 thousand higher/lower, mainly as a result of South African rand denominated loan amounted to EUR 1 166 thousand

As 31 December 2020, if the EUR has weakened/strengthened by 10% against the Russian ruble with all other variables held constant, the recalculated post-tax profit for the year would have been EUR 135 thousand higher/lower, mainly as a result of Russian ruble denominated account receivables from group companies and third parties.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group is exposed to translation risk mainly due to changes in Australian dollar, sterling pound and Korean Won.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Majority of the Group's loans are with variable interest rate which expose the Group to cash flow interest rate risk. During the presented periods, the Group's borrowings at variable rate were denominated in euro, South Korean Won, South African rand and sterling pound.

At 31 December 2020, if interest rates had been 50 basis points higher with all other variables held constant, post-tax profit for the year would have been EUR 126 thousand (2019: EUR 140 thousand) lower as a result of higher interest expense on floating rate interest-bearing liabilities. Interest rate sensitivity has been calculated by shifting the interest curve by 50 basis points (due to low market interest environment the lower scenario has not been presented). The interest position includes all external variable rate interest-bearing liabilities. The management of the Group has assessed that cash flow interest rate risk is low in current market situation and therefore does not actively use derivatives to manage its cash flow interest rate risk.

(b) Credit risk

Credit risk arises mainly from cash and cash equivalents and credit exposures to customers from outstanding receivables. Credit risk on cash and cash equivalents is managed at group level. Cash and cash equivalents are held in reputable mainly Nordic banks. Each local entity is responsible for managing the credit risk for their account receivables balances. The local entities have the responsibility to analyse the credit standing of each of their new clients before standard payment and delivery terms and conditions are offered.

Before accepting a customer, the customer's ability to pay the purchase transactions is carefully estimated through analysing customer's financial statements and current market position. Credit risk countering payment methods such as letter of credit and advance payments are used in high risk regions. The Group has been able to collect also significantly overdue receivables eventually.

The maximum exposure to the credit risk at the reporting dates are the carrying values of each class of financial assets mentioned above.

Key judgements and estimates - Overdue receivables

The Group applies the simplified approach defined in IFRS 9 for the recognition of expected credit losses, according to which lifetime expected losses can be recognised for all trade receivables.

For the purpose of determining expected credit losses, trade receivables are classified on the basis of shared credit risk characteristics and delayed payment. Expected loss rates are based on sales payment profiles over a 12-month period before 31 December 2020 and on actual credit losses incurred during that period. Actual loss rates are adjusted to reflect current and future-oriented information and macroeconomic factors that affect the ability of customers to make a payment of receivables.

The aging of the account receivables including bad debt provision deducted is as follows:

EUR thousand	31-Dec-20	31-Dec-19
Not due	13 389	12 366
Overdue by		
Less than 30 days	2 021	3 331
30-60 days	228	746
61-90 days	155	420
More than 90 days	654	774
Total	16 448	17 637

The Group has only one type of financial assets subject to the expected credit loss model: trade receivables from sales of product and maintenance services. Although cash and cash equivalents and liabilities recognised at amortised cost are also subject to impairment testing under IFRS 9, the impairment loss observed is not material.

On the basis of this, entries reducing the carrying amount of trade receivables were made, amounting to EUR 724 thousand in financial year 2020 and EUR 842 thousand in 2019. For the calculation of the impairment of trade receivables, see Note 5.3.

(c) Liquidity risk

Cash flow forecasting is performed in the Group's finance function. Group finance function monitors the Group's liquidity requirements monthly to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed facilities at all times. Cash and cash equivalents amounted to EUR 14 339 thousand as at 31 December 2019 (2019: EUR 15 248 thousand). Operating cash flows and liquid funds are the main source of financing for the future payments together with possible new debt or equity financing.

Covenants on the Group's interest-bearing financial liability drawn-down in 2016 are monitored monthly. The financial covenants are the equity ratio and the net debt in relation to EBITDA. The minimum equity ratio is agreed to be 32,5%. Minimum net debt to EBITDA ratio has been defined to be 2,5 at 30 June 2018 and onwards. The net debt/EBITDA ratio according to the new financing agreement at the next covenant review date on 31 December 2020 must not exceed 4.0. Financial year 2021 will return to the original covenant on the net debt/EBITDA ratio, which must not exceed 2.5. The covenant of Robit Plc's financing agreement, net interest-bearing debt/EBITDA, was 4,1 and did not meet the terms of the financing agreement on 31 December 2020. The company obtained the consent of its main financier to the breach of the covenant on 18 December 2020. We are referring to note 4.3 information on the covenant breach.

The Group's equity ratio 45.5 % as at 31 December 2020 (2019: 47.4%) is strong and the Group is able to draw external financing in case that operational cash flows are not sufficient. The Group does not invest actively surplus cash held. The Group's target is to achieve both organic and structural growth and cash balances are directed to those purposes.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

EUR thousand	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
31-Dec-20							
Financial liabilities							
Account payables	14 861					14 861	15 603
Lease liabilities	756	832	931	2 398	3 021	7 939	6 791
Loans from credit institutions	3 439	2 406	17 055	342	229	23 471	24 910
Bank overdrafts	3 842					3 842	3 739
Other loans	86		29			115	126
Total financial liabilities	22 985	3 237	18 016	2 741	3 251	50 229	51 157

EUR thousand	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
31-Dec-29							
Financial liabilities							
Account payables	12 546					12 546	13 043
Lease liabilities	991	990	1 408	1 803	2 030	7 221	6 771
Loans from credit institutions	4 570	5 272	17 555	31		27 428	26 864
Bank overdrafts	3 974					3 974	3 919
Other loans	203	3	204	251		662	661
Total financial liabilities	22 284	6 265	19 167	2 085	2 030	51 830	51 258

Capital management

Robit defines capital as equity plus borrowings as shown on the balance sheet 31.12.2020 EUR 82 556 thousand (2019 EUR 88 142 thousand). Robit's capital management's target is to keep capital structure that supports the business by ensuring the operating conditions and to increase shareholder value by aiming at a competitive return on invested capital. The capital structure shall take into account both current and future business needs, as well as ensure competitive cost of financing. Robit board monitors equity ratio and net interest-bearing debt to EBITDA ratio. The equity ratio is calculated as shareholders' equity divided by total assets less advances received.

The capital structure can be affected, among other things, by the dividend distribution and share issues. If necessary, Robit has the opportunity to acquire own shares and to issue new shares in accordance with mandates by General Meeting. The Group's equity ratio was 45.5 (2019: 47.4) per cent and the ratio of net debt to adjusted EBITDA was 4.1 as at 31 December 2020. We are referring to note 4.3 information on the covenant breach.

Cooperation with banks is based on long-term banking relationships. In the long-term goal is to service Robit's loan obligations by operating cash flow. During the phase of rapid growth, capital may be acquired both equity and debt financing terms.

4.7 Commitments and Contingent Liabilities

EUR thousand	31-Dec-20	31-Dec-19
Guarantees and mortgages given on own behalf:		
Enterprise mortgages	41 069	41 012
Real estate mortgages	4 050	2 856
Total	45 119	43 868

EUR thousand	31-Dec-20	31-Dec-19
Other guarantees:		
Other guarantee liabilities	94	83
Total	94	83

Lease commitments

Robit leases factory buildings and land areas in Australia, UK and Korea under non-cancellable operating lease agreements. Robit leases also some office space under non-cancellable operating lease agreements. The lease terms vary from one year to ten years.

Robit also leases cars, office equipment and forklifts under non-cancellable operating lease agreements where the lease term varies from one year to five years.

Investments in real estate

The Group is obligated to revise the deductions it has made for the real estate investment completed in 2017 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2026. The maximum amount of the liability amounts to EUR 127 thousand.

The Group is obligated to revise the deductions it has made for the real estate investment completed in 2018 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2027. The maximum amount of the liability amounts to EUR 27 thousand.

5 Operating Assets and Liabilities

5.1 Property, Plant and Equipment

Accounting policy

Property, plant and equipment is initially recognized at historical cost which comprises of the purchase price and other expenditures directly related to the acquisition that are necessary for bringing the asset to its operating condition and location. Items of property, plant and equipment are carried in the balance sheet at cost less any accumulated depreciation and any accumulated impairment losses. Items of property, plant and equipment leased under the lease terms are accounted for similarly to purchased property, plant and equipment. Repair and maintenance costs are recognized as expenses at the time they incur.

Depreciation on property, plant and equipment is calculated using the straight-line method over their estimated useful lives, as follows:

	Years
Buildings and structures	10-30
Machinery and equipment	5-15
Other tangible assets	5-10

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposal of property, plant and equipment are included either within other operating income or other operating expenses in the statement of comprehensive income.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
2019						
Cost at 31 December 2018	163	11 248	27 045	1 345	88	39 890
Recognition of right-of-use asset on initial application of IFRS 16	1 092	6 545	1 559	65		9 262
Cost at 1 January 2019	1 255	17 794	28 604	1 410	88	49 152
Additions	-200	7 302	610	698	329	8 740
Disposals	0	-1 092	-2 348	-90	-349	-3 879
Reclassifications	0	0	-220	76	-70	-213
Exchange differences	6	13	263	40	1	323
Cost at 31 December	1 061	17 472	25 350	2 089	0	45 972
Accumulated depreciation and impairment at 1 January	0	-2 011	-11 265	-790	0	-14 066
Depreciation	-56	-1 822	-3 719	-355	0	-5 952
Reclassifications	0	0	141	-65	0	76
Disposals And impairment	0	0	895	54	0	949
Exchange differences	0	-13	-159	-28	0	-201
Accumulated depreciation and impairment at the end of period	-56	-3 846	-14 108	-1 184	0	-19 193
Net book amount at 1 January	163	9 238	15 780	555	88	25 824
Net book amount at 31 December	1 005	13 626	11 242	905	0	26 779

EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
2020						
Cost at 1 January	1 061	17 472	25 350	2 089	0	45 972
Other changes*	0	-1 314	-5	-57	0	-1 376
Additions	0	2 852	680	173	525	4 230
Disposals	0	0	-449	-1	-47	-496
Reclassifications	0	0	0	0	0	0
Exchange differences	-33	-396	-470	-111	3	-1 007
Cost at 31 December	1 028	18 613	25 106	2 094	482	47 323
Accumulated depreciation and impairment at 1 January	-56	-3 846	-14 108	-1 184	0	-19 193
Other changes*		318	5	26		349
Depreciation	-54	-1 559	-2 456	-316	0	-4 385

EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
Disposals And impairment	0	0	235	0	0	235
Exchange differences	4	51	194	0	0	311
Accumulated depreciation and impairment at 31 December	-105	-5 036	-16 130	-1 411	0	-22 682
Net book amount at 1 January	1 005	13 626	11 242	905	0	26 779
Net book amount at 31 December	922	13 577	8 976	683	482	24 641

* Other changes include corrections to 2019 IFRS 16 calculations

Right-of-use assets

Right-of-use assets						
EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Total	Lease liabilities
As at 1 January 2020	842	4 696	1 203	282	7 023	6 771
Net changes	-29	1 657	-9	106	1 724	1 749
Depreciation	-54	-1 221	-148	-126	-1 549	
Interest expense						-334
Payments						-1 395
As at 31 December 2020	759	5 131	1 046	262	7 198	6 791

Right-of-use assets						
EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Total	Lease liabilities
As at 1 January 2019	1 092	6 545	1 559	65	9 262	8 847
Net changes	-195	-1 383	-215	369	-407	-20
Depreciation	-56	-1 483	-141	-152	-1 832	
Payments						-2 056
As at 31 December 2019	842	4 696	1 203	282	7 023	6 771

Buildings comprise the factory building in Finland and some structures in Korea. Main part of machinery and equipment relates to production machinery. Other tangible assets include mainly Korean leasehold improvements.

Assets leased under leases

Robit leases laptops, cars and some production machinery in UK and South Africa under non-cancellable finance lease agreements. IFRS 16 standard has been applied to the use of right assets.

Refer to note 4.7. for disclosure of contractual obligations to purchase.

5.2 Inventories

Accounting policy

Materials and supplies, work in progress and finished goods are stated at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase of inventories comprise the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The costs of conversion of inventories include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are determined using weighted average costs.

Key judgements and estimates - Inventory valuation

Inventory valuation requires management estimates and judgements specially relating to obsolescence and recording inventory to net realizable value based on expected selling prices as well as the management's assessment of the general market development in the Robit's main markets. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to complete the sales.

EUR thousand	31-Dec-20	31-Dec-19
Materials and supplies	5 136	4 238
Work in progress	2 265	2 024
Finished goods	27 456	26 509
Total	34 857	32 771

The inventories include mainly raw materials used in the production and finished products, such as button bits, drilling rods, casing systems hammer components and assembled hammers. Inventory of finished goods include obsolescence provision of EUR 1 486 thousand. The increase of the provision was EUR 650 thousand and the release EUR 313 thousand due to the sale of slow-moving inventories and scrapping of unsalable inventories, in respect of which the risk of obsolescence has been reduced.

Movements in the provision for obsolescence of inventory that are assessed for impairment are as follows:

EUR thousand	2020	2019
At 1 January	1 236	2 273
Provision for impairment recognised during the year	650	345
Inventories written off during the year	-61	-1 186
Unused amounts reversed	-252	-196
At 31 Dec	1 573	1 236

5.3 Account and Other Receivables

Accounting policies

Account receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Account receivables are recognized initially at fair value and subsequently at amortized cost less impairment. The Group uses a simplified approach to estimating expected credit losses. To estimate credit losses, trade receivables are grouped on the basis of credit risk characteristics and past-due dates. Impairment is recognized in the statement of comprehensive income under other operating expenses.

Other receivables include mainly prepaid expenses and accrued income from the usual operating activities of the Group.

The current account and other receivables comprised of the following:

EUR thousand	31-Dec-20	31-Dec-19
Account receivables	16 448	17 637
Prepayments and accrued income	107	253
Other receivables*	2 066	2 223
Total	18 621	20 112

* Incl. mainly VAT receivables EUR 1 565 thousand.

The carrying amounts of current trade receivables and other receivables are considered to be close to their fair values. This is due to their short-term nature.

Movements in the provision for impairment of trade receivables that are assessed for impairment are as follows:

EUR thousand	31-Dec-20	31-Dec-19
At 1 January	842	1 327
Provision for impairment recognised during the year	290	147
Receivables written off during the year as uncollected	-367	-265
Unused amounts reversed	-41	-46
At 31 Dec	723	842

Change in provisions in the income statement: During the year, the following gain/(losses) were recognised in profit or loss in relation to impaired receivables.

EUR thousand	31-Dec-20	31-Dec-19
Impairment losses		
Individually impaired receivables	-294	-483
Movement in provision for impairment	-115	337
Reversal of previous impairment losses	17	46
	-382	-101

Classification of accounts receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 4.6.

5.4 Account and other payables

Accounting policy

Account payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

The current account and other payables comprise of the following:

EUR thousand	31-Dec-20	31-Dec-19
Account payables	15 603	13 043
Accrued expenses	2 971	2 700
Other	454	179
Total	19 029	15 921

Material items included in accrued expenses:

EUR thousand	31-Dec-20	31-Dec-19
Accrued salaries	1 115	1 018
Accrued social security costs	254	192
Accrued interests	6	16
Other *	1 596	1 474
Total	2 971	2 700

* Mainly accrued outsourcing fees, accrued audit fees and accrued rental expenses.

The carrying amounts of account payables and other payables are considered to be the same as their fair values, due to their short-term nature.

5.5 Provisions

Accounting policy

Return or repayment obligations are generally not associated with supply contracts. Robit is responsible for ensuring that the products meet the customer's order in terms of technical specifications and also Robit's own quality standards at the time of delivery. If a technical or qualitative problem due to Robit is identified in a product, Robit is obliged to supply to customer with replacement products. These obligations are assessed for each contract in turn, and a separate warranty provision is recognised for them. Because the products are, in nature, consumables, no long-term warranty obligations that could be payable in future financial years are associated with the products.

A provision has been made estimating warranty claims for the products sold in which a technical or qualitative problem has been identified. These claims are expected to be settled over the next year and are therefore reported as current provisions. The amount of the provision was EUR 89 thousand at 31 December 2020 (2019: EUR 43 thousand).

Movements in the provision for warranty provisions

EUR thousand	2020	2019
At 1 January	43	148
Provision for warranty costs recognised during the year	120	28
Warranty costs during the year	-40	-20
Unused amounts reversed	-35	-113
At 31 Dec	89	43

5.6 Advance Payments Received

Advance payments received amounted to EUR 130 thousand as at 31 December 2020 (2019: EUR 266 thousand). Advance payments are usually required from clients that are not creditworthy. In normal course of business advance payments are not an usual way of doing business.

6 Other Notes

6.1 Subsidiaries and Foreign Currencies

Accounting policy

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. All intercompany transactions, receivables, liabilities, unrealized profits and distribution of profits within Robit Group are eliminated in the consolidated financial statements. Accounting principles of subsidiaries have been changed where necessary to ensure consistency with the principles adopted by the Group.

Foreign currency translation

Assets and liabilities in foreign subsidiaries are translated into euro at the rate prevailing on the balance sheet date. Income and expenses in foreign subsidiaries are translated into euro using an average rate. Translation differences that arise when translating the financial statements of subsidiaries are recognized in other comprehensive income and accumulated in translation differences reserve in equity.

Foreign currency denominated transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or if items have been revalued, using the measurement date exchange rates. Foreign exchange gains and losses arising in respect of business operations, such as sales and purchases, are recognized in relevant lines above operating profit. Foreign exchange differences arising from financing transactions are recognized in finance income and costs.

Konsernin laajaan tuloslaskelmaan kirjatut valuuttakurssierot ovat seuraavat:

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Included in EBIT /operating profit	-1 481	277
In finance income and expenses	-1 262	376
Total	-2 743	654

Group's subsidiaries as at 31 December 2020 and 2019 were as follows:

	Parent % 31.12.2020	Parent % 31.12.2019	Group % 31.12.2020	Group % 31.12.2019
Halco Brighthouse Ltd, UK, Parent Robit UK			100 %	100 %
Halco Drilling Ltd UK, Parent Robit UK*			100 %	100 %
Robit Rocktools Ab, Sweden*	100 %	100 %	100 %	100 %
Robit Africa Holdings Ltd, South-Africa*	100 %	100 %	100 %	100 %
Robit Asia Ltd, Hong Kong	100 %	100 %	100 %	100 %
Robit Australia Holdings Ltd, Australia*	100 %	100 %	100 %	100 %
Robit Australia Pty Ltd**, Australia, parent Robit Australia Holdings Ltd			100 %	100 %
Robit Finland Oy Ltd, Finland	100 %	100 %	100 %	100 %
Robit GB Ltd, UK	100 %	100 %	100 %	100 %
Robit Inc, USA	100 %	100 %	100 %	100 %
Robit Korea LTD, South-Korea	100 %	100 %	100 %	100 %
Robit OOO, Russia	100 %	100 %	100 %	100 %
Robit Plc-BFC, Dubai*	100 %	100 %	100 %	100 %
Robit S.A.C, Peru, 1% owned by Robit Inc	99 %	99 %	100 %	100 %
Robit SA, South Africa***	74 %	70 %	100 %	100 %
Robit UK Ltd, UK*	100 %	100 %	100 %	100 %
Robit USA LLC, USA, parent Robit INC.			100 %	100 %
TOO Robit, Kazakhstan	100 %	100 %	100 %	100 %

* Companies were dormant or holding companies.

** The name of Bulroc Ltd was changed in 2018 to Robit GB Ltd and Drilling Tools Australia Ltd Pty was changed in 2018 to Robit Australia Ltd Pty. Robit USA LLC name as changed to Halco USA LLC in 2019.

*** During 2015 Robit SA established a Black Employees Empowerment Trust ("the Trust," "BEET") in South Africa. The purpose of the Trust is to support the local black employees of Robit SA and generate better business opportunities for Robit when operating in South Africa. Robit SA directed a share issue to the Trust. As a result, the Trust owns 26% of the shares of Robit SA. However, Robit SA is considered to have control over the Trust. 4% of the shares were issued directly to one of the key employees of Robit SA. The purpose and nature of the arrangement is to remunerate certain employees of Robit SA. This arrangement is accounted as a remuneration.

6.2 Taxes

Income tax expense

Accounting policy

The income tax expense consists of current tax and changes in deferred tax. Tax is recognized in the consolidated profit or loss statement or if tax relates to items recognized in other comprehensive income or directly in equity, then the related tax is recognized in other comprehensive income or equity correspondingly.

The current income tax charge is calculated on the basis of the local tax laws and tax rates enacted or substantively enacted at the end of the reporting period in relevant countries where the Group operates and generates taxable income.

Income taxes recognized in consolidated income statements differ from the income taxes calculated using the Finnish tax rate as follows:

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Current tax:		
Current tax on profits for the year	-380	434
Adjustments in respect of prior years	0	-17
Total current tax expense	-380	417
Deferred tax:		
Decrease (-) / increase (+) in deferred tax assets	-459	-306
Decrease (+) / increase (-) in deferred tax liabilities	467	190
Adjustments in respect of prior years	79	-5
Total deferred tax expenses	1 005	-506
Income tax expense	624	-604
EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Profit before tax	-3 518	-6 660
Tax calculated at Finnish tax rate	-705	-1 332
Tax effect of:		0
Effect of other tax rates for foreign subsidiaries	-1	-12
Expenses not deductible for tax purposes	358	134
Income not subject to tax	-150	-1
Unrecognized deferred tax assets from tax losses	-479	1 792
Utilization of previously unrecognized tax losses	443	0
Other adjustments	0	0
Adjustment in respect of prior years	-92	23
Taxes in income statement	-624	604

Deferred income tax

Accounting policy

Deferred tax assets and liabilities are accounted for using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to be applied when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Realisable value of deferred tax assets is assessed at each balance sheet date and adjustments are made in case there is indication that utilisation of deferred tax assets would no longer be probable. Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Key judgements and estimates - deferred tax assets and liabilities

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Deferred tax assets are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows that relate among others to the amount of future net sales, operating costs and finance costs. The Group's ability to generate taxable income depends also on factors related to general economy, finance, competitiveness and regulations that the Group is unable to control. These estimates and assumptions are subject to risk and uncertainty, hence it is possible that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized.

The Group's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The amount of current income tax liabilities for identified uncertain tax positions is recognized when it is probable that certain tax positions will be challenged and may not be fully sustained upon review by tax authorities.

The gross movement on the deferred tax account is as follows:

EUR thousand	2020	2019
As at 1 of January	-192	-110
Recognized in profit or loss	1 004	-116
Recognized in equity	0	0
Acquisition of subsidiaries	0	0
Exchange rate differences	-80	34
As at 31 of December	732	-192

The following table presents the movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances with the same tax jurisdiction:

EUR thousand	At 1 Jan	Recognized in profit or loss	Recognised directly to equity	Acquisition of subsidiaries	Exchange rate differences	At 31 Dec
2020						
Deferred tax assets						
Inventories	311	-37	0	0	0	274
Employee benefits	284	42	0	0	-6	320
Property, plant and equipment	496	-277	0	0	-18	201
Tax losses	0	514	0	0	0	514
Other	28	530	0	0	-85	473
Total	1 119	772	0	0	-108	1 782
Set-off of deferred taxes	-49					-254
Deferred tax assets, net	1 069					1 528
2020						
Deferred tax liabilities						
Property, plant and equipment	140	208	0	0	8	356
Intangible assets	1 165	-232	0	0	-24	909
Other items	8	-209	0	0	-12	-213
Total	1 313	-233	0	0	-29	1 052
Set-off of deferred taxes	-49					-254
Deferred tax liabilities, net	1 264					798

EUR thousand	At 1 Jan	Recognized in profit or loss	Recognised directly to equity	Acquisition of subsidiaries	Exchange rate differences	At 31 Dec
2019						
Deferred tax assets						
Inventories	248	63	0	0	0	311
Employee benefits	190	93	0	0	1	284
Property, plant and equipment	530	-41	0	0	7	496
Other	601	-587	0	0	13	28
Total	1 570	-472	0	0	21	1 119
Set-off of deferred taxes	-126					-49
Deferred tax assets, net	1 444					1 069

	At 1 Jan	Recognized in profit or loss	Recognised directly to equity	Acquisition of subsidiaries	Exchange rate differences	At 31 Dec
2019						
Deferred tax liabilities						
Property, plant and equipment	140	0	0	0	0	140
Intangible assets	1 253	-78	0	0	-10	1 165
Other items	286	-278	0	0	-1	8
Total	1 679	-356	0	0	-11	1 313
Set-off of deferred taxes	-126					-49
Deferred tax liabilities, net	1 553					1 264

6.3 Related party transactions

Related parties of the Group consist of the parent company and Group companies mentioned in note 6.1. Related parties are also key management personnel and their close family members as well as entities controlled by them. Key management personnel are the members of the Board of Directors, CEO and management team of Robit. Five Alliance Oy has significant influence in Robit Plc and its ownership as at 31 December 2019 was 26.86% (26.99 % as at 31 December 2019). The chairman of the board of directors Harri Sjöholm has control in Five Alliance Oy.

The remuneration of Board of Directors

Salaries, remuneration and other benefits paid in 2020 and 2019 to the Board of Directors were as follows:

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Harri Sjöholm	45,3	57,8
Mammu Kaario	40,8	42,8
Kai Seikku	2,3	39,5
Kalle Reponen	42,0	46,5
Mikko Kuitunen	38,0	41,0
Anne Leskelä	36,3	
Kim Gran	37,5	
Total	242,0	227,5

Remuneration to the Chairman of the Board of Directors is EUR 35 thousand per year and to each member of the Board of Directors EUR 30 thousand per year. In addition, members of the board receive EUR 500 for each meeting they attend. Committee meeting fee is 500 for each attended meeting. Remuneration for the members of the Board of Directors will be paid so that 40% of the specified annual amount will be used to purchase Robit's shares or alternatively the shares may be conveyed by using the own shares held by the company, and the rest will be paid in cash. Meeting fees are paid in cash. Travel claims are paid according to company travel policy. Members of the board do not participate into share-based remuneration plans and they do not have any pension agreements with the company. There are no restriction in the shareholdings granted as the annual board fee.

Total 19 893 shares were granted to the Board of Directors. As annual board fee 3 763 shares were granted to the chairman of the board Harri Sjöholm and 4 839 shares to Mammu Kaario, Kim Gran, Anne Leskelä, Mikko Kuitunen and Kalle Reponen.

The remuneration of Board of directors and the CEO

The Board of Directors decides on the salary, remuneration and other benefits received by the CEO. The salary, remuneration and other fringe benefits paid in 2020 to the CEO, Tommi Lehtonen, amounted to EUR 193 thousand. During the financial year, 3 226 shares, which is worth of EUR 12 thousand, were granted to the CEO in respect of his CEO agreement. In addition, a pension scheme fee of 8 thousand was paid on behalf of CEO. For more information on the share reward program, see section 2.3.

The remuneration of the Management team

Decisions concerning incentive and remuneration system for management are made by the Board of Directors based on the proposal made by the CEO. The salary for all members of the management team consists of a fixed basic salary and a results-based bonus. The bonus is determined based on the company performance, the business area in question and other key operative objectives. Remuneration of the management team members in 2020 and 2019 were as follows:

Compensation to other management *

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Salaries and other short-term employee benefits	441	382
Signing bonus	26	
Severance payment	30	
Share-based payments	6	0
Total	503	382

*) The remuneration of the CEO has been reported separately and the comparison year has been adjusted accordingly

The management team members did not have voluntary pension plans that would have been classified as defined contribution plan.

For more information on the share-based incentive program, see section 2.3.

Share-based payments and shareholder loans

There were no share-based payments to management during the 2020 or 2019 relating to share-based incentive programs. For more information on the share-based incentive program, see section 2.3.

One management team member has a EUR 12 thousand loan from the company relating to the year 2020 long-term incentive plan.

Share holdings of the board of directors and the management

The total number of shares was 21 179 900 as at 31 December 2020 (2019: 21 083 900). The shareholding of the management was as follows:

Shareholding of management as at 31.12.2020	Shares	Percentages of shares
Members of the Board of directors	5 797 897	27,37 %
Harri Sjöholm *	5 711 927	26,97 %
Mammu Kaario	19 106	0,09 %
Kim Gran	23 226	0,11 %
Anne Leskelä	3 226	0,02 %
Kalle Reponen	30 328	0,14 %
Mikko Kuitunen	10 084	0,05 %
CEO	15 452	0,07 %
Other members of the management team	31 710	0,15 %
Total	5 845 059	

*26,86% owned by Harri Sjöholm through Five Alliance Oy

6.4 Subsequent Events

There were no material subsequent events.

6.5 New and Amended Standards Adopted by the Group

During the period no new or amended standards were implemented that would of affected the Financial Statements.

Parent Company Financial Statements

Business ID: 0825627-0

Income statement	1.1.2019 - 31.12.2020	1.1.2018- 31.12.2019
	€	€
Net sales	2 821 096,08	3 494 372,83
Other operating income	831 682,52	455 954,71
Purchases during the financial year	0,00	-272,05
External services	0,00	-3 513,94
Total materials and services	0,00	-3 785,99
Personnel expenses		
Wages and salaries	-1 585 795,00	-1 404 025,56
Indirect personnel expenses		
Pension expenses	-207 400,34	-211 382,89
Other indirect security expenses	-41 932,41	-28 263,48
Total personnel expenses	-1 835 127,75	-1 643 671,93
Depreciation and amortisation		
Depreciation according to plan	-1 518 301,03	-1 968 516,68
Other operating expenses	-6 507 978,54	-4 580 506,54
OPERATING PROFIT (LOSS)	-6 208 626,72	-4 246 153,60
Financial income and expenses		
Financial income and expenses		
Other interest and financial income		
From group companies	1 284 563,04	1 351 289,61
From others	2 987,13	704 251,25
Interest and other financial expenses		
Impairment of investments	-90 000,00	-2 607 408,19
To group companies	-75 408,27	
To others	-1 997 040,05	-841 106,88
Total financial income and expenses	-874 898,15	-1 392 974,21
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-7 083 524,87	-5 639 127,81
Appropriations		
Change in depreciation difference, increase (-) or decrease (+)	35 367,29	15 885,42
Group contribution	2 162 000,00	975 000,00
Income taxes	0,00	-4 319,61
PROFIT (LOSS) FOR THE FINANCIAL YEAR	-4 886 157,58	-4 652 562,00

1 Jan - 31 Dec 2020

Business ID: 0825627-0

Balance sheet

Assets	Dec 31, 2020	Dec 31, 2019
NON-CURRENT ASSETS		
Intangible assets		
Development costs	629 338,09	973 266,73
Intellectual property rights	464 416,08	656 498,07
Other non-current expenses	2 081 448,73	2 727 771,52
Total non-current assets	3 175 202,90	4 357 536,32
Tangible assets		
Land and waters areas	163 040,87	163 040,87
Buildings and structures	3 150 410,35	3 332 798,11
Machinery and equipment	112 196,87	182 238,92
Other tangible assets	36 354,73	54 304,45
Total tangible assets	3 462 002,82	3 732 382,35
Investments		
Shares in group companies	52 164 794,18	52 229 612,11
Total investments	52 164 794,18	52 229 612,11
Total non-current assets	58 801 999,90	60 319 530,78
Current assets		
Receivables		
Long-term		
Receivables from group companies	26 163 339,95	26 163 339,95
Loan receivables	128 278,28	128 278,28
Long-term receivables total	26 291 618,23	26 291 618,23
Short-term		
Receivables from group companies	7 204 066,24	7 676 583,75
Trade receivables	70 000,63	0,00
Loan receivables	123 669,45	153 346,40
Other receivables	101 276,07	187 919,02
Accrued income	113 435,94	131 382,66
Short-term receivables total	8 149 231,83	8 149 231,83
Securities		
Other shares	5 933 032,00	6 000 414,54
Financial assets	5 933 032,00	6 000 414,54
Cash and equivalents	42 721,50	160 118,23
Total current assets	44 310 741,67	40 601 382,83
TOTAL ASSETS	103 112 741,57	100 920 913,61

Business ID: 0825627-0

	1.1.2019- 31.12.2020 €	1.1.2019- 31.12.2019 €
Equity		
Share capital	705 025,14	705 025,14
Share premium reserve	201 825,51	201 825,51
Invested unrestricted equity reserve	85 202 252,88	85 018 892,88
Retained earnings (loss)	-18 917 344,10	-12 600 035,48
Profit (loss) for the financial year	-4 886 157,58	-4 652 562,00
Total equity	62 305 601,85	68 673 146,05
Accrued appropriations		
Depreciation difference	387 712,42	423 079,71
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	18 521 599,23	17 940 972,23
Total long-term liabilities	18 521 599,23	17 940 972,23
Short-term liabilities		
Loans from financial institutions	7 825 273,33	11 182 880,67
Accounts payable	286 860,93	171 714,40
Payables to group companies	13 354 474,56	2 155 511,71
Other liabilities	181 806,17	115 578,70
Accrued liabilities	249 413,08	258 030,14
Total short-term liabilities	21 897 828,07	13 883 715,62
Short-term liabilities total	40 419 427,30	31 824 687,85
TOTAL EQUITIES AND LIABILITIES	103 112 741,57	100 920 913,61

Business ID: 0825627-0

Cash flow statements (parent company)	1.1.2020- 31.12.2020	1.1.2019- 31.12.2019
Cash flow from operations:		
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-6 208 627	-4 246 154
Adjustments:		
Depreciation according to plan	1 482 934	1 952 631
Financial income and expenses		
Other adjustments	485 294	1 449 472
Cash flow before changes in working capital	-4 240 399	-844 050
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	-3 986 453	143 804
Increase (-) or decrease (+) in inventories	0	0
Increase (-) or decrease (+) in trade payables	9 588 569	-1 693 350
Cash flow from operations before taxes	1 361 718	-2 393 595
Interest paid and other finance costs from operations	-811 916	-842 044
Interests and other financial income from operations	197 723	2 055 541
Direct income taxes paid	0	-19 810
Cash flow from operations (A)	747 525	-1 199 909
Cash flows from investing activities:		
Investments in tangible and intangible items	-65 588	-227 455
Investments in group companies	-25 182	-400 000
Granted subsidiary loans	1 286 298	777 296
Repayment of loan receivables	0	0
Changes in long-term receivables	-104 157	9 868
Cash flow from investments (B)	1 091 371	159 708
Cash flows from investing activities	1 838 896	-1 040 201
Cash flows from financing activities:		
Proceeds from financial instruments and deposits	0	12 000 000
Changes in short-term loans	-5 139 653	-10 745 094
Changes in long-term loans	3 000 000	0
Changes of own shares	183 360	-256 835
Cash flow from financing (C)	-1 956 293	998 071
Change in cash and cash equivalents (A+B+C)	-117 397	-42 131
Cash and cash equivalents at beginning of financial year	160 118	202 249
Cash and cash equivalents at the end of financial year	42 722	160 118
Cash and cash equivalents according to balance sheet	-117 397	-42 131

Notes to the Financial Statements

Applied Accounting Principles

Company information

Robit group is specializing to sell, design and manufacture drilling consumables. Robit Plc is a company listed in Nasdaq OMX Helsinki Ltd main list Finland marketplace with trading code ROBIT. Robit Plc has a registered address in Vikkiniityntie 9, FI-33880 Lempäälä, Finland.

Group information

Robit Plc is the parent company of Robit group. The consolidated financial statements are prepared in accordance with IFRS and the parent company's separate financial statements in accordance with Finnish GAAP. The Group's accounting principles are described in the Group's notes. Copy of the consolidated group accounts is available in the group headquarters at Vikkiniityntie 9, FI-33880, Lempäälä, Finland.

Material events during the period

The company reorganized its sales operations in Hong Kong and transferred the business of its subsidiary to Millionbase International Ltd. Millionbase International Ltd will continue to sell Robit and provide customer service as a distributor of the company's DTH offering in Hong Kong. Millionbase also took over the local warehouse to take over.

During the financial year 10 January 2020, Arto Halonen was appointed Chief Operating Officer to the company's Management Team, who took up the position on 31 March 2020. CFO Ilkka Miettinen resigned on May 7, 2020, and at the same time Arto Halonen was appointed CFO and Deputy CEO. The company's management team consisted of Tommi Lehtonen (CEO), Arto Halonen (CFO) and Jaana Rinne (HR Director).

Board of Directors were Mammu Kaario, Kalle Reponen, Harri Sjöholm, Mikko Kuitunen and elected as new members Anne Leskelä and Kim Gran. Harri Sjöholm was elected Chairman of the Board.

Material events after the financial period

Robit Plc did not have any material events after the financial period.

Valuation principles of Non-Current assets

Variable costs resulting from acquisition and manufacture of assets have been included in the acquisition cost of the non-current assets. The non-current assets will be depreciated during their useful life according to plan. Buildings and movable assets are depreciated during their economic life.

Depreciation periods

Development costs	5 years	Straight-line depreciation
Other long-term expenses	5-7 years	Straight-line depreciation
Capitalized listing expenses	5-10 years	Straight-line depreciation
Buildings	30 years	Straight-line depreciation
Machinery and equipment of buildings	15 years	Straight-line depreciation
Structures	10 years	Straight-line depreciation
Machinery and equipment	5-10 years	Straight-line depreciation
Other tangible assets	5-10 years	Straight-line depreciation

The depreciation time of development expenses and other tangible assets vary between 5 to 7 years and they are in line with management's view of the economic lifetime.

Investment

Investments are valued by acquisition price.

Valuation of inventories

Inventories are presented at variable acquisition cost or lower probable sale price. Variable direct costs have been included in the acquisition cost of inventories.

Items in foreign currencies

Receivables and payables in foreign currencies have been converted to Finnish currency by using the respective exchange rate at the closing date.

Net sales by geographical market area:

	31.12.2020	31.12.2019
Domestic	617 647	1 301 461
European community	145 088	224 397
Other countries	<u>2 058 361</u>	<u>1 968 515</u>
Total	2 821 096	3 494 373

Personnel information

Average count of personnel		
Office workers	10	13

Salaries of Members of the Board of Directors and managing director

	31.12.2020	31.12.2019
CEO Tommi Lehtonen	213 219	203 130

	2020	2019
Members of the Board of Directors		
Harri Sjöholm	45 250	57 750
Kai Seikku (until 22.4.2020)	2 250	39 500
Kalle Reponen	42 000	46 500
Mammu Kaario	40 750	42 750
Mikko Kuitunen	38 000	41 000
Anne Leskelä (since 22.4.2020)	36 250	0
Kim Gran (since 22.4.2020)	<u>37 500</u>	<u>0</u>
	242 000	227 500

Auditors' fees detail

1) Statutory audit	94 603	97 181
2) Assignments according to the Auditing act 1,1 §		
3) Tax consulting		
4) Other services	<u>11 250</u>	<u>2 800</u>
	105 853	99 981

Depreciation according to plan by balance sheet items

Development costs	400 878,88	442 904,50
Intellectual property rights	200 719,83	192 884,51
Other non-current expenses	646 322,79	1 051 782,24
Buildings	182 387,76	183 416,62
Machinery and equipment	70 042,05	78 978,15
Other tangible assets	<u>17 949,72</u>	<u>18 590,66</u>
	1 518 301,03	1 968 516,68

<i>Tangible and intangible assets</i>	31.12.2020	31.12.2019
<i>Development costs</i>		
Acquisition cost 1.1.	2 229 086,00	2 165 239,65
Additions	56 950,24	63 846,35
Reclassification	0,00	0,00
Acquisition cost 31.12.	2 286 036,24	2 229 086,00
Accumulated depreciation 1.1.	-1 255 819,27	-812 914,77
Depreciation for the financial period	-400 878,88	-442 904,50
Book value 31.12.	629 338,09	973 266,73
<i>Intangible assets</i>		
Acquisition cost 1.1.	1 195 558,32	1 045 565,04
Additions	8 637,84	149 993,28
Reclassification	0,00	0,00
Acquisition cost 31.12.	1 204 196,16	1 195 558,32
Accumulated depreciation 1.1.	-539 060,25	-346 215,74
Depreciation for the financial period	-200 719,83	-192 844,51
Book value 31.12.	464 416,08	656 498,07
<i>Other non-current expenses</i>		
Acquisition cost 1.1.	7 073 453,80	7 073 453,80
Additions	0,00	0,00
Reclassification	0,00	0,00
Acquisition cost 31.12.	7 073 453,80	7 073 453,80
Accumulated depreciation 1.1.	-4 345 682,28	-3 293 900,04
Depreciation for the financial period	-646 322,79	1 051 782,24
Book value 31.12.	2 081 448,73	2 727 771,52
<i>Land and water areas</i>		
Acquisition cost 1.1.	163 040,87	163 040,87
Additions	0,00	0,00
Disposals	0,00	0,00
Book value 31.12.	163 040,87	163 040,87
<i>Buildings and structures</i>	31.12.2020	31.12.2019
Acquisition cost 1.1.	5 342 534,68	5 337 334,68
Additions	0,00	5 200,00
Reclassification	0,00	
Acquisition cost 31.12.	5 342 534,68	5 342 534,68
Accumulated depreciation 1.1.	-2 009 736,57	-1 826 319,95
Depreciation for the financial period	-182 387,76	-183 416,62
Book value 31.12.	3 150 410,35	3 332 798,11

Machinery and equipment

Acquisition cost 1.1.	2 308 377,55	2 299 962,35
Additions	0,00	8 415,20
Reclassification	0,00	0,00
Acquisition cost 31.12.	2 308 377,55	2 308 377,55
Accumulated depreciation 1.1.	-2 126 138,63	-2 047 160,48
Depreciation for the financial period	-70 042,05	-78 978,15
Book value 31.12.	112 196,87	182 238,92

Other tangible assets

	31.12.2020	31.12.2019
Acquisition cost 1.1.	99 065,05	99 065,05
Additions	0,00	0,00
Acquisition cost 31.12.	99 065,05	99 065,05
Accumulated depreciation 1.1.	-44 760,60	-26 169,94
Depreciation for the financial period	-17 949,72	-18 590,66
Book value 31.12.	36 354,73	54 304,45

Shares in subsidiaries

Opening balance 1.1.	52 229 612,11	49 748 038,49
Additions x)	25 182,07	5 088 965,00
Deductions xx)	-90 000,00	-2 607 391,38
Book value 31.12.	52 164 794,18	52 229 612,11

x) Robit SA 4%

xx) Robit Kazakhstan write-down 2020, Halco Brighthouse write-down in 2019

The shares held by the company of which the ownership exceeds 20 %

	31.12.2020	31.12.2019
	Share %	Share %
Robit Ab, Sweden	100 %	100 %
Robit Korea LTD, Korea	100 %	100 %
Robit OOO, Russia	100 %	100 %
Robit Inc. USA	100 %	100 %
Robit SA Ltd, South Africa	74 %	70 %
Robit S.A.C, Peru 1)	99 %	99 %
Robit Africa Holdings Ltd, South Africa2)	100 %	100 %
Robit Finland Oy Ltd, Suomi	100 %	100 %
Robit Australia Holdings Ltd, Australia	100 %	100 %
Robit GB Ltd, UK	100 %	100 %
TOO Robit, Kazakastan	100 %	100 %
Robit UK Ltd, UK	100 %	100 %
Robit Asia Ltd, Hong Kong	100 %	100 %

	31.12.2020	31.12.2019
<i>Receivables from group companies</i>		
Trade receivables	2 979 176,47	5 282 133,46
Group loan receivables	30 499 972,52	30 852 304,95
Other group receivables	4 224 889,77	2 394 450,29
	<u>37 704 038,76</u>	<u>38 528 888,70</u>
<i>Loans from group companies</i>		
Account payables	4 042 127,69	891 081,68
Groups loans	6 584 693,28	
Other accruals	2 727 653,59	1 264 430,03
	<u>13 354 474,56</u>	<u>2 155 511,71</u>
<i>Material items in receivables carried forward</i>		
Personnel cost accruals	246 368,66	235 939,72
Other accruals	3 044,42	22 090,42
	<u>249 413,08</u>	<u>258 030,14</u>

Changes of equity during the financial period

	31.12.2020	31.12.2019
Share capital		
1.1.	705 025,14	705 025,14
Changes	0,00	0,00
Share capital 31.12.	705 025,14	705 025,14
Share premium reserve	201 825,51	201 825,51
Invested unrestricted equity fund 1.1	85 018 892,88	85 016 374,58
Treasury shares x)	183 360,00	2 518,30
Invested unrestricted equity fund 31.12	85 202 252,88	85 018 892,88
Retained earnings of previous periods 1.1.	-12 600 035,48	7 616 657,39
Prior year loss	-4 652 562,00	-19 959 857,76
Dividend distribution	0,00	0,00
Acquisition/distribution of own shares	118 403,88	-256 835,11
Adjustment to previous period	-1 783 150,50	0,00
Retained earnings 31.12	-18 917 344,10	-12 600 035,48
Profit / loss for the period	-4 886 157,58	-4 652 562,00
	-23 803 501,68	-17 252 597,48
Restricted equity	906 850,65	906 850,65
Distributable shareholders equity	61 398 751,20	67 766 295,40
Shareholders' equity	62 305 601,85	68 673 146,05
Distributable equity		
Invested unrestricted equity fund	85 202 252,88	85 018 892,88
Retained earnings of previous periods	-18 917 344,10	-12 600 035,48
Profit / loss for the period	-4 886 157,58	-4 652 562,00
Capitalised R&D expenses	-629 338,09	-973 266,73
	60 769 413,11	66 793 028,67

Accrued appropriations

Depreciation difference, buildings	345 568,24	353 227,49
Depreciation difference, machinery and equipments	42 144,18	69 852,22
	387 712,42	423 079,71

Amount of shares in the company by their class of share and main provisions concerning each class of share.

	31.12.2020	31.12.2019
All shares are of the same class	21 179 900 shares	21 083 900 shares

Loans, liabilities and contingent liabilities to former related parties and their main provisions

	31.12.2020	31.12.2019
Receivables (before classified as receivables from shareholders)	241 448,64	145 119,62
Loans maturing in more than 5 years		
Loans from financing institutions	0,00	0,00

Pledges and mortgages and mortgages pledged as a security for debt as well as bills of exchange, guarantee and other liabilities and contingent liabilities

	31.12.2020	31.12.2019
Of own debts and liabilities		
Business mortgages pledged as a security	41 068 787	41 068 787
Real estate mortgages pledged as a security	2 856 000	2 856 000
	43 924 787	43 924 787
Amount of loan		
Loans from financial institutions	26 346 873	29 123 852

The covenants relating to loans

The Company has financial institution loans of 26.346.872,56€, related with following covenants:

- 1) Group equity ratio must be over 32,5%
- 2) The Company has prohibition of the security for business mortgages pledged. (Negative pledge)
- 3) Net debt to adjusted EBITDA to be 4 or less. EBITDA is adjusted by the annualized net performance of the possibly acquired companies.

It has been agreed with the main financier that in 2020 EBITDA covenant is absolute EBITDA.

Margin was increased to 2,75 % per cent until original covenant net debt to EBITDA will be met.

Robit did not meet the covenant term. Robit has received a waiver to breach the covenant as of December 18, 2020.

Lease liabilities

	31.12.2020	31.12.2019
Items to be paid pursuant to the lease agreements		
During the following financial period	11 502,24	15 803,52
In later periods	20 128,92	6 001,06
Total	31 631,16	21 804,58

Lease liabilities related to company cars and computers.

These terms of contract are in line with general practices in this field.

	31.12.2020	31.12.2019
<i>Other liabilities</i>		
Guarantee liabilities	93 454,83	83 133,40

Parent company has granted a counter guarantee on behalf of its subsidiary.

Investments in real estate

The company is obligated to revise the deductions of value added tax it has made for the real estate investment completed in 2017 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2026. The maximum amount of the liability amounts to EUR 126.622,38.

The company is obligated to revise the deductions of value added tax it has made for the real estate investment completed in 2018 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2027. The maximum amount of the liability amounts to EUR 26 593,79.

Related party transactions

Company did not do any transactions that were out of normal business activities during 2020 with related parties.

More details of related party transactions in the group report.

Signatures to the Financial Statements and the Board of Directors' Report

Date and place

Helsinki February 18, 2021

Harri Sjöholm
Chairman of the Board

Mikko Kuitunen
Member of the Board

Anne Leskelä
Member of the Board

Mammu Kaario
Member of the Board

Kalle Reponen
Member of the Board

Kim Gran
Member of the Board

Tommi Lehtonen
CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki February 18, 2021

Ernst & Young Oy
Authorized Public Accountants

Toni Halonen
Authorized Public Accountant

List of accounting books and record formats and storage methods

Accounting Books

	Method of storage
Journal	Electronically (Netsuite)
General Ledger	Electronically (Netsuite)
VAT calculations	Electronically (Netsuite)
Accounts Receivable	Electronically (Netsuite)
Accounts Payable	Electronically (Netsuite)
Payroll accounting	Computerised partial bookkeeping, lists of transactions wage lips and pay sheets on CD
Balance sheet book	Separately bound
Itemisations of balance sheet	Separately bound

Voucher

	Method of storage
Accounting voucher	Paper documents
Projects	Paper documents
Sampo USD	Paper documents
Nordea	Paper documents, statements of account on CD
Cash vouchers	Paper documents, statements of account on CD
Nordea USD -193	Paper documents
Nordea -211	Paper documents, statements of account on CD
Nordea -823	Paper documents, statements of account on CD
Sampo	Paper documents, statements of account on CD
Sampo CAD	Paper documents
Handelsbanken	Paper documents
Osuuspankki	Paper documents, statements of account on CD
VAT vouchers	CD
Sales invoices	Paper documents
Account sales, non-ledger	Paper documents
Account sales, payments	Paper documents
Purchasing invoices, WF	CD
Salaries	Paper documents
Financial statement receipts	Paper documents
Note vouchers	Paper documents



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AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Robit Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Robit Plc (business identity code 0825627-0) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including summaries of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition <i>We refer to the Group's accounting principles and the note 2.1.</i></p> <p>Robit Group's revenues in 2020 amounted to 91,6 million euros consisting mainly of drilling machinery consumables such as drill bits and casing systems. Revenue from sale of goods is recognized at a point in time, when control of the goods is transferred to customer, typically at the time of delivery of the goods</p> <p>The Group focuses on revenue as a key performance measure which could create the incentive for revenue to be recognized too early.</p> <p>Revenue recognition was a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2) because of the risk of correct timing of revenue recognition (cut off).</p>	<p>Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others:</p> <ul style="list-style-type: none"> • we assessed the reasonableness of the Group's accounting policies over revenue recognition and compliance with applicable accounting standards. • we assessed the process and methods for revenue recognition. • we tested the recorded sales transactions during the year against underlying documents on a sample basis. • we tested the sales cut off on either side of the balance sheet date on a sample basis. • we obtained confirmations of receivable balances at year end from customers and analyzed credit invoices issued after the balance sheet date. • we performed analytical procedures on revenues. • we considered the appropriateness of the Group's disclosures in respect of revenues.
<p>Goodwill valuation <i>We refer to the Group's accounting principles and the note 3.2.</i></p> <p>At the financial statement date, the value of Robit Group's goodwill amounted to 5,1 million euros representing 5 % of total assets and 11 % of total equity. Goodwill valuation was a key audit matter because the impairment testing imposes estimates and judgment. The Group management uses assumptions in respect of determining weighted average cost of capital and future market and economic conditions such as economic growth, revenue and margin developments.</p> <p>Goodwill valuation was a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2) because the impairment testing involves estimates and significant judgment from management.</p>	<p>Our audit procedures to address the risk of material misstatement relating to goodwill valuation included, among others:</p> <ul style="list-style-type: none"> • we involved our valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group in the testing, in particular those related to the determination of weighted average cost of capital. • we focused on the sensitivity in the available headroom by cash generating unit and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We tested the allocation of the assets, liabilities, revenues and expenses to each of the cash generating units. • we assessed retrospectively the outcome of the management's historical estimates. • we considered the appropriateness of the Group's disclosures in respect of impairment testing.



Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of trade receivables <i>We refer to the Group's accounting principles and the notes 4.4, 4.6 and 5.3.</i></p> <p>Valuation of trade receivables was a key audit matter because of the significance of overdue trade receivables to the financial statements as a whole. As of balance sheet date December 31, 2020, the carrying value of trade receivables amounted to 16,4 million euros. Carrying value of trade receivables is a result of gross receivables netted by a provision for credit losses. Valuation of trade receivables requires management to estimate the amount of expected credit losses for the accrued provision for credit losses.</p>	<p>We performed, among others, the following audit procedures:</p> <ul style="list-style-type: none"> • we evaluated the valuation methods applied on valuation of trade receivables as well as performed analyses of overdue and undue gross receivable balance development and corresponding movement in credit loss provision during the year. • we sent receivable balance confirmation requests to the Group's customers and compared trade receivable balances to subsequent cash receipts. • we analysed management's estimates of expected credit losses of the most significant aged and overdue receivables considering historical payment patterns as well as recent communications with the counterparties and dunning procedures. • we considered the appropriateness of the Group's disclosures in respect of trade receivables.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 26 March 2013, and our appointment represents a total period of uninterrupted engagement of eight years. Robit Plc has been a public interest entity since 17 May 2017.



Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 18th February 2021

Ernst & Young Oy
Authorized Public Accountant Firm

Toni Halonen
Authorized Public Accountant

Definitions of Key Figures

EBITDA*	=Operating profit + depreciation and amortisation
EBITA	=Operating profit + amortisation of goodwill
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,%	$= \frac{\text{Net interest-bearing financial liabilities}}{\text{Equity}} \times 100$



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If You have any feedback or comments on Robit's annual report 2020, please contact via e-mail investors@robitgroup.com