ROBIT 2022

ANNUAL REPORT

Robit

FURTHER. FASTER.

Contents

YEAR 2022

Robit

"Robit invested in Top Hammer production capacity in Finland and South Korea. The expansion includes investments in machine tools and automatization. Matias Eskelinen, production worker (left) and Arto Halonen, CEO inspecting the consistant quality of new buttoning cell at Lempäälä unit."

Robit in Brief

Robit is a global expert focused on high-quality drilling consumables for mining and construction markets to help you drill further and faster. Robit strives to be world number one company in drilling consumables. Through our high and proven quality Top Hammer, Down the Hole and Geotechnical products, and our expert services, we deliver saving in drilling costs to our customers. Robit has its own sales and service points in seven countries and an active distributor network through which it sells to 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.

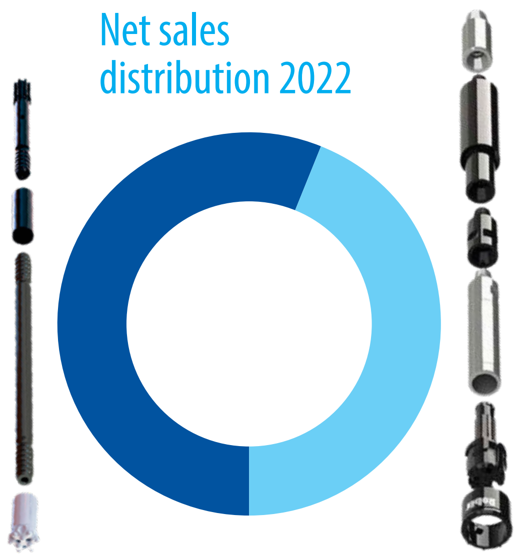
BUSINESS AREAS

Top Hammer Business

The Top Hammer drilling method is primarily used in mining, earthworks, underground quarrying and the 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 2022



TOP HAMMER 66.8 MEUR

DOWN THE HOLE 45.1 MEUR

Down the Hole Business

Down the Hole drilling is used in earthworks, well drilling, i.e. the drilling of holes for water wells and geothermal energy wells, mining production drilling and piling.

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

Key Figures 2022

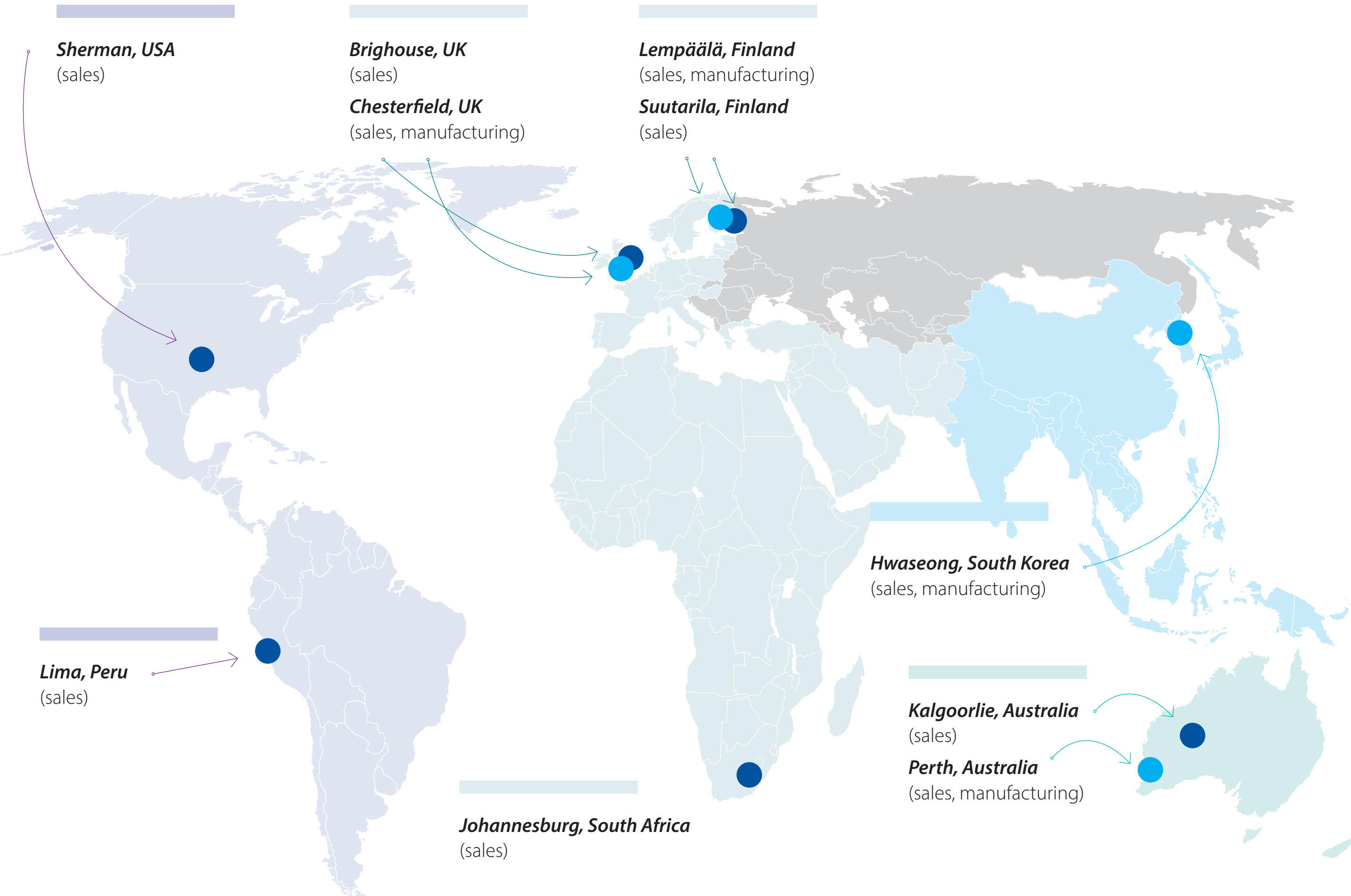
NET SALES	ADJUSTED EBITDA	PERSONNEL	PRESENT IN MORE THAN	SALES AND SERVICE POINTS IN	PRODUCTION UNITS IN
112.0	8.9	259	100	7	4
MEUR	MEUR		COUNTRIES	COUNTRIES	COUNTRIES

Offices & Manufacturing Units

- Five sales areas: Americas, EMEA, East, Asia and Australasia
- Own sales and service points in 7 countries
- Active dealership network through which the company sells to more than 100 countries
- 4 manufacturing units located in Finland, South Korea, Australia and the UK

DTH *Chesterfield, UK*, 2016

TH *Lempäälä, Finland*, 1985



TH *Hwaseong, South Korea*, 2018

DTH *Perth, Australia*, 2016

Important Events in 2022

January
Robit took part in the 48th Annual Conference on Explosives & Blasting Technique in Las Vegas, USA. Nearly 1,600 blasters, manufacturers, government officials and industry leaders joined the world's largest conference on explosives engineering.

March
Robit launched the new superior casing systems series for energy and water well drilling – Robit® DTH Nova series with controlled flushing properties, optimized face design and robust structure.

May
Robit took part in the Maxpo 2022 exhibition. The fair is the leading construction business event in Finland. Maxpo attracted over 300 exhibitors and 10,000 visitors from the field.

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February
Robit took part in the MineXchange 2022 SME Annual Conference & Expo – an event for the mining, metallurgy and exploration industry in Salt Lake City, USA.

April
Robit took part in the Expomina Peru 2022 in Lima, Peru. The fair is one of the most important mining exhibitions in Latin America.

May
Robit's consumables were introduced for Cimertex's customers at a seminar held in Portugal. The seminar attracted drilling professionals to Coimbra, Portugal. Robit presented its competitive range of consumables for rock and ground drilling applications.

September
Robit took part in the World Tunnel Congress 2022 in Copenhagen, Denmark. The Congress focused on underground solutions for a world undergoing change. Robit introduced its patented Robit® RoX Casing Systems series for forepoling and fiberglass casings for ultra-long facebolts as well as the new Robit® Top Hammer Rbit™ button bit series.

September
Robit launched the new Rbit™ Button Bit Series for drifting and tunneling. The company supplemented the RBit series with bits ranging from 32 mm (1¼") up to 57 mm (2¼"), which fulfilled the needs of smaller diameters.

November
Robit Finland Oy received a diploma "Our Best Suppliers 2021" from Agnico Eagle Finland. Robit was acknowledged for its customer-oriented work and safety matters.

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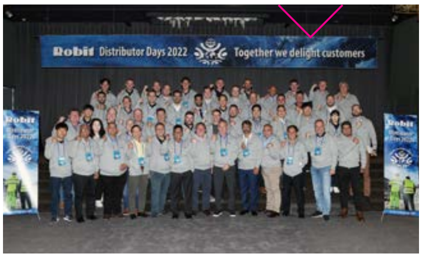

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September
Robit held the Distributor Days 2022 under "Together we delight customers" theme in South Korea. Once again, everyone from around the world made the event a great example of shared success.

October
Robit took part in the Bauma 2022 exhibition in Munich, Germany, one of the most important construction fairs in the world.

November
Robit Plc and Finnish mining contractor Veljekset Toivanen Oy signed a long-term cooperation agreement to supply drilling consumables to the Sotkamo Silver mine in Kainuu, Finland. Veljekset Toivanen is the prime contractor at the Sotkamo Silver mine based on a three-year-agreement with two option years. Robit also supplies its consumables to Endomines' Pampalo open-pit gold mine in Ilomantsi, Finland for the opening of the mine.

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.

Market demand was at a good level in 2022, but the Russian war of aggression in Ukraine had an impact on Robit's business environment. Robit ran down the operations of its Russian company by the end of the year. The war also accelerated cost inflation, which was also reflected in Robit's cost development, and delayed the progress of some construction projects. In the earthworks segment, the uncertain operating environment increased the uncertainty of demand, especially in Europe. Demand and prospects in the mining segment and well drilling remained at a good level.

Robit's present market share, competitive products, extensive geographical coverage and the steady demand typical of 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 for drilling consumables to grow beyond economic cycles by approximately 3–5% per year.

AMERICAS

Demand in the Americas clearly strengthened compared to the previous year. Sales in the region grew well in both North and South America. Growth was strong in both the Top Hammer and Down the Hole businesses.

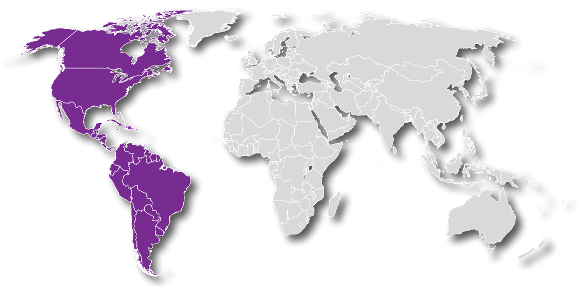
Robit's strong growth in the Americas region was mainly driven by the realization of growth projects in the mining segment. Sales growth was more moderate in the construction segment. The market situation in the Americas region was good in 2022, and the company is well positioned to continue growing in the region.

EMEA

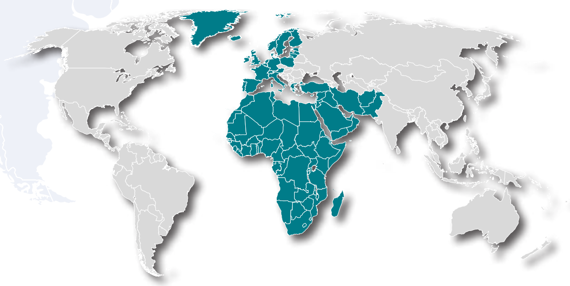
The sales area is split into four main regions: the Nordics, Central Europe, Middle East, and Africa.

In the Nordics, the overall demand remained at a good level. The mining market grew, which increased Robit's Top Hammer business. In Central Europe, infrastructure construction remained at a good level.

In the Middle East, some significant infrastructure projects started, for example in Saudi Arabia supporting sales development. In Africa, mining demand continued at a strong level. As an example, Robit won a new chrome mine supply contract in South Africa. A number of product trials are under way in Africa showing good results and already providing a good opportunity for increased business, particularly in West Africa.



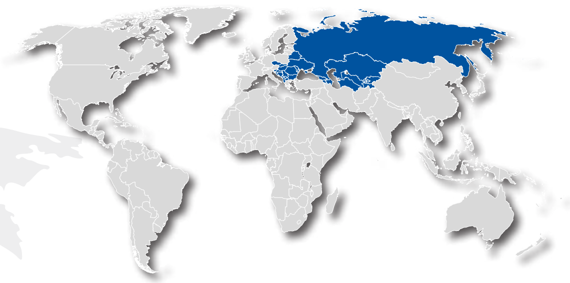
20.0 NET SALES 2021 — M€ — 26.3 NET SALES 2022



45.3 NET SALES 2021 — M€ — 48.7 NET SALES 2022

EAST

The war in Ukraine drastically changed the business environment in the East region. During 2022, the company delivered its pre-war export orders and ran down its operations in Russia by the end of 2022. Focus shifted to the other countries in the East region and results were seen in, for example, the Kazakhstan market. The focus in the East area is to grow the mining segment, which offers good market opportunities to compensate for the sales lost from the Russian market.



10.7 NET SALES 2021

M€

11.4 NET SALES 2022

ASIA

In Asia, Robit focuses on the construction industry, and more specifically on tunneling, as well as on mining. Most markets are Top Hammer-dominated. The company witnessed good growth in the region as infrastructure activity was at a good level.

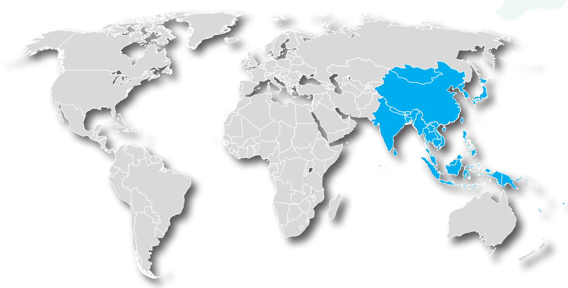
Robit continued to supply a gold mine in Laos through its Vietnamese distributor for a second year, and significantly increased its market share in Vietnam.

Asia is also providing good growth opportunities for 2023.

AUSTRALASIA

Robit's business in the Australasia region is mainly related to the mining customer segment. The demand situation in the market was good, although a slight decrease was seen in exploratory drilling toward the end of the year.

In late 2022, Robit significantly strengthened its sales organization. Growth investments enabled the company to launch several customer tests in the second half of the year. Increasing market share in the Australian market is one of the company's key goals for 2023.



10.8 NET SALES 2021

M€

11.7 NET SALES 2022

14.0 NET SALES 2021

M€

13.9 NET SALES 2022

CEO's Review

> *We set a target to be the world's leading supplier of drilling consumables."*
>
> **Arto Halonen**
> *CEO*

Robit's growth and profitability continued to develop positively in 2022, and we reached records in both net sales and EBITDA. The most significant event in the operating environment were the wide-ranging impacts of the war of aggression initiated by Russia. As a result, we ran down the operations of Robit's Russian company during the year. The cost inflation accelerated by the war also had a significant impact on the business environment during the year. In spite of these challenges, we succeeded in our measures and continued the company's positive development in terms of both growth and profitability.

Success in promoting key targets

We set improving profitability, profitable growth and strengthening cash flow as our key targets for 2022. We succeeded in all three areas. The impact of the increase in the cost of raw materials caused by the war in Ukraine started to materialize during the year, but the impact was compensated for by the pricing measures taken. The effects of the competitive tendering of sea freight, the general decrease in sea freight rates and the logistics optimization measures carried out by the company were reflected in a reduction in freight costs. Procurement savings projects also progressed as planned.

We achieved growth in the most of the markets. Growth was strongest in the Americas region. Also Asia, EMEA and East region grew. During the year, growth continued strongly in the Top Hammer business unit, and we completed the 2021–2022 investment program to increase the Top Hammer capacity. In the Down the Hole business unit, we failed to meet our growth target. We restructured the business unit in the last quarter to accelerate its growth. The company's ability to deliver and capacity enable continued growth in both the Top Hammer and Down the Hole business units.

The net cash flow from operations was clearly strengthened during the year. The positive development of cash flow was supported by improved profitability and the management of working capital. In the last quarter of the year, we launched an extensive project to improve the management of working capital, which further strengthened the positive development.

Progress in achieving responsibility targets

Robit's responsibility work focuses on four key themes: responsible partnerships, reducing carbon dioxide emissions in the value chain, a happy and prosperous work community and efficiency throughout the product life cycle. Systematic work to achieve our targets progressed as planned. The satisfaction of our personnel strengthened and we succeeded in, among other things, reducing the CO2 emission intensity 26 percent compared to the previous year.

During the year, we launched new products on the market that enable efficiency throughout the product life cycle. We launched the Robit Rbit button bit series for drifting and tunnelling in the third quarter of the year. We launched the Robit Rbit button bit series for drifting and tunnelling in the third quarter of the year. With the Rbit series, we focus on helping our customers reduce the total cost of drilling with a higher penetration rate and lower cost per meter drilled.

Aiming to be the world's leading supplier of drilling consumables

At the end of the year, we sharpened our strategy and set a target to be the world's leading supplier of drilling consumables. The achievement of the target is steered by our long-term financial targets of 13% EBITDA and 15% annual growth, as well as our responsibility targets.

For 2023, we have raised four key development projects to implement the strategy: accelerating growth through the network of distributors, strengthening expertise in the drilling consumables business, strengthening Robit's position as the market leader in drill bit operations through research and product development projects, and improving availability and working capital management through the Fit for Service program.

COMPANY


리아(주)

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 – Your partner for a more sustainable tomorrow

Robit reviewed its strategy and business concept in late 2022. The core fundaments of the strategy remain, but we are sharpening the focus on certain initiatives.

In short, Robit is an **expert** focused on **high-quality** drilling consumables for mining and construction markets **globally**. We strive to be a leading drilling consumables company. This means:

1. **Profitable Growth.** Our main goal is to reach €200M in sales and a 10% market share. Through growth, we are striving to be the undisputed leader in our industry.
2. **The best value to customers.** Our products and services give the customers the best overall value for their spend. Through our RobitSave site audit program, we also promise to guarantee savings to new customers.
3. **The best bit in the industry**. Our product offering consists of high-quality products only. R&D focuses on further strengthening our position as the leading drill bit producer. Drill bits are the common denominator for all our product and application segments.
4. **The best service level in the industry**. We strive to build long-term customer relationships and serve our customers according to our values: Serve with speed, Drive change, and Respect everyone. This translates to flawless product availability and excellent service with a human touch.

There are four key pillars to achieve our vision:

1. **Accelerating growth through distributors**. To accelerate growth and build sales coverage, we work with our distributor partners, which are key members of the Robit community. In four key markets, we sell direct to customers. Direct sales markets set the pace for profitable growth.
2. **Expanding expertise in drilling consumables**. Our people understand the business and our customers' needs. We focus our efforts on excelling in this consumables business only. We will adjust our training to further increase the knowhow of both our personnel and the wider Robit community.
3. **Focusing R&D on delivering the best bit.** We continue to deliver innovations to the market and to execute the R&D roadmap to deliver the best drill bit in the industry.
4. **Being fit for service.** Managing the supply chain and availability is the key to success. Through a strategic initiative, we focus on building excellence in this area and delivering on the promise of the best service level. Fit for service also means having choices, for example a core range available from stock and a supporting range available as make-to-order.

Our strategy builds on being *your partner for a more sustainable tomorrow*. The industries we work in are key enablers for achieving a greener tomorrow. Energy shifts need metals. Geothermal is a sustainable energy source. Many infrastructure investments go to transport or urban projects that lower environmental impact. Our key contributions are r*educing CO2 emissions in our value chain, building sustainable partnerships, ensuring a healthy and happy workplace, and increasing efficiency throughout the product lifecycle.*

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 2021 net sales: 100.8 M€
EBITDA 7.6 M€ / 7.5%

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

MARKET'S BEST BUTTON BITS

MARKET'S BEST SERVICE LEVEL

HIGH QUALITY DRILLING CONSUMABLES

COMPETITIVENESS

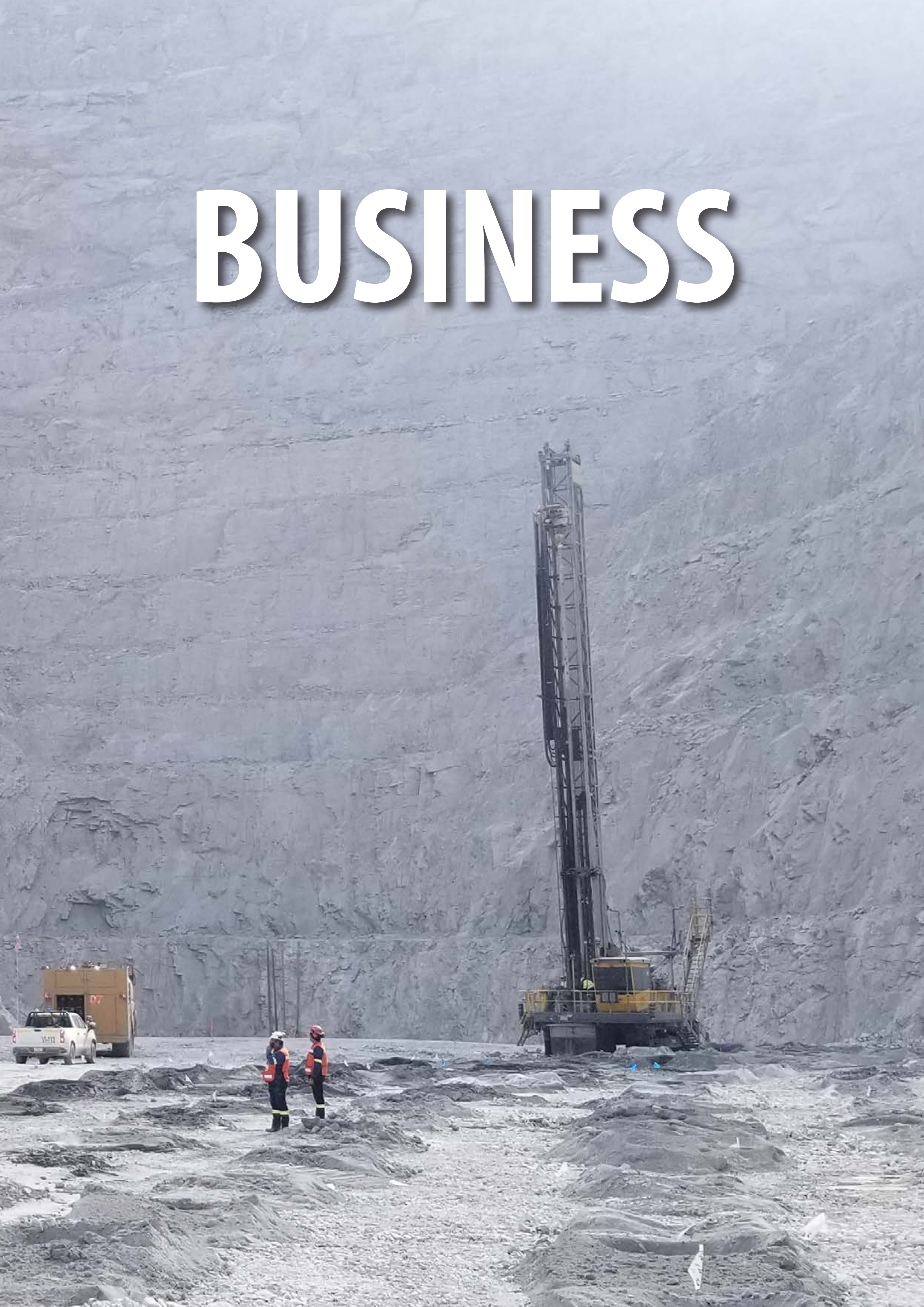
DRILLING CONSUMABLES ONLY
Widest offering in
Top Hammer & Down the Hole
High focus on bits – best in the market

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


22
Robit

BUSINESS



Top Hammer Business

NET SALES

66.8

MEUR

Top Hammer (TH) products are mainly used in mining, quarrying, construction, and tunnelling. 2022 was a good year for Top Hammer, despite the unfortunate effects of the war in Ukraine. Growth in the Top Hammer business reached 18.7 percent compared to 2021.

During the year, Robit launched the revolutionary Rbit series for drifting and tunneling. The Rbit series has now been fully deployed in the Robit product range. This will keep the competitive advantage as Robit will be able to serve its customers even better, since they are always seeking improvements in drilling, faster drilling and a longer life cycle for the products. Customers are now able to benefit from the key advantages of the Rbit in every diameter.

Robit also successfully ramped up both factories with additional capacity to match Robit's expectations for growth. In 2023, Robit is seeking to increase its market share in its key markets. Robit finished the year with a good opportunity funnel and many ongoing customer tests.

Robit's range is now very competitive, since the needed options in bit designs keep winning new customers. Robit also launched an integrated, easy-to-read Top Hammer catalogue. The new catalogue is functional and highlights the moving bits, which makes it easy for customers to select the best option for their needs.

Top Hammer focus for 2023

The mining segment continues to provide great growth opportunities for Robit's Top Hammer business. The renewed range of products and excellent delivery capability provide a good foundation to capture these opportunities.

During the year 2022, Robit launched the revolutionary Rbit series for drifting and tunneling."

Jorge Leal
VP, Top Hammer

The Top Hammer business comprises rock drilling consumables and services as well as Casing Systems consumables for forepoling.

Down the Hole Business

NET SALES
45.1
MEUR

Robit's Down the Hole business (DTH) accounts for 40.3 percent 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 as well as well drilling and Geotechnical products aimed at the earthworks segment.

Mining, excavation segment and well drilling

Robit expanded its customer base in the mining and excavation segment, especially in South America and Africa. Several customer tests were also carried out in other market areas, providing a basis for future growth of the business.

Customer demand for well drilling was strong in 2022, and increased energy costs strengthened the demand for geothermal wells. Robit's sales grew well in this customer segment, especially in the Nordic countries.

The company's strategic goal has been to increase its market share in the well drilling segment where the demand is steady. Robit has succeeded in this goal. Over the past two years, drilling companies have invested heavily in new drilling equipment, which increases the demand for Robit's products. The most significant product launch of the year was the Nova ring bits, which were well received by drilling contractors.

Mining, excavation and well drilling segment comprises rock drilling Down the Hole consumables and casing systems for well drilling.

Robit expanded its customer base in the mining and excavation segment, especially in South America and Africa."

Perttu Aho
VP, Down the Hole


Robit
Further. Faster.
Further. Faster.

> *"Our strategic goal is to grow in this segment with the help of a new, more focused business model in our key markets in the Nordic countries and North America."*
>
> **Ville Pohja**
> *VP, Geotechnical*

Geotechnical Segment

The past year was characterised by significant changes in the operating environment, as uncertainty in construction increased with the outbreak of the war in Ukraine. We continued to receive significant project orders, but in the Nordic countries the market lagged behind the previous peak years in terms of total volumes. Our strategic goal is to grow in this segment with the help of a new, more focused business model in our key markets in the Nordic countries and North America.

Down the Hole business focus for 2023

In the mining and excavation segment, the company's focus will be on strengthening the distribution channel and the competitiveness of the product portfolio. The mining industry's demand is expected to remain good, and we will focus on increasing sales especially in this customer segment. High energy prices and national emission targets support the demand for geothermal drilling.

Demand in the Geotechnical segment is marked by the launch of infrastructure projects, as house construction has clearly slowed, especially in Europe.

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

At the end of 2022 Robit launched new brand colors for Casing Systems. Pilot bits will be painted white and ring and wing bits black.

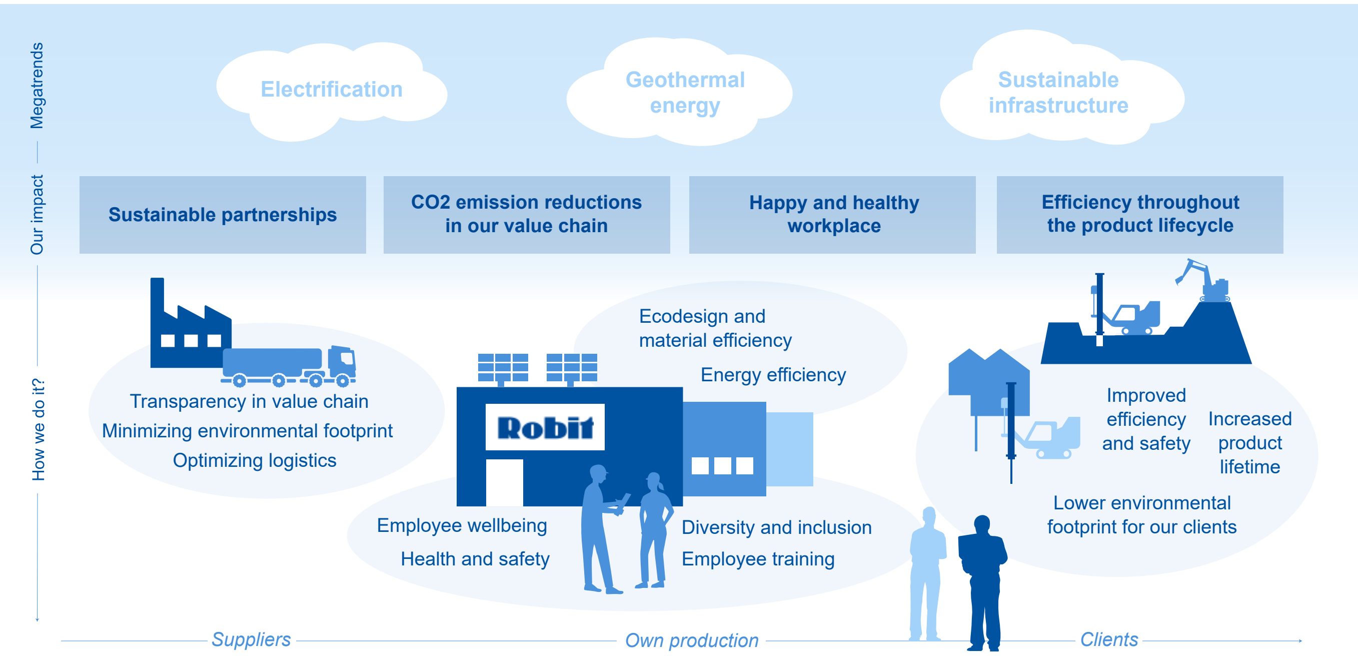
SUSTAIN

ABILITY

Your Partner for a More Sustainable Tomorrow

Sustainability has been recognized as a theme for which Robit wants to be known in the industry and to make progress. Robit´s sustainability work is driven by its sustainability vision defined in 2021. During 2022, Robit continued to actively communicate about sustainability in the organization and made progress in its chosen focus areas.

ROBIT SUSTAINABILITY VISION



Sustainable Partnerships

Robit is developing its sustainability and operational performance both upstream and downstream in its value chain through long-term partnerships. Robit works with partners who share similar principles and targets when it comes to the environment, social responsibility, and governance.

Improving customer operations and complying with the Code of Conduct are recognized as being especially important in the upstream processes of the Robit value chain. The commitment of Robit distributors to keeping these areas well managed plays a key role in making progress.

Robit suppliers have a significant role in the environmental effects caused by the operations of the company. A significant amount of energy is needed in raw material production and transportation.

Cooperation is carried out with suppliers to reduce the loss of materials in the production phases. Robit suppliers are asked to commit to the principles of Robit Sustainable Supply Chain Policy, and sustainability topics are included in the audits of suppliers and subcontractors.

KPI	Target	Result 2022	2021
Our target is to have a minimum of 90% of our supplier spend coming from suppliers who have committed to Robit's supply chain policy.	90%	**92%**	79%
Our target is to have a minimum of 90% of our distributors committed to Robit's ESG principles, in terms of sales volume.	90%	**82%**	38%

CO2 emission reduction in our value chain

Robit has identified CO2 reduction as a key focus area of sustainability. There are possibilities to reduce CO2 emissions by making changes in the company´s own operations. However, it is also recognized that there is potential for improvements by influencing indirect effects and external stakeholders.

CO2 emissions measured in the company's KPIs are emissions caused by Robit´s own operations. Robit's 2020 carbon footprint (Scope 1 and 2) calculated according to Greenhouse Gas Protocol (GHG protocol) Corporate Standard was 3,383 tons CO2e corresponding to 36.9 tons CO2e per million euros of net sales. To reduce emissions, the company has decided, for instance, to increase the share of green energy used in its factories.

The share of green energy has been increased at Robit's Australian factory and had a positive effect on the figures in 2022. As an action to reduce energy consumption, a change to LED lighting has been implemented at many Robit locations.

KPI	Target	Result 2022	2021
Robit is committed in reducing its scope 1 and 2 CO2 intensity by 50% by 2030 from the baseline year 2020.	- 50%	**- 26%**	- 0.5%

A healthy and happy workplace

Robit strives to be a desired employer and to offer a happy and healthy workplace for its employees. "We respect everybody" is one of the three Robit values.

Robit conducts an annual survey of its personnel to measure their well-being. The survey of 2022 showed that people were happy that the company supports employee well-being. Another very positive thing was that people were confident that the results of the survey would be utilized in improving everyday operations. Aspects that were found to be in need of development in the previous survey have been improved. Co-operation between the teams and better access to information were improved. Room for improvement was found in the active communication of issues related to strategy and future plans.

Robit continually works to improve safety. There is a Robit HSE team in place, which coordinates safety activities within the Group. Lost Time Incident Frequency (LTIF) developed slightly negatively in the review period and further measures to improve safety were added. The importance of proactive measures to improve safety were highlighted in communication and a new easy-to-use tool was deployed for the purpose of reporting safety observations.

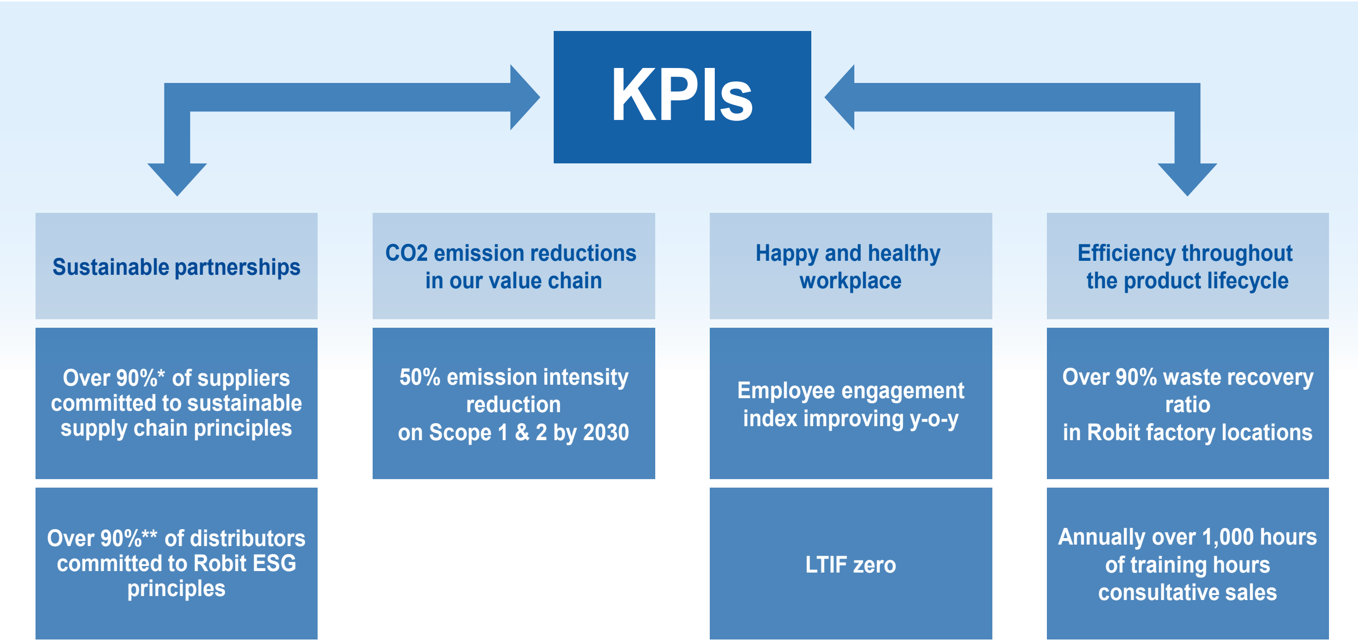
KPI	Target	Result 2022	2021
Our target is zero lost time incidents; the followed indicator is LTIF.	0	**6.4**	2.1
We continuously improve the engagement of our people; the monitored indicator is the PeoplePower® index.	>70	**70.1**	68

Efficiency throughout the product lifecycle

Material efficiency in product design and production, and the pursuit of a long product lifecycle in customer operations are seen as important factors in Robit´s sustainability work.

Finding a product best suitable for the work and using it efficiently are having a significant effect on the length of the product lifecycle and the amount of energy used in drilling. Robit personnel and Robit distributors are constantly trained to guide customers towards success. The training consists of product characteristics and guiding the customers in how to use them efficiently. Training includes product characteristics and efficient ways to use them. Especially important for efficiency is the optimization of Robit's customer drilling operations. Energy consumption can be reduced, and drilling efficiency increased significantly by optimizing the ways to use our products. Decisions made in the product design phase play in an important role in relation to drilling efficiency.

KPI	Target	Result 2022	2021
Robit is committed to providing at least 1,000 hours per year of consultative sales training to its own sales and technical people and those of its distributors.	1000 h	**714 h**	921 h
To improve material efficiency in internal operations, Robit has set a target of achieving a waste recovery ratio of over 90% at Robit factory locations.	90%	**89.9%**	87%



* *Calculated based on supplier spend*
** *Calculated based on sales volume*

Case:
Sustainability Idea Competition Driving The Change – Robit Cardboard Box Optimization

In 2021, Robit arranged a sustainability idea competition for its personnel. One of the best ideas was Robit cardboard box optimization. Based on this idea, the button bit boxes were improved in 2022.

The change significantly reduces the space needed for the storage and transportation of the products. Cost savings were also achieved in box purchases.

Change in practice

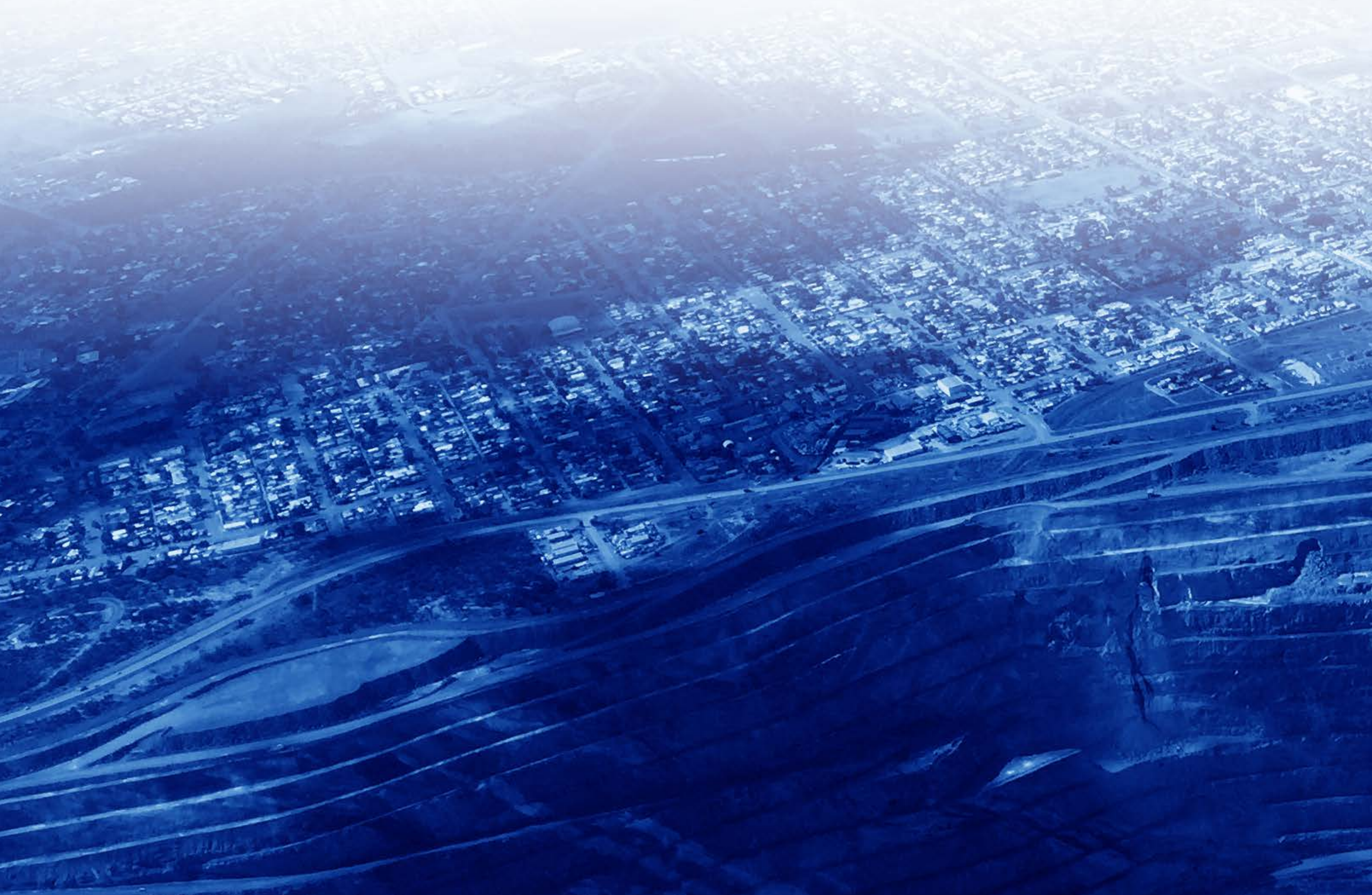
- Before: 700 button bits could be accommodated on one pallet. Four pallet collars were needed around the pallet to support/secure the boxes.
- After: 900 button bits can be accommodated on one pallet. Three pallet collars are needed around the pallet to support/secure the boxes.

Board of Directors

Harri Sjöholm, b. 1954, M.Sc. (Tech.)
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 27.06 percent of the company's shares.
Share ownership: 31 December 2022
35 828 shares
Committees:
Shareholders' Nomination Committee, Audit Committee and Working Committee
Main occupation:
Robit Plc, Chairman of the Board
Key positions of trust:
Five Alliance Oy (Chair of the Board), Kangasalan Välkkyvä Vesijärvi ry (Member of the Board), Tampere University of Applied Sciences Foundation (Member of the Board)

Anne Leskelä, b. 1962, M.Sc. (Econ.)
Vice Chair of the Board, Member of the Board since 2020. Independent of the company and its major shareholders.
Share ownership: 31 December 2022
11 007 shares
Committees: Audit Committee and Personnel Committee
Main occupation:
Professional board member
Key positions of trust:
Componenta Corporation (Vice Chair of the Board), Tammer Brands Oy (Chair of the Board), Kojamo Plc (Member of the Board), Image Wear Oy (Member of the Board), HK Scan Corporation (Member of the Board), Merus Power Plc (Member of the Board), Kemppi Oy (Member of the Board)

Kim Gran, b. 1954, BSc (Econ.)
Member of the Board since April 2020. Independent of the company and its major shareholders.
Share ownership: 31 December 2022
31 007 shares
Committees: Working Committee
Main occupation:
Professional board member
Key positions of trust:
Pohjola Rakennus Oy (Member of the Board)



Mikko Kuitunen, b. 1980, M.Sc. (Tech.)
Member of the Board since December 2018.
Independent of the company and its major shareholders.
Share ownership: 31 December 2022
17 865 shares
Committees: Personnel committee
Main occupation:
Vincit Plc, Chair of the Board as well as digital-age entrepreneur and investor
Key positions of trust:
Cloudberry Capital Oy (Member of the Board), Tylko S.A. (Member of the Board), Koivukuitu Oy (Chair of the Board), Pasakuitu Oy (Member of the Board), SoilFood Oy (Member of the Board), OffiStore Oy (Chair of the Board), Vincit Solutions Oy (Chair of the Board), Vincit Plc (Chair of the Board), Amor & Labor Oy (Member of the Board), Happeo Ltd. (Chair of the Board), Integrata Oy (Member of the Board)

Eeva-Liisa Virkkunen, b. 1957, M.Sc. (Econ.)
Member of the Board since March 2022.
Independent of the company and its major shareholders.
Share ownership: 31 December 2022
9 781 shares
Committees: Audit Committee and Personnel Committee
Main occupation:
Professional board member
Key positions of trust:
Sotkamo Silver Plc (Chair of the Board), Turku One Hour Train Ltd (Vice Chair of the Board), Neova Group (Member of the Board)

Markku Teräsvasara, b. 1965, Civil Engineer
Member of the Board since March 2022.
Independent of the company and its major shareholders.
Share ownership: 31 December 2022
4 781 shares
Committees: Working Committee
Main occupation:
Metso Outotec Corporation, Deputy CEO and President of the Minerals business area

In addition, a personnel representative elected by the personnel attends the board meetings of Robit Plc. The personnel representative promotes communication and cooperation between the company's Board of Directors and personnel, and also contributes personnel perspective to board work. The personnel representative is not a member of the Board of Directors.

Management Team

Arto Halonen, b. 1981, M.Sc. (Tech.), M.Sc. (Econ.)
CEO
Employed by the company since March 2020
Share ownership: 31 December 2022
24 493 shares
Primary work experience:
Robit Plc 2020–2022 (CFO), 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)

Perttu Aho, b. 1968, BBA
VP Down the Hole
Employed by the company since February 2020
Share ownership: 31 December 2022
2 500 shares
Primary work experience:
Robit Oyj 2020–2022 (General Manager, Halco Business), Entrepreneur 2007–2019 (mechanical engineering industry and contracting business), Kospa Oy 2006–2008 (Managing Director)

George Apostolopoulos, b. 1969, MBA, M.Sc. (Engineering Solid Mechanics)
VP Global Sales
Employed by the company since December 2020
Share ownership: 31 December 2022
10 000 shares
Primary work experience:
HMD Mining 2018–2020 (Managing Partner), Atlas Copco Central Asia LLC 2014–2017 (Regional General Director), Atlas Copco Ghana Ltd. 2006–2014 (Managing Director)

Jorge Leal, b. 1983, M.Sc. (Business and Technology Management), B.Sc. (Eng.)
VP Top Hammer
Employed by the company since July 2011
Share ownership: 31 December 2022
0 shares
Primary work experience:
Robit Plc 2021–2020 (Director, Global Sales, Finland), Robit Plc 2019–2018 (Head of Offering & Product Manager Top Hammer, Finland), Robit SAC, Peru 2018–2015 (General Manager & Sales Director)

Ville Peltonen, b. 1983, M.Sc. (Econ.)
CFO
Employed by the company since January 2020
Share ownership: 31 December 2022
10 550 shares
Primary work experience:
Nokian Tyres plc 2016–2020 (Group Financial Manager), Deloitte & Touche Oy 2012–2016 (Audit Associate)

Ville Pohja, b. 1986, M.Sc. (Tech.)
VP Geotechnical
Employed by the company since February 2015
Share ownership: 31 December 2022
5 000 shares
Primary work experience:
Robit Plc 2018–2020 (Director, Piling Business), Robit Plc 2017–2018 (Global Product Manager), Robit Plc 2015–2017 (Sales Manager)

Jaana Rinne, b. 1962, M.Sc. (Econ.)
HR Director, Employed by the company since September 2017
Share ownership: 31 December 2022
14 500 shares
Primary work experience:
Pöyry Plc 2013–2016 (Vice President, Human Resources), Konecranes Plc 2007–2013 (Vice President, Human Resources), Konecranes 2004–2007 (HR Director, BA Service)

Information for Shareholders

Annual General Meeting 2023

The Annual General Meeting of Robit Plc. will be held on Wednesday, 15 March, 2023 at 2 p.m. in Tampere Hall, Yliopistonkatu 55, 33100 Tampere, Finland. The reception of persons registered will commence at 1.30 p.m.

The Annual General Meeting may be attended by shareholders who on the record date of the AGM, March 3, 2023 are registered in the shareholder's register, held by Euroclear Finland. A shareholder whose shares are entered into their personal Finnish book entry account is registered in the company's register of shareholders.

A shareholder who wishes to attend the Annual General Meeting must register with the company by 10.00 a.m. on 6 March 2023.

You can register for the Annual General Meeting:

- via the company's website www.robitgroup.com
- by e-mail: investors@robitgroup.com
- by post: Robit Plc, AGM, Vikkiniityntie 9, FI-33880 Lempäälä, Finland.

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

Distribution of funds to shareholders

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.02 per share be distributed for the 2022 financial period.

Robit Plc's financial information in 2023

In 2023, Robit Plc will publish its financial statement release, half-year financial report and financial reviews for three and nine months as follows:

20 February 2023	Financial statements release for the financial year that ended on 31 December 2022
28 April 2023	Financial review for January–March 2023
1 August 2023	Half-year financial report for January–June 2023
23 October 2023	Financial review for January–September 2023

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.robitgroup.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@robitgroup.com

Visit address:
Robit Plc
Vikkiniityntie 9
33880 Lempäälä, Finland

THE REPORT OF THE BOARD OF DIRECTORS

The Report of the Board of Directors

Year 2022 in Brief

- Net sales EUR 112.0 million (100.8), change +11.1 percent. Without Russia, the change was +9.9 percent.
- EBITDA EUR 8.9 million (7.6)
- EBITA EUR 4.0 million (2.9)
- Operating profit as percentage of net sales (EBIT %) 2.7 per cent (2.1)
- Review period net income EUR 0.9 million (0.9)
- Net cash flow for operating activities EUR 5.6 million (-4.2)
- Equity ratio at the end of the review period 46.5 per cent (42.2)

Key financials	Q4 2022	Q4 2021	Change%	2022	2021	Change%
Net sales, EUR 1,000	26,210	26,285	-0.3 %	111,962	100,755	11.1 %
EBITDA*, EUR 1,000	379	1,650	-77.0 %	8,851	7,595	16.5 %
EBITDA, % of net sales	1.4 %	6.3 %		7.9 %	7.5 %	
EBITA, EUR 1,000	-822	543	-251.6 %	3,959	2,940	34.7 %
EBITA, % of sales	-3.1 %	2.1 %		3.5 %	2.9 %	
EBIT, EUR 1,000	-1,039	327	-418.1 %	3,071	2,080	47.6 %
EBIT, % of sales	-4.0 %	1.2 %		2.7 %	2.1 %	
Result for the period, EUR 1,000	-2,166	-152	-1,326.0 %	885	886	-0.1 %
Result for the period, % of sales	-8.3 %	-0.6 %		0.8 %	0.9 %	
Earnings per share (EPS)	-0,09	0.00	-7,845.7 %	0,04	0.04	-2.9 %
Return on equity (ROE), %**				1.6 %	1.8 %	
Return on capital employed (ROCE), %**				3.5 %	2.5 %	

*No items affecting comparability Q1-Q4/2022 or Q1-Q4/2021.

Treatment of Result for the Financial Year

The Board of Directors proposes to the Annual General Meeting that the parent company's profit for the financial year ended on 31 December 2022, EUR 1,478,741.96, be transferred to retained earnings.

Distribution of Funds to Shareholders

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.02 per share be distributed for the 2022 financial period.

Robit's Outlook for 2023

Robit expects the global mining industry demand to remain at the current level of the end of 2022, taking into account identified risk factors. The company has identified global factors such as the war in Ukraine, cost inflation and a potential global decline in economic trends.

Robit discerns construction industry demand to remain good in the company's key market area of North America but to decline in Europe. The demand is supported by the substantial construction industry funding that has already been decided. The general deterioration of the economic outlook and high-cost inflation may cause construction projects to be postponed.

Guidance for 2023

Robit estimates that net sales and comparable EBITDA profitability in euros in 2023 remains unchanged or increases slightly compared to 2022 assuming that there are no significant changes in the exchange rates from the level at the end of 2022.

CEO Arto Halonen

In the last quarter of the year, net sales remained at the level of corresponding period. Without Russia, net sales increased by 3.4%. EBITDA for the quarter was 1.4% of net sales. Profitability was encumbered by the costs incurred from ramping down the Russian company, the currency exchange rates and the increased costs. Orders received totalled EUR 23.0 million and dropped by 23.4% from the strong reference period. Without Russia, the decline in orders was 14.6%. The low level of orders received in the last quarter will reflect in the development of net sales in early 2023.

Robit's growth and profitability continued to develop positively in 2022, and we reached records in both net sales and EBITDA. Net sales in 2022 grew by 11.1% to EUR 112.0 million. EBITDA improved to 7.9% of net sales. Orders received totalled EUR 105.2 million and dropped by 0.5% from the strong reference period. Without Russia, orders increased by 2.9%.

The most significant event in the operating environment was the war of aggression initiated by Russia and its wide-ranging impacts. As a result, we ran down the operations of Robit's Russian company during the year. The cost inflation accelerated by the war also had a significant impact on the business environment during the year. Despite these challenges, we succeeded in our measures and continued the company's positive development in terms of both growth and profitability.

Success in promoting key goals
We set improving profitability, profitable growth and strengthening cash flow as our key goals for 2022. We succeeded in all three areas. The impact of the increase in the cost of raw materials caused by the war in Ukraine started to materialise during the year, but the impact was compensated for by the pricing measures taken. The effects of the competitive tendering of sea freight, the general decrease in sea freight rates and the logistics optimisation measures carried out by the company were reflected in a reduction in freight costs. Procurement savings projects also progressed as planned.

We achieved growth in most markets. Growth was strongest in the Americas area. Growth also took place in the Asia, EMEA and East areas. During the year, growth continued strongly in the Top Hammer business unit, and we completed the 2021–2022 investment programme to increase the Top Hammer capacity. In the Down the Hole business unit, we failed to meet our growth target. We restructured the business unit in the last quarter to accelerate its growth. The company's ability to deliver and capacity enable continued growth in both the Top Hammer and Down the Hole business units.

The net cash flow from operations was clearly strengthened during the year and improved approximately EUR 10 million. The positive development of cash flow was supported by improved profitability and the management of working capital.

Progress in achieving responsibility goals
Robit's responsibility work focuses on four key themes: responsible partnerships, reducing carbon dioxide emissions in the value chain, a happy and prosperous work community and efficiency throughout the product life cycle. Systematic work to achieve our goals progressed as planned. The satisfaction of our personnel strengthened, and we succeeded in, among other things, reducing the CO2 emission intensity significantly.

During the year, we launched new products on the market that enable efficiency throughout the product life cycle. We launched the Robit Rbit button bit series for drifting and tunnelling in the third quarter of the year. With the Rbit series, we focus on helping our customers reduce the total cost of drilling with a higher penetration rate and lower cost per metre drilled.

Aiming to be the world's leading supplier of drilling consumables
At the end of the year, we sharpened our strategy and set a goal to be the world's leading supplier focused on drilling consumables. The achievement of the goal is steered by our long-term financial targets of 13% EBITDA and 15% annual growth, as well as our responsibility goals.

For 2023, we have raised four key development projects to implement the strategy: accelerating growth through the network of distributors, strengthening expertise in the drilling consumables business, strengthening Robit's position as the market leader in drill bit operations through research and product development projects, and improving availability and working capital management through the Fit for Service program.

Responsibility

Lost Time Incident Frequency (LTIF) developed negatively in the review period, and further measures to improve safety were added. Our factories are constantly working to increase safety awareness, and a new easy-to-use tool was introduced for the purpose of reporting safety observations. With regard to emission intensity, clear improvement has been achieved and, in terms of a responsible and sustainable delivery chain, we were able to reach our goals.

	Emission intensity	Waste	Consultative sales hours per year	LTIF	Sustainable suppliers	Sustainable distributors
12/2022	**-26.0 %**	**90 %**	**714 h**	**6.4**	**92 %**	**82 %**
12/2021	-0.5 %	87 %	921 h	2.1	79 %	38 %
Target	**-50.0 %**	**>90 %**	**>1000 h**	**0.0**	**>90 %**	**>90 %**

Net Sales

Net sales by product area

EUR thousand	Q4 2022	Q4 2021	Change%	2022	2021	Change%
Top Hammer	16,748	15,910	5.3 %	66,834	56,287	18.7 %
Down the Hole	9,462	10,375	-8.8 %	45,128	44,468	1.5 %
Total	**26,210**	**26,285**	**-0.3 %**	**111,962**	**100,755**	**11.1 %**

The Group's net sales in the fourth quarter of the year totalled EUR 26.2 million (26.3). The decrease from the reference period was -0.3% (11.0%) – without Russia, the growth was 3.2%. In constant currencies, the change was -4.2% (9.0). The Top Hammer business continued to grow in the fourth quarter, with net sales growing by 5.3%. The Down the Hole business decreased by -8.8% in the fourth quarter.

The Group's net sales in January–December totalled EUR 112.0 million (100.8). There was an increase of 11.1% from the corresponding period (10.0). In constant currencies, the change was 6.2% (10.7). In January–December, Top Hammer net sales grew strongly by 18.7% to EUR 66.8 million (56.3). The growth in net sales has been particularly supported by the good delivery capacity of the Finnish and South Korean factories. The Down the Hole business net sales declined by 1.5 per cent in January–February to EUR 45.1 million (44.5). The strong growth in net sales early on dwindled towards the end of the year as sales in the East area dropped significantly with the halting of deliveries to Russia.

Net sales by market area

EUR thousand	Q4 2022	Q4 2021	Change%	2022	2021	Change%
EMEA	12,546	11,276	11.3 %	48,651	45,298	7.4 %
Americas	6,156	5,738	7.3 %	26,349	19,960	32.0 %
Asia	2,767	3,128	-11.5 %	11,686	10,771	8.5 %
Australasia	3,227	3,649	-11.6 %	13,892	14,001	-0.8 %
East	1,514	2,495	-39.3 %	11,384	10,725	6.2 %
Total	**26,210**	**26,285**	**-0.3 %**	**111,962**	**100,755**	**11.1 %**

Net sales' strong growth continued in the fourth quarter in the EMEA region, where net sales grew by 11.3%. Net sales increased in both South and North America. In the Asia, Australasia and East areas, net sales declined.

Between January and December, the net sales' growth was especially driven by the Americas, Asia and EMEA regions. In the East area, net sales improved thanks to the strong order book, and deliveries to Russia ended before the last quarter. In the Australasia region, net sales remained at the previous year's level.

Profitability

Key figures

EUR thousand	Q4 2022	Q4 2021	Change%	2022	2021	Change%
EBITDA, EUR 1,000	379	1,650	-77.0 %	8,851	7,595	16.5 %
EBITDA, % of net sales	1.4 %	6.3 %		7.9 %	7.5 %	
EBIT, EUR 1,000	-1,039	327	-418.1 %	3,071	2,080	47.6 %
EBIT, % of net sales	-4.0 %	1.2 %		2.7 %	2.1 %	
Result of the period, EUR 1,000	-2,166	-152	-1,326.0 %	885	886	-0.1 %
Result of the period, % of sales	-8.3 %	-0.6 %		0.8 %	0.9 %	

The EBITDA for the fourth quarter was EUR 0.4 million (1.7). The EBITDA's share of net sales was 1.4% (6.3). The company's EBIT was EUR -1.0 million (0.3). EBIT was -4.0 % (1.2) of the review period net sales. The result was weakened by the ramping down the operations of Russian company and the operating costs caused by Group organisational changes.

In January–December, the EBITDA was EUR 8.9 million (7.6). EBITDA's share of net sales was 7.9% (7.5). The company's EBIT was EUR 3.1 million (2.1). EBIT was 2.7% (2.1) of net sales.

Improved operating profit in the financial period was supported by increased net sales, measures taken in the pricing and management of pricing as well as the gradual realisation of savings in acquisitions. The global increase of raw material costs created cost-related pressure throughout the financial period. Towards the end of the financial period, the company made organisational changes, which caused higher-than-normal operating costs. Generally speaking, fixed costs were successfully kept in check. Profitability was also encumbered by the inventory clearance in Russia at significantly lower prices than normal.

Financial income and expenses in the fourth quarter totalled EUR -0.5 million (-0.3), of which EUR -0.3 million (-0.4) was interest expenses and EUR -0.1 million (0.1) exchange rate changes. The result for the review period was EUR -2.2 million (0.2).

In January–December, financial income and expenses totalled EUR -1.7 million (-1.3), of which EUR -1.3 million (-1.2) was interest expenses and EUR -0.2 million (0.1) exchange rate changes. The result for the financial period declined slightly to EUR 0.9 million (0.9).

Cash Flow and Investments

Consolidated cash flow statement

EUR thousand	Q4 2022	Q4 2021	2022	2021
Net cash flows from operating activities				
Cash flows before changes in working capital	1,109	1,707	10,014	7,826
Cash flows from operating activities before financial items and taxes	2,009	-237	7,277	-2,785
Net cash inflow (outflow) from operating activities	1,575	-449	5,556	-4,174
Net cash inflow (outflow) from investing activities	-75	-1,454	-1,057	-3,885
Net cash inflow (outflow) from financing activities	-611	2,391	-6,421	3,091
Net increase (+)/decrease (-) in cash and cash equivalents	888	487	-1,921	-4,968
Cash and cash equivalents at the beginning of the financial year	7,016	8,926	9,525	14,339
Exchange gains/losses on cash and cash equivalents	-216	113	84	154
Cash and cash equivalents at end of the year	**7,688**	**9,525**	**7,688**	**9,525**

The Group's cash flow before changes in working capital during the fourth quarter was EUR 1.1 million (1.7). Net cash flow for operating activities was EUR 1.6 million (-0.4). The changes in working capital had an impact of EUR 0.9 million (-1.9). The decrease in sales and other receivables had an impact on cash flow of EUR -0.5 million and on inventories of EUR 0.7 million. The decline in inventories primarily resulted from the shrinking inventories in the Top Hammer business. The increase in account payables and other payables had an impact of EUR 0.6 million on the cash flow from operating activities. The net cash flow from operations in the financial period was EUR 5.6 million (-4.2).

The net cash flow from investing activities in the fourth quarter was EUR -0.1 million (-1.5). Gross investments in production during the review period totalled EUR 0.2 million (1.5). The share of investments in net sales was 0.9% (6.0). The net cash flow for investment activities in the financial period was EUR -1.1 million (-3.9).

Net cash inflow (outflow) from financing activities for Q4 was EUR -0.6 million (2.4). Net changes in loans totalled EUR -1.8 million (-0.4). The change in bank overdrafts was EUR 1.6 million (3.3). The repayment of lease liabilities reported in net cash flow from financing activities under IFRS 16 totalled EUR -0.4 million (-0.5). The net cash flow from financing activities in the financial period was EUR -6.4 million (3.1).

Depreciation, amortisation and write-downs in the fourth quarter totalled EUR -1.4 million (-1.3). Of this, EUR -0.2 million related to amortisation of customer relationships and brand value from business acquisitions. Depreciation, amortisation and write-downs in the financial period totalled EUR -5.8 million (-5.5).

Financial Position

	31.12.2022	31.12.2021
Cash and cash equivalents, EUR thousand	7,688	9,525
Interest-bearing liabilities, EUR thousand	36,345	41,522
of which short-term interest-bearing financial liabilities:	8,922	10,500
Net interest-bearing debt, EUR thousand	28,657	31,996
Undrawn credit facility, EUR thousand	4,218	2,738
Gearing, %	56.4 %	65.1 %
Equity ratio, %	46.5 %	42.2 %

The Group had interest-bearing debt amounting to EUR 36.3 million (41.5), of which EUR 7.0 million (7.7) was interest-bearing debt under IFRS 16. The Group's liquid assets totalled EUR 7.7 million (9.5). Interest-bearing net liabilities were EUR 28.7 million (32.0), and interest-bearing net bank debt without IFRS 16 debt impact was EUR 21.7 million (24.3).

The Group's equity at the end of the review period was EUR 50.8 million (49.1). The Group's equity ratio was 46.5% (42.2) and its net gearing was 56.4% (65.1).

Personnel and Management

The number of personnel decreased by 14 from the end of the comparison period, and at the end of the review period it was 259 (273). At the end of the review period, 70% of the company's personnel were located outside Finland.

The company's Management Team at the end of the review period was composed of Arto Halonen (CEO), Jaana Rinne (HR Director), Ville Peltonen (CFO), George Apostolopoulos (VP Global Sales), Perttu Aho (VP Down the Hole), Jorge Leal (VP Top Hammer) and Ville Pohja (VP Geotechnical).

Financial Targets

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

	Long-term target	2020	2021	2022
Net sales growth, %	15 %	6.0 %	10.0 %	11.1 %
Adjusted EBITDA, % of net sales	13 %	5.6 %	7.5 %	7.9 %

Share-Based Incentive Programmes

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. The share 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 17 individuals. The company's matching shares, and performance matching shares will be paid in April 2023. After the payment, the shares will be subject to a transfer restriction for a period of one year. If all three main elements of the scheme are fulfilled in full as determined in the scheme and according to the target setting of the company's Board of Directors, the maximum amount of shares issued based on the scheme will be 441,760 shares, corresponding to 2.1% of the current total share capital.

Share-based incentive scheme 2021–2024
On 15 June 2021, Robit Plc's Board of Directors decided on a performance-based share reward scheme for key personnel.

The share scheme includes earning periods of one and two years. The first earning period of the share scheme comprises the year 2021 and the second earning period comprises the years 2022–2023. The share scheme's potential reward for the one-year earning period 2021 is based on the company's predetermined EBITDA target in the financial statements for 2021. The remuneration that may be paid under the share scheme for the 2022–2023 two-year earning period is based on the company's predetermined average earnings per share in the financial statements for the years 2022 and 2023. The share scheme's possible reward for both earning periods will be paid in May 2024.

The share scheme covers 21 individuals. The total amount of share rewards payable on the basis of the earning periods 2021 and 2022–2023 corresponds to a maximum of 155,000 Robit Plc shares, corresponding to 0.7% of the company's current share capital.

Share-based incentive scheme 2022–2024
On 15 February 2022, Robit Plc's Board of Directors decided on a performance-based share reward scheme for key personnel. On 24 March 2022, Robit Plc's Board of Directors decided to increase the maximum size of the share reward scheme due to the change in CEO.

The share scheme includes earning periods of one and two years. The first earning period of the share scheme comprises the year 2022 and the second earning period comprises the years 2023–2024. The remuneration that may be paid under the share scheme for the 2021 one-year earning period is based on the company's predetermined net cash inflow target in the 2022 financial statements. The remuneration that may be paid under the share scheme for the 2023–2024 two-year earning period is based on the company's predetermined average earnings per share in the financial statements for the years 2023 and 2024. The remuneration that may be paid under the share scheme for both earning periods will be paid in May 2025.

The share scheme covers about 30 individuals. The total amount of share rewards payable on the basis of the earning periods 2022 and 2023–2024 corresponds to a maximum of 240,000 Robit Plc shares, which represents 1.1% of the company's current share capital.

Resolutions of the Annual General Meeting 2022

Robit Plc's Annual General Meeting on 22 March 2022 adopted the financial statements presented for 1 January–31 December 2021 and resolved that no dividend would be paid based on the adopted balance sheet for the 2021 financial year.

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 2021. The General Meeting decided to approve the Remuneration Report for Governing Bodies. The decision was advisory.

The General Meeting resolved that the Board of Directors consists of six (6) members. Kim Gran, Mikko Kuitunen, Anne Leskelä and Harri Sjöholm were re-elected as members of the Board of Directors. Eeva-Liisa Virkkunen and Markku Teräsvasara were elected new members of the Board of Directors.

The annual remuneration for the Chairman of the Board of Directors is EUR 50,000, of which 40% is paid in shares and the remaining 60% is an advance tax withheld and paid to the Finnish Tax Administration by the company. There is also a meeting fee of EUR 500 per meeting. The fee is paid for meetings attended by the Chairman of the Board. Other costs, such as travel and lodging expenses, will also be compensated.

The annual remuneration for the Board members is EUR 30,000, of which 40% is paid in shares and the remaining 60% is an advance tax withheld and paid to the Finnish Tax Administration by the company. There is also a meeting fee of EUR 500 per meeting. The fee is paid for meetings attended by the member of the Board. Other costs, such as travel and lodging expenses, will also be compensated.

Members of the Working Committee, Personnel Committee and Audit Committee are paid a financial compensation of EUR 500 per meeting attended. 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 2022. The part of the remuneration paid in shares may be paid by issuing new shares in the company or by acquiring shares by the authorisation given to the Board of Directors by the General Meeting. The receiver of the remuneration pays the transfer tax.

Ernst & Young Oy, an audit 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 2,117,990 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 the shares in the company as of the date of the notice to the 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 other 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 at a price formed on the market. The authorisation is proposed to be used for the purposes of implementing the company's share-based incentive schemes or for other purposes as decided by the Board of Directors, for example.

It was resolved that the authorisation revokes the authorisation granted by the General Meeting on 25 March 2021 to decide on the acquisition of treasury shares.

The authorisation is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2023.

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 2,117,990, which amounts to 10% of all shares in the company as at the date of the notice 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, but no longer than until 30 June 2023. The authorisation will revoke all the 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 three product and service areas: Top Hammer, Down the Hole and Geotechnical. Robit has its own sales and service points in seven countries as well as an active dealership network through which it sells to 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.

Sustainability in Robit's daily life

In 2021, Robit arranged a sustainability idea competition for its personnel. One of the best ideas was Robit cardboard box optimization. Based on this idea, the button bit boxes were improved in 2022.

The change significantly reduces the space needed for the storage and transportation of the products. Cost savings were also achieved in box purchases.

Sustainable partnerships

Robit is developing its sustainability and operational performance both upstream and downstream in its value chain through long-term partnerships. Robit works with partners who share similar principles and targets when it comes to the environment, social responsibility, and governance.

Cooperation is carried out with suppliers to reduce the loss of materials in the production phases. Robit suppliers are asked to commit to the principles of Robit Sustainable Supply Chain Policy, and sustainability topics are included in the audits of suppliers and subcontractors.

CO2 emission reduction in Robit's value chain

Robit has identified CO2 reduction as one key focus area of sustainability. There are possibilities to effect to CO2 emissions by making changes in company´s own operations. However, it is also recognized that there is potential for improvement by influencing indirect effects and external stakeholders.

As a first step Robit has built CO2 calculation tool to recognize Scope 1 and 2 CO2 emissions caused by Robit´s own operations. Robit's 2020 carbon footprint (Scope 1 and 2) calculated according to Greenhouse Gas Protocol (GHG protocol) Corporate Standard was 3 383-ton CO2e corresponding to 36.9-ton CO2e per million euro of net sales. To reduce emissions, company have decided to increase share of green energy used in the factories.

The share of green energy has been increased at Robit's Australian factory and had a positive effect on the figures in 2022. As an action to reduce energy consumption, a change to LED lighting has been implemented at many Robit locations.

Robit's 2022 Scope 1 and 2 emission intensity was 27.3 CO2e per million-euro net sales (2021: 36.7 CO2e per million-euro net sales), change from the comparative period was -0.5 percent.

Healthy and happy workplace

Robit targets to be a desired employer and to offer a healthy workplace for its employees. In addition to complying with statutory requirements the company wants to support employee wellbeing and competence development. "We respect everybody" is one of the three Robit values that have been actively communicated to personnel.

Robit continually works to improve safety at the company. There is a Robit HSE Team in place, which coordinates safety activities within the Group. Robit continues to build diversity and inclusion as a natural part of Robit culture. Diversity is already today one of the strengths at Robit and there are tens of different nationalities working in the company. Several communication channels for the personnel have been taken into use, including etc. Feeling Pulse for weekly feedback, Yammer for informal discussions, Robit Talks where important topics, like values and company development areas are discussed, and Whistleblowing channel in accordance with the law.

Efficiency throughout product lifecycle

Efficiency throughout the product lifecycle means:

- material efficiency in product design and production,
- materials are sourced efficiently and from sources that share Robit's ESG vision,
- increasing product lifetime through training and value adding services,
- decreasing waste in customers' operations.

Especially big leverage is in optimizing Robit's customers' drilling operations. By optimizing the drilling operation, it is possible to reduce energy consumption and increase rate of penetration and thus drilling efficiency. Robit has been training it´s sales and distributors so that they would have better capability to find best products for the end-users and thus support them to perform drilling in effective way.

ESG KPIs and targets

Robit has defined measurable targets for each four key themes in order to follow the realization of the ESG roadmap. Robit launched the targets as a part of the ESG plan in September 2021. In 2022 Robit continued its active sustainability communication inside the organisation and reached positive development in the key target areas.

KPI	Target	Result 2022	2021
Our target is to have a minimum of 90% of our supplier spend coming from suppliers who have committed to Robit's supply chain policy.	90%	92%	79%
Our target is to have a minimum of 90% of our distributors committed to Robit's ESG principles, in terms of sales volume.	90%	82%	38%
Robit is committed in reducing its scope 1 and 2 CO2 intensity by 50% by 2030 from the baseline year 2020.	- 50%	- 26%	- 0.5%
Our target is zero lost time incidents; the followed indicator is LTIF.	0	6.4	2.1
We continuously improve the engagement of our people; the monitored indicator is the PeoplePower® index.	>70	70.1	69
Robit is committed to providing at least 1,000 hours per year of consultative sales training to its own sales and technical people and those of its distributors.	1000 h	714 h	921 h
To improve material efficiency in internal operations, Robit has set a target of achieving a waste recovery ratio of over 90% at Robit factory locations.	90%	89.9%	87%

Shares and Share Turnover

On 31 December 2022, the company had 21,179,900 shares and 4,985 shareholders. The trading volume in January–December was 8,082,989 shares (5,866,628).

The company holds 52,308 treasury shares (0.2% of total shares). On 31 December 2022, the market value of the company's shares was EUR 55.7 million. The closing price of the share was EUR 2.63. The highest price in the review period was EUR 4.55 and the lowest price EUR 2.11.

Shareholding of the board members and management 31 Dec 2022	Shares	Share %
Shareholding of the board members	5,841,836	27.58 %
Harri Sjöholm *	5,767,395	27.23 %
Kim Gran	31,007	0.15 %
Mikko Kuitunen	17,865	0.08 %
Anne Leskelä	11,007	0.05 %
Markku Teräsvasara	4,781	0.02 %
Eeva-Liisa Virkkunen	9,781	0.05 %
Group CEO	24,493	0.12 %
Other management team members	42,550	0.20 %
Total	5,908,879	27.90 %

*27,06 % owned by Harri Sjöholm through Five Alliance Ltd

Shareholdings by owner class (shares) 31 Dec 2022	Owners	Owners %	Votes	Shares	Share %
1 - 100	1,483	29.75	67,599	67,599	0.32
101 - 500	1,627	32.64	466,869	466,869	2.20
501 - 1 000	699	14.02	582,244	582,244	2.75
1 001 - 5 000	919	18.44	2,119,896	2,119,896	10.01
5 001 - 10 000	129	2.59	973,947	973,947	4.60
10 001 - 50 000	100	2.01	2,189,580	2,189,580	10.34
50 001 - 100 000	13	0.26	966,479	966,479	4.56
1 00 001 - 500 000	8	0.16	1,409,660	1,409,660	6.66
500 001 -	7	0.14	12,403,626	12,403,626	58.56
Total	4,985	100	21,179,900	21,179,900	100
In administrative registration	10		906,456	906,456	4.28
In waiting list	0		0	0	0
Shared accounts	0		0	0	0
On special purpose accounts total	0		0	0	0
Shares total			21,179,900	21,179,900	100

Risks and Business Uncertainties

The geopolitical situation, which is growing tenser, poses a risk to the company's business. The war in Ukraine and the sanctions imposed on Russia affect the development of net sales and profitability especially in Russia, Belarus and Ukraine, which accounted for under 9% of the company's sales in the 2022 financial year. The crisis has caused and may still cause a significant increase in the prices of raw materials. In respect of Russia, Robit complies with all the imposed sanctions and continuously monitors the situation.

Robit closely monitors the impact of COVID-19 on demand in the sector. In general, customer operations have returned to normal levels. The effects on Robit's operations are now limited and only affect individual countries or regions. 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 were operating at the planned capacity. No disruptions in the supply chain have been identified that cannot be managed, for example, with current inventory levels and supplier cooperation.

Other uncertainty factors include exchange rate development, the functioning of information systems, integration of corporate acquisitions, risks related to the security of supply and logistics, and IPR risks. Fully transferring the increase in raw material costs to customer prices may pose a financial risk. 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

The Group's subsidiary Robit Rocktools Ab was dissolved on 13 December 2022. The company hasn't conducted any business.

Other Events in October–December 2022

On 4 October 2022, the company announced that it had received a notification under Chapter 9, Section 5 of the Finnish Securities Markets Act from OP Fund Management Company Ltd on 3 October 2022. According to the information received, the total number of Robit shares owned by OP Fund Management Company Ltd decreased below five (5) per cent of the total shares of Robit Plc on 30 September 2022.

On 26 October 2022, the company published its interim financial reporting for 1 January–30 September 2022.

On 26 October 2022, the company published the company's schedule for financial information and the Annual General Meeting of 2023.

On 17 November 2022, the company announced that Perttu Aho (born 1968), B.B.A., had been appointed head of Robit Oyj's Down the Hole business unit (VP Down the Hole) and a member of the company's Management Team. At the same time, the company announced that the current VP of Down the Hole, Adam Baker, would be leaving his position as the head of the DTH business unit and member of the Management Team 31 December 2022.

On 17 November 2022, the company announced that Ville Peltonen, M.Sc. (Econ.), had been appointed Robit Plc's CFO and member of the Management Team as of 17 November 2022. Peltonen had been serving as the company's interim CFO as of 16 March 2022 after the previous CFO Arto Halonen moved to the position of the company's CEO.

On 12 December 2022, the Board of Directors of Robit Plc decided to transfer a total of 31,873 shares of the company as Board fees to the members of the Board of Directors on the basis of the Board's 2022 term of office. The transfer was based on the authorisation given by the Annual General Meeting on 22 March 2022. At the closing price of 09 December 2022, the total value of the shares to be transferred was EUR 80,000. It was decided to transfer to CEO Arto Halonen a total of 4,283 shares as part of the fixed annual salary. The transfer was based on the CEO agreement. At the closing price of 09 December 2022, the total value of the shares to be transferred was EUR 10,750. Therefore, the total number of shares to be transferred was 36,155 and their total value at the closing price of 09 December 2022 was EUR 90,750. 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. Before the transfer, Robit Plc held 88,765 treasury shares, which was 0.4% of the company's entire shareholding, and 52,610 after the transfers, which was 0.2% of the company's total shares. The share rewards were paid by 14 December 2022.

Events After the Review Period

On 11 January 2023, Robit Plc announced that its VP, Global Sales and Management Team member George Apostolopoulos would be leaving his duties for new challenges outside the company. Apostolopoulos will continue in his position until the summer of 2023. The process of recruiting Apostolopoulos' successor is under way. The sales of global sales areas has also been the responsibility of CEO Arto Halonen, and he will continue in his duties, bearing the responsibility of half of the sales.

On 18 January 2023, the company published the proposals of Robit Plc's Shareholders' Nomination Committee for the Annual General Meeting of 2023:

The Nomination Committee 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 the following persons be re-elected as members of the Board of Directors for a term ending at the end of the next Annual General Meeting following the election: Mikko Kuitunen, Anne Leskelä, Harri Sjöholm, Markku Teräsvasara, Eeva-Liisa Virkkunen. Lasse Aho is proposed as a new member. Of the current Board members, Kim Gran has announced that he will no longer be available for election into the Board of Directors.

All candidates have given their consent to the selection and are independent of the company and its major shareholders, with the exception of Harri Sjöholm, who is dependent on the major shareholders. Harri Sjöholm is the majority shareholder in Five Alliance Oy, which holds 27.06% of the company's shares.

The Nomination Committee proposes to the Annual General Meeting that the annual remuneration for the Chairman of the Board is EUR 55,000, 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 in 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. If the meeting is held remotely and lasts no more than 1 hour, EUR 250 will be paid as a one-time meeting compensation. 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 2023. The part of the remuneration paid in shares may be paid by issuing new shares in the company or by acquiring shares by the authorisation given to the Board of Directors by the General Meeting. The receiver of the remuneration pays 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) acted as the Chairman of the Shareholders' Nomination Committee that prepared the proposals for the Annual General Meeting of 2023, with Harri Sjöholm (Chairman of the Board of Five Alliance Oy), Jukka Vähäpesola (Head of Equities of Elo Mutual Pension Insurance Company) and Markus Lindqvist (Sustainability Director of Aktia Pankki Oyj) as the other members.

Key Figures Summary

	2022	2021	2020	2019	2018
Net sales, EUR 1 000	111,962	100,755	91,631	86,482	82,683
Net sales growth, percent	11.1	10.0 %	6.0 %	4.6 %	-6.3 %
EBITDA, EUR 1 000	8,851	7,595	5,116	1,605	-4,782
EBITDA, percent of sales	7.9 %	7.5 %	5.6 %	1.9 %	-5.8 %
Adjusted EBITDA	8,851	7,595	5,116	2,707	-3,529
Adjusted EBITDA, percent of sales	7.9 %	7.5 %	5.6 %	3.1 %	-4.3 %
EBITA, EUR 1 000	3,959	2,940	-48	-4,927	-9,658
EBITA, percent of sales	3.5 %	2.9 %	-0.1 %	-5.7 %	-11.7 %
Adjusted EBITA	3,959	2,940	-48	-3,720	-8,405
Adjusted EBITA, percent of sales	3.5 %	2.9 %	-0.1 %	-4.3 %	-10.2 %
EBIT, EUR 1 000	3,071	2,080	-868	-5,767	-29,800
EBIT, percent of sales	2.7 %	2.1 %	-0.9 %	-6.7 %	-36.0 %
Result of the period, EUR 1 000	885	886	-2,894	-7,265	-31,384
Result of the period, percent of sales	0.8 %	0.9 %	-3.2 %	-8.4 %	-38.0 %
Earnings per share (EPS), EUR	0.04	0.04	-0.14	-0.35	-1.49
Return on equity (ROE), percent	1.6 %	1.8 %	-5.9 %	-13.4 %	-41.9 %
Return on capital employed (ROCE), percent	3.5 %	2.5 %	-2.6 %	-8.7 %	-27.5 %
Adjusted return on capital employed (ROCE), percent	3.5 %	2.5 %	-2.6 %	-7.4 %	-26.4 %
Net interest-bearing debt, EUR 1 000	28,657	31,996	21,228	22,967	15,810
Equity ratio, percent	46.6 %	42.2 %	45.6 %	47.4 %	49.3 %
Equity per share, EUR	2.41	2.33	2.23	2.41	2.74
Net gearing, percent	56.4 %	65.1 %	45.2 %	45.3 %	27.4 %
Gross investments, EUR 1 000	1,326	4,293	1,281	1,375	4,630
Gross investments, percent of sales	1.2 %	4.3 %	1.4 %	1.6 %	5.6 %
Gross investments, excl. Acquisitions, EUR 1 000	1,326	4,293	1,281	1,375	4,630
R&D costs, EUR 1 000	223	436	566	569	1 228
R&D costs, percent of sales	0.2 %	0.4 %	0.6 %	0.7 %	1.5 %
Average number of employees	268	267	257	274	308
Number of employees at the end of period	259	273	261	252	286
Dividend, EUR *	0.02	0.0	0.0	0.0	0.0
Dividend of the result, percent	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Effective dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Price / earnings	63	213	-27	-8	-1
Share price at the end of period	2.63	4.03	3.65	2.90	1.64
Lowest	2.11	3.65	1.7	1.58	1.58
Highest	4.55	6.46	3.65	3.97	8.18
Market capitalisation, EUR million	55.7	85.4	76.9	61.1	34.6

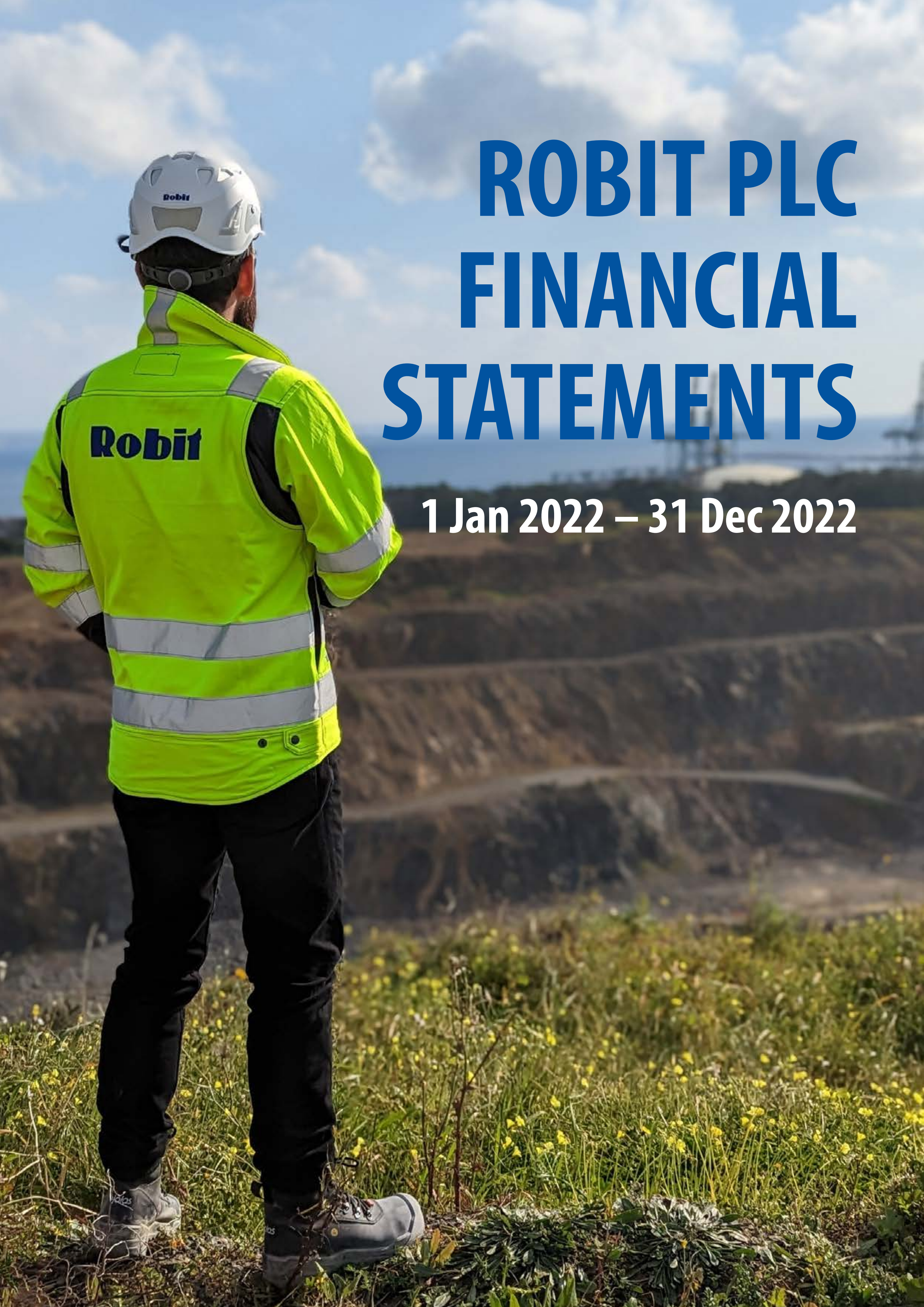
Corporate Governance Statement and Remuneration Review

Robit Corporate Governance Statement for 2022 is published as a separate statement on Robit's website:
https://www.robitgroup.com/investor/corporate-governance/corporate-governance-statement/

Robit Remuneration Report 2022 is published as a separate statement on Robit's website:
https://www.robitgroup.com/investor/corporate-governance/remuneration-statement/

Lempäälä, 20 February 2023

ROBIT PLC
Board of Directors



ROBIT PLC FINANCIAL STATEMENTS

1 Jan 2022 – 31 Dec 2022

Contents

This Financial Statements and Board of Directors' review 2022 have not been prepared in accordance with ESEF (European Single Electronic Format) regulations. The Financial Statements and Board of Directors' review 2022 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 2022 in accordance with ESEF regulations are available at www.robitgroup.com.

Consolidated Statement of Comprehensive Income

EUR thousand	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Net sales	**2.1**	**111 962**	**100 755**
Other operating income	2.4	4 117	1 690
Materials and services	2.2	-73 729	-65 699
Employee benefit expense	2.3	-17 075	-16 280
Depreciation, amortization and impairment	2.5	-5 779	-5 514
Other operating expenses	2.4	-16 425	-12 871
EBIT (Operating profit)		**3 071**	**2 080**
Finance income and costs			
Finance income	4.5	2 277	924
Finance cost	4.5	-4 010	-2 253
Finance income and costs net		-1 733	-1 329
Profit before income tax		**1 338**	**1 204**
Income taxes			
Current taxes		-533	-333
Change in deferred taxes		80	468
Income taxes	6.2	-453	135
Result for the period		**885**	**886**
Attributable to:			
Owners of the parent		819	843
Non-controlling interest		66	44
		885	**886**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges	4.4	633	45
Translation differences	4.1	41	1 003
Other comprehensive income, net of tax		**674**	**-1 088**
Total comprehensive income		**1 560**	**1 934**

EUR thousand	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Attributable to:			
Owners of the parent		1 501	1 892
Non-controlling interest		58	42
		1 560	**1 934**
Earnings per share attributable to the owners of the parent during the year:			
Basic and diluted earnings per share	4.2	0,04	0,04

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

EUR thousand	Note	31-Dec-22	31-Dec-21
ASSETS			
Non-current assets			
Goodwill	3.1	5 203	5 487
Other intangible assets	3.2	1 498	2 695
Property, plant and equipment	5.1	24 929	27 396
Loan receivables	4.4	248	287
Other receivables		6	0
Derivatives	4.4	848	56
Deferred tax assets	6.2	1 859	1 926
Total non-current assets		34 590	37 847
Current assets			
Inventories	5.2	44 311	43 538
Account and other receivables	4.4, 5.3	22 342	25 337
Loan receivables	4.4	80	100
Income tax receivable	6.2	108	57
Cash and cash equivalents	4.4	7 688	9 525
Total current asset		74 529	78 557
Total assets		109 119	116 403

EUR thousand		31-Dec-22	31-Dec-21
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	82 570
Cumulative translation difference	4.1	-1 747	-1 793
Fair value reserve	4.1	678	45
Retained earnings	4.1	-32 748	-33 738
Profit for the year	4.1	819	843
Equity attributable to parent company shareholders in total		50 482	48 833
Non-controlling interest		339	281
Total equity		50 822	49 114

EUR thousand	Note	31-Dec-22	31-Dec-21
Liabilities			
Non-current liabilities			
Borrowings	4.3	22 085	25 209
Lease liabilities	4.3	5 338	5 813
Deferred tax liabilities	6.2	690	694
Employee benefit obligations	2.3	732	725
Total non-current liabilities		28 846	32 441
Current liabilities			
Borrowings	4.3	7 278	8 619
Lease liabilities	4.3	1 644	1 881
Advances received	5.5	145	771
Income tax liabilities	6.2	321	259
Account payables and other liabilities	5.4	19 916	23 278
Provisions	5.5	147	40
Total current liabilities		29 451	34 848
Total liabilities		58 297	67 289
Total equity and liabilities		109 119	116 403

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity

A= Share capital
B = Share premium
C = Reserve for invested unrestricted equity
D = Cumulative translation difference
E = Fair value reserve
F = Retained earnings
G = Equity attributable to parent company shareholders
H = Non-controlling interest
I = Total equity

EUR Thousand	A	B	C	D	E	F	G	H	I
Equity on 1 January 2021	705	202	82 570	-2 798		-33 960	49 989		46 989
Profit for the period						843	843	44	886
Other comprehensive income									
Cash flow hedges					45		45		45
Translation difference				1 005			1 005	-2	1 003
Total comprehensive changes	0	0		1 005	45	843	1 892	42	1 934
Share based payments to employees						-142	-142		-142
Use of treasury shares in the remuneration of the Board of Directors						94	94		94
Changes in non-controlling interests							0	240	240
Total transactions with shareholders, recognised directly in equity	0	0				-48	-48	240	191
Equity on 31 December 2021	705	202	82 570	-1 793	45	-32 896	48 833	281	49 114

EUR Thousand	A	B	C	D	E	F	G	H	I
Equity on 1 January 2022	705	202	82 570	-1 793	45	-32 896	48 833	281	49 114
Profit for the period						820	820	66	886
Other comprehensive income									
Cash flow hedges					633		633		633
Translation differences				49			46	-8	41
Total comprehensive changes				46	633	820	1 502	58	1 559
Share based payments to employees						46	46		46
Use of treasury shares in the remuneration of the Board of Directors						80	80		80
Dividend distribution						-30	-30		-30
Total transactions with shareholders, recognised directly in equity						97	97	0	97
Equity on 31 December 2022	705	202	82 570	-1 744	678	-31 928	50 483	339	50 822

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 2022	1 Jan - 31 Dec 2021
Cash flows from operating activities			
Profit before income tax		1 338	751
Adjustments			
Depreciation, amortization and impairment charges	2.5	5 779	5 514
Finance income and finance costs	4.5	1 733	1 329
Share-based payments to employees	2.3	115	-178
Loss (+) on sale of property, plant and equipment	2.4	-74	-144
Other non-cash transactions		1 122	553
Cash flows before changes in working capital		10 014	7 826
Change in working capital			
Increase (-) in account and other receivables		2 975	-6 452
Increase (-) / decrease (+) in inventories		-606	-8 187
Increase (+) in account and other payables		-5 107	4 032
Cash flows from operating activities before financial items and taxes		7 277	-2 785
Interest and other finance expenses paid		-1 250	-1 046
Interest and other finance income received		20	22
Income taxes paid		-490	-365
Net cash inflow (outflow) from operating activities		**5 556**	**-4 174**

EUR thousand	Note	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Cash flows from investing activities			
Purchases of property, plant and equipment	5.1	-1 194	-4 169
Purchases of intangible assets	3.3	-131	-124
Proceeds from the sale of property, plant and equipment		150	279
Proceeds from loan receivables	4.4	119	129
Net cash inflow (outflow) from investing activities		**-1 057**	**-3 885**
Cash flows from financing activities			
Distribution of dividends*		-30	-9
Changes in loans	4.3	-3 187	5 385
Change in bank overdrafts	4.3	-1 480	-478
Payment of lease liabilities	4.3	-1 723	-1 807
Net cash inflow (outflow) from financing activities		**-6 421**	**3 091**
Net increase (+) / decrease (-) in cash and cash equivalents		-1 921	-4 968
Cash and cash equivalents at the beginning of the financial year	4.4	9 525	**14 339**
Exchange gains/losses on cash and cash equivalents		84	154
Cash and cash equivalents at end of the year	4.4	**7 688**	**9 525**

* Dividend paid in accordance with the agreement to the foundation, which is the minority owner of Robit SA

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 7 offices and active sales networks in over 100 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 20th, 2023. 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 2022. 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 2022	1 Jan - 31 Dec 2021
Top Hammer	66 834	56 287
Down the Hole	45 128	44 468
Total	**111 962**	**100 755**

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 2022	1 Jan - 31 Dec 2021
EMEA	48 651	45 298
Americas	26 349	19 960
Asia	11 686	10 771
Australasia	13 892	14 001
East	11 384	10 725
Total	**111 962**	**100 755**

None of the Robit's customer generated more than 10 per cent of the Group's revenue for the year ended 31 December 2022 or 2021.

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 bus 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 2022 amounted to EUR 73 729 thousand (2020: EUR 65 699 thousand). Materials and services include purchases of raw materials such as steel, tungsten carbide, trading products and subcontracting services inventories and changes in inventories.

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Subcontracts	-725	-948
External services	-7 046	-5 805
Sales freights	-2 429	-2 710
Sales provisions and Royalties	-350	-586
Maintenance expenses	-814	-647
Cost of sales	-62 365	-55 003
Total	-73 729	-65 699

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 ter¬minated 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 2022	1 Jan - 31 Dec 2021
Wages and salaries	-13 975	-13 507
Pension costs - defined contribution plans	-1 381	-1 264
Social security expenses	-927	-920
Share-based payments	-167	47
Other long-term benefits	-278	-289
Other employee benefit expenses	-397	-347
Total	**-17 075**	**-16 280**

Robit's number of personnel decreased in 2022 by 14 persons compared to 2021, with the total number of personnel being 259 at the end of the period under review (2021: 273). Robit's average number of personnel was 268 persons during the financial period 2022 and 267 in 2021.

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 75 thousand for the year ended 31 December 2022 (2021: EUR 46 thousand). The liability related to long-service fee amounted to EUR 270 thousand as of 31 December 2022 (2021: EUR 257 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. During the financial year 2021, this arrangement changed from a benefit-based arrangement to a contribution-based arrangement. Expenses related to severance payment plan amounted to EUR 191 thousand for the year ended 31 December 2022 (2021: EUR 265 thousand). The employee benefit obligation recognized for severance payment plan amounted to EUR 561 thousand as of 31 December 2022 (2021: EUR 467 thousand).

Long-Term Remuneration: Share-Based Incentive Plan

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 14 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 401,760 shares, corresponding to 2.1% of the entire current shareholding.

Share-based incentive scheme 2021–2023

On 15 June 2021, Robit Plc's Board of Directors decided on a performance-based share reward scheme for key personnel. The share scheme includes earning periods of one and two years. The first earning period of the share scheme comprises the year 2021 and the second earning period comprises the years 2022–2023. The share scheme's potential reward for the one-year earning period 2021 is based on the company's predetermined EBITDA target in the financial statements for 2021. The share scheme's possible reward for the two-year earning period 2022–2023 is based on the company's predetermined average earnings per share in the financial statements for the years 2022 and 2023. The share scheme's possible reward for both earning periods will be paid in May 2024.

The share scheme covers 16 individuals. The total amount of share rewards payable on the basis of the earning periods 2021 and 2022–2023 corresponds to a maximum of 155,000 Robit Plc shares, corresponding to 0.7% of the company's current share capital.

Share-based incentive scheme 2022–2024

On 15 February 2022, Robit Plc's Board of Directors decided on a performance-based share reward scheme for key personnel. On 24 March 2022, Robit Plc's Board of Directors decided to raise the upper limit of the share reward scheme due to the CEO change.

The share scheme includes earning periods of one and two years. The first earning period of the share scheme comprises the year 2022 and the second earning period comprises the years 2023–2024. The share scheme's potential reward for the one-year earning period 2022 is based on the company's predetermined EBITDA target in the financial statements for 2022. The share scheme's possible reward for the two-year earning period 2023–2024 is based on the company's predetermined average earnings per share in the financial statements for the years 2023 and 2024. The share scheme's possible reward for both earning periods will be paid in May 2025.

The share scheme covers 25 individuals. The total amount of share rewards payable on the basis of the earning periods 2022 and 2023–2024 corresponds to a maximum of 240,000 Robit Plc shares, corresponding to 1.1% of the company's current share capital.

Instrument	LTI 2020-2023	LTI 2021-2024	LTI 2022-2025	Total
Issuing date	30 Jun 2020	24 Jun 2021	24 Jun 2021	
Initial amount, pcs	441 760	157 500	240 000	839 260
Dividend adjustment	No	No	No	
Initial allocation date	11 Jun 2020	15 Jun 2021	2 Mar 2022	
Beginning of earning period	1 Jan 2020	1 Jan 2021	1 Jan 2021	
End of earning period	31 Dec 2021	31 Dec 2023	31 Dec 2024	
Vesting date	30 Apr 2024	30 Apr 2024	31 May 2025	
Vesting conditions	Net sales	EBITDA & EPS	EBITDA & EPS	
Maximum contractual life, years	3.8	2.9	3.4	
Remaining contractual life, years	1.3	1.4	2.4	
Number of persons at the end of year	14	16	25	
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	

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 state¬ment 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 2022	1 Jan - 31 Dec 2021
Operational exchange rate income	3 945	1 353
Other operating income	172	337
Total	**4 117**	**1 690**

Other operating expenses

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Administration costs	-6 885	-6 439
Lease payments	-17	-14
Premise expenses	-1 477	-1 279
Operational exchange rate expenses	-4 121	-1 306
Other operating expenses	-3 926	-3 832
Total	**-16 425**	**-12 871**

Auditor's fees

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Statutory fees	-336	-323
Tax consultancy	-57	-29
Other services	-5	-18
Total	**-397**	**-369**

Ernst & Young -company portion of statutory fees is 274 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.

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Depreciation by class		
Land and water	-53	-51
Buildings and constructions	-1 584	-1 590
Machinery and equipment	-2 524	-2 236
Other tangible assts	-316	-301
Total	**-4 477**	**-4 178**

Right of use asset (IFRS 16) depreciation amounted to 1 839 thousand (2021: 1 662).

EUR thousand	Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Amortization by class		
Customer relationships and brand	-888	-859
Intangible rights	-5	-69
Other intangible assets	-409	-408
Total	**-1 302**	**-1 336**

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 2022

No acquisitions in 2022.

Acquisitions in 2021

No acquisitions in 2021.

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	2022	2021
Carrying value on 1 January	5 487	5 134
Exchange differences	-284	353
Carrying value on 31 December	**5 203**	**5 487**

The table summarizes the allocation of goodwill to business units:

EUR thousand	2022	2021
Down the hole	5 115	5 399
Top Hammer	88	87
Total	**5 203**	**5 487**

The goodwill of Top Hammer cash-generating unit has been tested for impairment as of December 31, 2022. 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 9 137 thousand, which represents 18 % 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 9.2 % (2021: 7.2%) 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 11.9% (2021: 11.4 %) during the three-year forecasting period. The long-term EBITDA is expected to be 12.9% (2021: 14.0 %) 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% (2021: 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 14.8% (2021: 13.3 %). 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	11,9 %	6,8 %
Average EBITDA-margin (exceeding the three-year forecasting period)	12,9 %	11,4 %
Pre-tax discount rate	14,8 %	17,3 %

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 6.3% higher than the carrying amount:

Long-term growth rate exceeding the three-year forecasting period	Growth 1.5%	Growth 0.5%
Recovarable amount of cashflow exceeding carrying amount	18,1 %	13,8 %

The goodwill of **Down the Hole** cash-generating unit has been tested for impairment as of December 31, 2022. The company has reorganized its Down the Hole business unit and significant efficiency and cost benefits are expected in production and the supply chain. The company has two cash flow producing units (Top Hammer and Down the Hole).

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 11 094 thousand, which represents 40 % 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 10.2% (2021: 12.2 %) during the three-year forecast period. Net sales are 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 11.4% (2021: 9.9%) during the three-year forecasting period. The long-term EBITDA is expected to be 12.9% (2021: 12.6%) 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% (2021: 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 14.8% (2021: 13.3%). 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 the carrying amount if any of the key assumptions were to change as follows (keeping other assumptions constant):

Assumed values in goodwill impairment calculations, Down the Hole 2022		
	From	To
Average EBITDA-margin during the three-year forecast period	11.4 %	9.6 %
Average EBITDA-margin (exceeding the three-year forecasting period	12.9 %	10.7 %
Pre-tax discount rate	14.6 %	20.1 %

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 6.0% lower than the carrying amount:

Long-term growth rate exceeding the three-year forecasting period	Growth 1.5%	Growth 0.5%
Recovarable amount of cashflow exceeding carrying amount	40.4 %	34.4 %

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.

EUR thousand	Customer relation-ships	Brand	Intangible rights	Other intangible assets	Total
2022					
Cost on 1 January	5 935	881	754	5 861	13 432
Additions	0	0	43	89	131
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Exchange differences	-72	-46	0	-9	-127
Cost on 31 December	5 863	834	797	5 941	13 436
Accumulated amortization and impairment on 1 January	-4 454	-323	-720	-5 239	-10 737
Amortization	-830	-58	-5	-409	-1 302
Disposals And impairment	0	0	0	0	0
Exchange differences	73	19	0	9	101
Accumulated amortization and impairment on 31 December	-5 211	-362	-726	-5 640	-11 938
Net book amount on 1 January	**1 481**	**558**	**34**	**622**	**2 695**
Net book amount on 31 December	**653**	**473**	**72**	**301**	**1 498**

EUR thousand	Customer relationships	Brand	Intangible rights	Other intangible assets	Total
2021					
Cost on 1 January	5 788	823	669	5 810	13 091
Additions	0	0	86	38	124
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Exchange differences	147	58	-1	13	217
Cost on 31 December	5 935	881	754	5 861	13 432
Accumulated amortization and impairment on 1 January	-3 561	-247	-652	-4 268	-9 282
Amortization	-802	-57	-69	-211	-1 336
Disposals And impairment	0	0	0	0	0
Exchange differences	-92	-19	1	0	-119
Accumulated amortization and impairment on 31 December	-4 454	-323	-720	-4 478	-10 737
Net book amount on 1 January	**2 227**	**576**	**17**	**1 543**	**3 809**
Net book amount on 31 December	**1 481**	**558**	**34**	**1 383**	**2 695**

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 inclue 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 223 thousand in 2022 and EUR 436 thousand in 2021. Capitalized development expenses in the balance sheet amounted to EUR 436 thousand as of December 31st 2022 (2021: EUR 436 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 2021	21 058 936
Use of treasury shares to management compensation	13 000
Use of treasury shares to BoD compensation	19 500
At 31 Dec 2021	21 091 436
Use of treasury shares to management compensation	4 283
Use of treasury shares to BoD compensation	31 873
At 31 Dec 2022	21 127 592

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
On 1 Jan 2021	120 964
Use of treasury shares to management compensation	-13 000
Use of treasury shares to BoD compensation	-19 500
On 31 Dec 2021	88 464
Use of treasury shares to management compensation	-4 283
Use of treasury shares to BoD compensation	-31 873
On 31 Dec 2022	52 308

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 2022 and 2021.

Dividends

The annual general meeting resolution March 22, 2022 was not pay dividend in 2021. The annual general meeting resolution March 25, 2021 was not pay dividend in 2020.

Effect of hedging instruments on equity

EUR thousand	2022	2021
Fair value reserve on January 1st	45	0
Cash flow hedges		
Change in fair value recognized in other comprehensive income		
Interest rate swaps	848	56
Amount reclassified to profit or loss		
Interest rate swaps		
Tax effect	170	11
Fair value reserve on December 31st	678	45

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 of 31 December 2021 or 2020.

	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Profit attributable to the owners of the parent company (euros)	819 479	842 503
Weighted average number of shares (number of shares)	21 094 507	21 051 891
Basic and diluted earnings per share	**0,04**	**0,04**

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-22	31-Dec-21
Non-current borrowings		
Loans from credit institutions	22 073	25 182
Other loans	11	27
Lease contract liabilities	5 338	5 813
Total non-current borrowings	**27 423**	**31 022**

Current borrowings		
Loans from credit institutions	5 471	5 187
Other loans	0	170
Bank overdrafts	1 782	3 262
Lease contract liabilities	1 669	1 881
Total current borrowings	**8 922**	**10 500**
Total borrowings	**36 345**	**41 522**

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 27.5 million, of which EUR 22.0 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 3.0

Robit Plc agreed in June 2021 on the restructuring of EUR 30.0 million in loans with its main financing bank and of that EUR 30.0 million EUR 26.5 million was drawn and converted old loans. The net debt/EBITDA ratio according to the financing agreement at the next covenant review date on 31 December 2022 must not exceed 3.5. Robit amortized its loans by EUR 1.5 million in the end of June 2022 and by EUR 1.5 million at the end of December 2022. The interest rate margin on the financing agreement is 2.15%. Robit has EUR 7.7 million in cash assets at its disposal on 31 December 2022 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. Information regarding guarantees for the loans can be found in note 4.7.

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.

Bank overdrafts
The Group had EUR 1 782 thousand liability as of 31 December 2021 (2021: EUR 3 262 thousand) related to its credit facility agreement including a Finnish overdraft account. The limit of the bank overdraft on 31 December 2021 was EUR 6 000 thousand (2021: EUR 6 000 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-22	31-Dec-21
Cash and cash equivalents	-7 688	-9 525
Current loans	8 922	10 500
Non-current loans	27 423	31 022
Net debt	**28 657**	**31 996**
Cash	-7 688	-9 525
Gross debt - fixed interest rate	5 845	188
Gross debt - variable interest rate	30 500	41 522
Net debt	**28 657**	**31 996**

Changes in loans resulting from financial transactions

2022	Current leases	Non-current leases	Current loans	Non-current loans	Total
Debt on January 1st	1 881	5 813	8 619	25 209	41 522
Cash flows	-1 723	0	-3 455	0	-5 178
Changes in lease agreements	1 487	-475	0	0	1 012
Other	0	0	3 758	2 214	5 972
Total	**1 644**	**5 338**	**8 922**	**27 423**	**43 327**

2021	Current leases	Non-current leases	Current loans	Non-current loans	Total
Debt on January 1st	1 479	5 312	9 589	19 101	35 481
Cash flows	-1 838	0	-3 455	0	-5 293
Changes in lease agreements	2 240	501	0	0	2 741
Other	0	0	2 484	6 108	8 593
Total	**1 881**	**5 813**	**8 619**	**25 209**	**41 522**

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.

Derivatives

The Group uses derivative contracts to hedge interest rate risk. Derivative contracts are initially recognized at fair value and subsequently at fair value. Changes in the fair value of derivative contracts are recognized in financial items through profit or loss, unless they are designated as hedging instruments, in which case they are hedged in accordance with hedge accounting.

Hedge accounting can be used to reduce the volatility due to fair value measurement in the income statement. In this case, the asymmetry between the hedging instrument and the hedged item is eliminated when both affect the income statement simultaneously. When starting a hedging relationship subject to hedge accounting, the Group prepares a determination of the hedging relationship. the objective of risk management and the strategy for taking hedging.

EUR thousand	31-Dec-22	31-Dec-21
Carrying amounts of loans and receivables		
Loan receivables	80	100
Account and other receivables	22 342	25 337
Cash and cash equivalents	7 688	9 525
Total current	**30 110**	**34 962**
Loan receivables	248	287
Other receivables	848	56
Total non-current	**1 095**	**344**
Total	**31 205**	**35 305**

Loan receivables

Loan receivables previously reported as share loan receivables amounted to EUR 80 thousand as of 31 December 2022 (2021: EUR 182 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 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.

Derivatives

Fair values of derivative financial instruments 2022

Derivatives designated as cash flow hedges	Notional amount	Fair value assets	Fair value liabilities
Interest rate swaps			
Interest rate swap, EUR thousand	10.000	848	0

Fair values of derivative financial instruments 2021

Derivatives designated as cash flow hedges	Notional amount	Fair value assets	Fair value liabilities
Interest rate swaps			
Interest rate swap, EUR thousand	10.000	56	0

The fair values of interest rate swaps and interest rate derivatives are determined as the present value of the future cash flows based on market interest rates on the reporting date.

Financial instruments designated as hedging instruments

Cash flow hedges in 2022

				Maturity		
Interest rate swaps	2023	2024	2025	2026	2027-	Total
Hedged item: Floating rate EUR loan						
Notional amount, EUR thousand				10.000		10.000
Average fixed rate				0.325 %		0.325 %

Cash flow hedges in 2021

				Maturity		
Interest rate swaps	2022	2023	2024	2025	2026-	Total
Hedged item: Floating rate EUR loan						
Notional amount, EUR thousand					10.000	10.000
Average fixed rate					0.325 %	0.325 %

Effect of hedging instruments on the statement of financial position and statement of comprehensive income

EUR thousand	2022	2021
Notional amount	10 000	10 000
Assets		
Carrying amount	848	56
Line item in the statement of financial position	Trade and other receivables	Trade and other receivables
Liabilities		
Carrying amount	0	0
Line item in the statement of financial position	Trade and other payables	Trade and other payables
Change in value for recognizing hedge ineffectiveness		
Hedged item	-848	-56
Hedged instrument	848	56
Effective portion		
Amount recognized in other comprehensive income	633	45
Amount reclassified from the fair value reserve to profit or loss	0	0
Line item in the income statement	Financial items	Financial items

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.

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Finance income		
Foreign exchange gains on financing activities	2 257	912
Other finance income	13	10
Interest income on cash equivalents	7	1
Finance income total	2 277	924
Finance cost		
Foreign exchange losses on financing activities	-2 410	-844
Interest expenses on borrowings	-1 256	-1 150
Interest expense on deferred consideration	-37	-55
Other finance costs	-307	-204
Finance cost total	-4 010	-2 253
Finance income and costs total	**-1 733**	**-1 329**

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

Foreign exchange risk

The following table demonstrates the sensitivity to a reasonably possible change in the functional currency against the quote currency, with all other variables held constant, of the Group's profit before tax and equity due to changes in the fair value of financial assets and liabilities. A reasonably possible change is assumed to be a 10% functional currency appreciation or depreciation against the quote currency. A change of a different magnitude can also be estimated fairly accurately because the sensitivity is nearly linear.

	31 December 2022		31 December 2021	
	Functional currency		Functional currency	
	10 % stronger	10 % weaker	10 % stronger	10 % weaker
EUR thousand	Income statement	Income statement	Income statement	Income statement
Functional currency/Quote currency				
EUR/USD	-1 580	1 580	-814	814
EUR/AUD	-4	4	7	-7
EUR/GBP	-69	69	188	-188
EUR/WON	669	-669	643	-643
EUR/ZAR	-376	376	-264	264
EUR/RUB	0	0	-121	121

Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Majority of the Group's loans are with variables 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 and South Korean Won.

On 31 December 2022, 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 132 thousand lower as a result of higher interest expense on floating rate interest-bearing liabilities. Conversely, if interest rates had been 50 basis points lower with all other variables held constant, post-tax profit for the year would have been EUR 132 thousand higher as a result of lower interest expense on floating rate interest-bearing liabilities. Interest rate sensitivity has been calculated by shifting the interest curve by 50 basis points. The interest position includes all external variable rate interest-bearing liabilities.

	31 December 2022		31 December 2021	
	Interest rate		Interest rate	
	0,5 % higher	0,5 % higher	0,5 % higher	0,5 % matalampi
EUR thousand	Income statement	Income statement	Income statement	Tuloslaskelma
Impact of interest change	-132	132	-152	152

(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 2021 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-22	31-Dec-21
Not due	15 113	17 231
Overdue by		
Less than 30 days	2 542	2 200
30-60 days	960	597
61-90 days	191	271
More than 90 days	451	924
Total	**19 257**	**21 223**

The Group only has 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 529 thousand in financial year 2022 and EUR 836 thousand in 2021. 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 7 688 thousand as of 31 December 2022 (2021: EUR 9 525 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 2021 are monitored regularly. 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 was defined to be 3.5 on 31 December 2022 review date. The net interest-bearing debt/EBITDA ratio according to the financing agreement must not exceed 3.2. Robit Plc met the terms of the financing agreement on 31 December 2022.

The Group's equity ratio 46.5 % as of 31 December 2022 (2021: 42.2%) 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-22							
Financial liabilities							
Account payables	15 643	0	0	0	0	15 643	15 643
Lease liabilities	851	851	1 433	3 371	1 684	8 189	7 007
Loans from credit institutions	3 208	2 223	3 232	16 146	2 735	27 545	27 535
Bank overdrafts	1 782	0	0	0	0	0	1 782
Other loans	0	11	0	0	0	11	11
Total financial liabilities	21 484	3 086	4 665	19 517	4 419	51 389	51 978

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-21							
Financial liabilities							
Account payables	17 458	0	0	0	0	17 458	17 458
Lease liabilities	974	974	1 434	3 457	2 363	9 203	7 879
Loans from credit institutions	3 288	1 898	3 387	19 117	2 678	30 369	30 369
Bank overdrafts	3 262	0	0	0	0	3 262	3 262
Other loans	85	85	17	0	0	197	197
Total financial liabilities	25 067	2 957	4 849	22 574	5 042	60 488	59 165

Capital management

Robit defines capital as equity plus borrowings, as shown on the balance sheet per 31 December 2022, EUR 86 827 thousand (2021 EUR 82 942 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 46.5 (2020: 42.2) per cent and the ratio of net debt to adjusted EBITDA was 3.2 as of 31 December 2022.

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-22	31-Dec-21
Guarantees and mortgages given on own behalf:		
Enterprise mortgages	41 012	41 069
Real estate mortgages	7 414	7 136
Total	**48 425**	**48 205**

EUR thousand	31-Dec-22	31-Dec-21
Other guarantee liabilities	49	80
Total	**49**	**80**

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 twenty 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.

Obligations arising from these lease agreements are listed as liabilities in the balance sheet in accordance with IFRS 16, apart from liabilities arising from short-term and low-value contracts.

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 90 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 20 thousand.

The Group is obligated to revise the deductions it has made for the real estate investment completed in 2021 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2030. The maximum amount of the liability amounts to EUR 185 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
2022						
Cost on 1 January	1 021	20 265	27 561	2 208	2 740	53 794
Additions	0	315	1 083	232	621	2 251
Disposals	0	0	-5	-190	0	-195
Reclassifications	0	-86	3 335	88	-3 337	0
Exchange differences	5	-169	-222	122	-24	-288
Cost on 31 December	1 025	20 324	31 752	2 461	0	55 562
Accumulated depreciation and impairment on 1 January	-157	-6 363	-18 486	-1 393	0	-26 398
Depreciation	-53	-1 584	-2 524	-316	0	-4 477
Reclassifications	0	0	0	0	0	0
Disposals and impairment	0	0	5	126	0	131
Exchange differences	-4	121	220	-226	0	110
Accumulated depreciation and impairment on 31 December	-213	-7 826	-20 785	-1 809	0	-30 634
Net book amount on 1 January	865	13 902	9 075	815	2 740	27 396
Net book amount on 31 December	812	12 498	10 966	652	0	24 929

EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
2021						
Cost on 1 January	1 028	18 613	25 106	2 094	482	47 323
Additions	0	1 643	2 278	473	2 249	6 644
Disposals	0	0	-184	-98	0	-282
Reclassifications	0	-219	-6	-308	0	-533
Exchange differences	-7	228	366	47	9	643
Cost on 31 December	1 021	20 265	27 561	2 208	2 740	53 794
Accumulated depreciation and impairment on 1 January	-105	-5 036	-16 130	-1 411	0	-22 682
Depreciation	-52	-1 590	-2 236	-302	0	-4 180
Reclassifications	0	278	0	289	0	567
Disposals and impairment	0	0	158	69	0	227
Exchange differences	0	-15	-278	-37	0	-330
Accumulated depreciation and impairment on 31 December	-157	-6 363	-18 486	-1 393	0	-26 398
Net book amount on 1 January	922	13 577	8 976	683	482	24 641
Net book amount on 31 December	865	13 902	9 075	815	2 740	27 396

Right-of-use assets

	Right-of-use assets					
EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Total	Lease liabilities
As of 1 January 2022	701	5 166	1 400	414	7 681	7 694
Net changes	-1	113	767	-10	-665	711
Depreciation	-53	-1 215	-359	-194	-1 822	
Interest expense						-345
Payments						-1 215
As of 31 December 2022	649	3 837	1 808	229	6 524	6 983

	Right-of-use assets					
EUR thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Total	Lease liabilities
As of 1 January 2021	759	5 131	1 046	262	7 198	6 791
Net changes	-6	474	-489	319	299	2 593
Depreciation	-52	-976	-61	-167	-1 255	
Interest expense						-364
Payments						-1 320
As of 31 December 2021	701	5 166	1 400	414	7 681	7 694

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 some production machinery in UK 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-22	31-Dec-21
Materials and supplies	9 108	6 733
Work in progress	2 092	2 350
Finished goods	33 111	34 455
Total	**44 311**	**43 538**

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 1 817 thousand. The increase of the provision was EUR 439 thousand and the release EUR 193 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	31-Dec-22	31-Dec-21
On 1 January	1 817	1 573
Provision for impairment recognised during the year	680	439
Inventories written off during the year	-8	-0
Unused amounts reversed	-261	-193
On 31 Dec	2 227	1 817

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-22	31-Dec-21
Account receivables	19 257	21 223
Prepayments and accrued income	1 044	586
Other receivables*	2 041	3 527
Total	**22 342**	**25 337**

* Incl. mainly VAT receivables EUR 1 836 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.

EUR thousand	31-Dec-22	31-Dec-21
On 1 January	836	723
Provision for impairment recognised during the year	415	172
Receivables written off during the year as uncollected	-398	-40
Unused amounts reversed	-324	-19
On 31 Dec	529	836

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-22	31-Dec-21
Impairment losses		
Individually impaired receivables	-741	-40
Movement in provision for impairment	402	-103
	-339	-143

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-22	31-Dec-21
Account payables	15 643	17 458
Accrued expenses	4 041	4 145
Other*	232	1 675
Total	**19 916**	**23 278**

**Mainly VAT liability*

Material items included in accrued expenses:

EUR thousand	31-Dec-22	31-Dec-21
Accrued salaries	1 241	1 268
Accrued social security costs	216	312
Accrued interests	13	9
Other *	2 572	2 557
Total	**4 041**	**4 145**

* 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 3 thousand on 31 December 2022 (2021: EUR 0 thousand).

Movements in the provision for warranty provisions

EUR thousand	31-Dec-22	31-Dec-21
On 1 January	0	89
Provision for warranty costs recognised during the yea	200	64
Warranty costs during the year	-197	-70
Unused amounts reversed	0	-82
On 31 Dec	3	0

5.6 Advance Payments Received

Advance payments received amounted to EUR 145 thousand as of 31 December 2021 (2021: EUR 771 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.

The exchange differences charged/credited to the statement of comprehensive income are as follows:

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Included in EBIT /operating profit	-176	47
In finance income and expenses	-154	57
Total	**-330**	**104**

Group's subsidiaries as of 31 December 2022 and 2021 were as follows:

	Parent % 31 Dec 2022	Parent % 31 Dec 2021	Group % 31 Dec 2022	Group % 31 Dec 2021
Halco Brighouse Ltd, UK, Parent Robit UK			100 %	100 %
Halco Drilling Ltd UK, Parent Robit UK*			100 %	100 %
Robit Rocktools Ab, Sweden****		100 %		100 %
Robit Africa Holdings Ltd, South-Africa*	100 %	100 %	100 %	100 %
Robit Asia Ltd, Hong Kong	100 %	100 %	100 %	100 %
Robit Australia Pty Ltd, Australia**	100 %	100 %	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 S.A.C, Peru, 1% owned by Robit Inc	99 %	99 %	100 %	100 %
Robit SA, South Africa***	74 %	74 %	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.

** Robit Australia Pty Ltd merged with Robit Australia Holdings Ltd in 2021, after which the company's name was changed to Robit Australia Pty Ltd.

*** 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. The purpose and nature of the arrangement is to remunerate certain employees of Robit SA. This arrangement is accounted as a remuneration.

**** Robit Rocktools Ab has been liquidated in December 2022.

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 2022	1 Jan - 31 Dec 2021
Current tax:		
Current tax on profits for the year	-528	-351
Adjustments in respect of prior years	-5	18
Total current tax expense	-533	-333
Deferred tax:		
Decrease (-) / increase (+) in deferred tax assets	-171	281
Decrease (+) / increase (-) in deferred tax liabilities	250	187
Total deferred tax expenses	-80	468
Income tax expense	**-453**	**135**

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Profit before tax	**1 338**	**751**
Tax calculated at Finnish tax rate	-268	-151
Tax effect of:		
Effect of other tax rates for foreign subsidiaries	9	8
Expenses not deductible for tax purposes	-505	-439
Income not subject to tax	56	-125
Unrecognized deferred tax assets from tax losses	112	46
Utilization of previously unrecognized tax losses	560	821
Adjustment in respect of prior years	-418	-25
Taxes in income statement	**-453**	**135**

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	31-Dec-22	31-Dec-21
As of 1 of January	1 234	732
Recognized in profit or loss	79	468
Recognized in equity	-141	-11
Exchange rate differences	0	46
As of 31 of December	1 172	1 234

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	Recignised directly to equity	Acquisition of subsidiaries	Exchange rate differences	At 31 Dec
2021						
Deferred tax assets						
Inventories	517	-33	0	0	1	485
Employee benefits	285	36	0	0	0	323
Property, plant and equipment	228	-57	0	0	2	169
Tax losses	528	-109	0	0	-1	419
Other	578	-9	0	0	20	589
Total	2 137	-171	0	0	21	1 986
Set-off of deferred taxes	-211					-127
Deferred tax assets, net	1 926					1 859

	At 1 Jan	Recognized in profit or loss	Recignised directly to equity	Acquisition of subsidiaries	Exchange rate differences	At 31 Dec
2021						
Deferred tax liabilities						
Property, plant and equipment	414	2	141	0	9	566
Intangible assets	674	-252	0	0	0	422
Other items	-182	-1	0	0	12	-171
Total	905	-250	141	0	21	818
Set-off of deferred taxes	-211					-127
Deferred tax liabilities, net	694					691

EUR thousand	At 1 Jan	Recognized in profit or loss	Recignised directly to equity	Acquisition of subsidiaries	Exchange rate differences	At 31 Dec
2021						
Deferred tax assets						
Inventories	274	216	0	0	27	517
Employee benefits	320	-38	0	0	2	285
Property, plant and equipment	201	10	0	0	17	228
Tax losses	514	0	0	0	14	528
Other	473	92	0	0	14	578
Total	**1 782**	**281**	**0**	**0**	**75**	**2 137**
Set-off of deferred taxes	-254					-211
Deferred tax assets, net	**1 528**					**1 926**

2021	At 1 Jan	Recognized in profit or loss	Recignised directly to equity	Acquisition of subsidiaries	Exchange rate differences	At 31 Dec
Deferred tax liabilities						
Property, plant and equipment	356	46	0	0	12	414
Intangible assets	909	-254	0	0	19	674
Other items	-213	22	11	0	-2	-182
Total	**1 052**	**-187**	**11**	**0**	**29**	**905**
Set-off of deferred taxes	-254					-211
Deferred tax liabilities, net	**798**					**694**

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 of 31 December 2019 was 27.06% (27.06 % as of 31 December 2021). 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 2022 and 2021 to the Board of Directors were as follows:

EUR Thousand	2022	2021
Harri Sjöholm	61.3	59.8
Mammu Kaario	5.5	41.8
Markku Teräsvasara	36.5	-
Eeva-Liisa Virkkunen	38.5	-
Kalle Reponen	5.5	42.7
Mikko Kuitunen	40.0	38.3
Anne Leskelä	44.0	41.6
Kim Gran	42.3	40.8
Total	**273.6**	**264.9**

Remuneration to the Chairman of the Board of Directors is EUR 50 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 restrictions in the shareholdings granted as the annual board fee.

Total 31 873 shares were granted to the Board of Directors during year 2022. Board members are not in employment relationship nor in business relationship with the company.

As annual board fee 7 968 shares were granted to the chairman of the board Harri Sjöholm and 4 781 shares to Markku Teräsvasara, Kim Gran, Anne Leskelä, Eeva-Liisa Virkkunen and Mikko Kuitunen.

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 2022 to the CEO, Arto Halonen, amounted to EUR 171 thousand. During the financial year, 4 283 shares, which is worth of EUR 11 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. Tommi Lehtonen was paid EUR 125 thousand of salary, remuneration and other fringe benefits. In addition, a pension scheme fee of 8 thousand was paid.

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 2022 and 2021 were as follows:

Compensation to other management

EUR thousand	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Salaries and other short-term employee benefits	646	298
Share-based payments	-	16
Total	646	314

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 2022 relating to share-based incentive programs. During 2021 management team received 3 000 shares as a part of a share-based incentive program. For more information on the share-based incentive program, see section 2.3.

Share holdings of the board of directors and the management

The total number of shares was 21 179 900 as of 31 December 2022 (2021: 21 179 900). The shareholding of the management was as follows:

Shareholding of management as of 31.12.2022	Shares	Percentages of shares
Members of the Board of directors	5 841 836	27.58 %
Harri Sjöholm *	5 767 395	27.23 %
Kim Gran	31 007	0.15 %
Mikko Kuitunen	17 865	0.08 %
Anne Leskelä	11 007	0.05 %
Eeva-Liisa Virkkunen	9 781	0.05 %
Markku Teräsvasara	4 781	0.02 %
CEO	24 493	0.12 %
Other members of the management team	42 550	0.20 %
Total	5 908 879	27.90 %

*27,06% 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 have affected the Financial Statements.

Parent Company Financial Statements

Robit Plc
Business ID: 0825627-0

Robit Plc (parent company) **Income statement**	**1.1.- 31.12.2022** €	**1.1.- 31.12.2021** €
Net sales	**3 901 620,81**	**5 771 749,21**
Other operating income	486 214,80	513 470,95
Personnel expenses		
Wages and salaries	-1 557 353,03	-1 679 719,50
Indirect personnel expenses		
Pension expenses	-222 786,15	-236 330,58
Other indirect security expenses	-47 027,90	-50 888,14
Total personnel expenses	-1 827 167,08	-1 966 938,22
Depreciation and amortisation		
Depreciation according to plan	-1 002 060,23	-1 094 208,51
Other operating expenses	-3 987 212,82	-7 024 524,32
OPERATING PROFIT (LOSS)	**-2 428 604,52**	**-3 800 450,89**
Financial income and expenses		
Financial income and expenses		
Other interest and financial income		
From group companies	1 057 936,76	1 401 102,84
From others	1 191 831,89	1 082 787,90
Interest and other financial expenses		
Impairment of investments	0,00	0,00
To group companies	-172 186,59	-807 890,06
To others	-971 585,92	-772 931,34
Total financial income and expenses	1 105 996,14	903 069,34
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**-1 322 608,38**	**-2 897 381,55**
Appropriations		
Change in depreciation difference, increase (-) or decrease (+)	-27 810,57	-18 570,84
Group contribution	2 850 000,00	1 397 000,00
Income taxes	-20 839,09	0,00
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**1 478 741,96**	**-1 518 952,39**

1 Jan - 31 Dec 2022

Robit Plc
Business ID: 0825627-0

Balance sheet

Assets	Dec 31, 2022	Dec 31, 2021
NON-CURRENT ASSETS		
Intangible assets		
Development costs	230 701,47	435 744,84
Intellectual property rights	295 716,26	360 185,93
Other non-current expenses	1 306 090,69	1 661 404,37
Total non-current assets	1 832 508,42	2 457 335,14
Tangible assets		
Land and waters areas	195 178,87	195 178,87
Buildings and structures	3 674 748,16	3 823 943,21
Machinery and equipment	35 353,76	59 728,10
Other tangible assets	1 590,79	18 405,01
Total tangible assets	3 906 871,58	4 097 255,19
Investments		
Shares in group companies	52 159 088,57	52 164 794,18
Total investments	52 159 088,57	52 164 794,18
Total non-current assets	57 898 468,57	58 719 384,51
Current assets		
Receivables		
Long-term		
Receivables from group companies	23 119 455,40	25 459 409,03
Loan receivables	153 749,30	178 620,16
Long-term receivables total	23 273 204,70	25 638 029,19
Short-term		
Receivables from group companies	12 020 546,95	13 032 156,50
Trade receivables	0,00	0,00
Loan receivables	78 881,07	98 820,99
Other receivables	15 940,50	20 598,41
Accrued income	400 627,91	116 755,30
Short-term receivables total	12 515 996,43	13 268 331,20
Securities		
Other shares	1 602 891,85	3 422 256,29
Financial assets		
Cash and equivalents	261,08	734,47
Total current assets	37 392 354,06	42 329 351,15
TOTAL ASSETS	95 290 822,63	101 048 735,66

Robit Plc
Business ID: 0825627-0

Rob		
Tase	1.1.- 31.12.2022	1.1.- 31.12.2021
VASTATTAVAA	€	€
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	85 202 252,88
Retained earnings (loss)	-25 102 807,27	-23 674 168,30
Profit (loss) for the financial year	1 478 741,96	-1 518 952,39
Total equity	62 485 038,22	60 915 982,84
Accrued appropriations		
Depreciation difference	434 093,83	406 283,26
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	19 009 791,00	22 019 584,00
Total long-term liabilities	19 009 791,00	22 019 584,00
Short-term liabilities		
Loans from financial institutions	4 791 690,54	6 271 694,53
Accounts payable	492 159,25	507 923,50
Payables to group companies	7 585 390,42	10 423 401,74
Other liabilities	244 658,29	207 723,33
Accrued liabilities	248 001,08	296 142,46
Total short-term liabilities	13 361 899,58	17 706 885,56
Short-term liabilities total	32 371 690,58	39 726 469,56
TOTAL EQUITIES AND LIABLITIES	95 290 822,63	101 048 735,66

Robit Plc
Business ID: 0825627-0

Cash flow statements (parent company)	1.1.- 31.12.2022	1.1.- 31.12.2021
Cash flow from operations:		
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-2 428 605	-3 800 451
Adjustments:		
Depreciation according to plan	1 002 060	1 112 779
Financial income and expenses		
Other adjustments	-93 152	823 171
Cash flow before changes in working capital	**-1 519 696**	**-1 864 500**
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	2 055 185	361 291
Increase (-) or decrease (+) in inventories		
Increase (-) or decrease (+) in trade payables	-4 517 173	-3 114 943
Cash flow from operations before taxes	**-3 981 684**	**-4 618 152**
Interest paid and other finance costs from operations	-857 099	-1 014 788
Interests and other financial income from operations	762 502	134 310
Direct income taxes paid	-20 839	0
Cash flow from operations (A)	**-4 097 120**	**-5 498 630**
Cash flows from investing activities:		
Investments in tangible and intangible items	-186 850	-1 011 593
Investments in group companies		
Granted subsidiary loans		
Repayment of loan receivables	2 594 989	1 379 838
Changes in long-term receivables	15 003	37 080
Cash flow from investments (B)	**2 423 143**	**405 325**
Cash flows from investing activities	**-1 673 978**	**-5 093 305**
Cash flows from investing activities		
Proceeds from financial instruments and deposits	1 800 000	2 500 000
Changes in short-term loans	-3 009 793	-24 078 015
Changes in long-term loans		26 500 000
Changes of own shares	90 313	129 333
Received intra-group financial support / dividend	2 792 984	
Cash flow from financing (C)	**1 673 504**	**5 051 318**
Change in cash and cash equivalents (A+B+C)	**-473**	**-41 987**
Cash and cash equivalents at beginning of financial year	734	42 722
Cash and cash equivalents at the end of financial year	261	734
Cash and cash equivalents according to balance sheet	**473**	**41 987**

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
Harri Sjöholm, Kim Gran, Anne Leskelä, and Mikko Kuitunen were elected to the company's board as old members. Eeva-Liisa Virkkunen and Markku Teräsvasara were elected as new members of the board. 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:

	31.12.2022	31.12.2021
Domestic	1 119 323	1 053 619
European community		393 569
Other countries	2 782 298	4 324 561
Total	3 901 621	5 771 749

Personnel information

Average count of personnel		
Office workers	9	12

Salaries of Members of the Board of Directors and managing director

	31.12.2022	31.12.2021
CEO Tommi Lehtonen (until 15.3.2022)	200 045	217 234
CEO Arto Halonen (since 15.3.2022)	192 299	

	2022	2021
Members of the Board of Directors		
Harri Sjöholm	61 250	59 750
Kalle Reponen	5 500	42 676
Mammu Kaario	5 500	41 847
Mikko Kuitunen	40 000	38 250
Anne Leskelä	44 000	41 553
Kim Gran	42 250	40 820
Markku Teräsvasara (since 22.3.2022)	36 500	
Eeva-Liisa Virkkunen (since 22.3.2022)	38 500	
	273 500	264 897

Auditors' fees detail

1) Statutory audit	94 567	100 971
2) Assignments according to the Auditing act 1,1 §		
3) Tax consulting		
4) Other services	3 470	3 000
	98 037	103 971

Depreciation according to plan by balance sheet items

Development costs	205 043,37	210 796,46
Intellectual property rights	153 861,17	198 032,54
Other non-current expenses	397 313,68	433 044,36
Buildings	204 653,45	181 916,66
Machinery and equipment	24 374,34	52 468,77
Other tangible assets	16 814,22	17 949,72
	1 002 060,23	1 094 208,51

Tangible and intangible assets	**31.12.2021**	**31.12.2021**
Development costs		
Acquisition cost 1.1.	2 303 239,45	2 286 036,24
Additions		17 203,21
Reclassification	0,00	0,00
Acquisition cost 31.12.	2 303 239,45	2 303 239,45
Accumulated depreciation 1.1.	-1 867 494,61	-1 656 698,15
Depreciation for the financial period	-205 043,37	-210 796,46
Book value 31.12.	230 701,47	435 744,84
Intangible assets		
Acquisition cost 1.1.	1 297 998,55	1 204 196,16
Additions	89 391,50	93 802,39
Reclassification	0,00	0,00
Acquisition cost 31.12.	1 387 390,05	1 297 998,55
Accumulated depreciation 1.1.	-937 812,62	-739 780,08
Depreciation for the financial period	-153 861,17	-198 032,54
Book value 31.12.	295 716,26	360 185,54
Other non-current expenses		
Acquisition cost 1.1.	7 086 453,80	7 073 453,80
Additions	42 000,00	13 000,00
Reclassification	0,00	0,00
Acquisition cost 31.12.	7 128 453,80	7 086 453,80
Accumulated depreciation 1.1.	-5 425 049,43	-4 992 005,07
Depreciation for the financial period	-397 313,68	-433 044,36
Book value 31.12.	1 306 090,69	1 661 404,37
Land and water areas		
Acquisition cost 1.1.	195 178,87	163 040,87
Additions		32 138,00
Book value 31.12.	195 178,87	195 178,87
Buildings and structures	**31.12.2022**	**31.12.2021**
Acquisition cost 1.1.	6 197 984,20	5 342 534,67
Additions	55 458,40	855 449,52
Acquisition cost 31.12.	6 253 442,60	6 197 984,20
Accumulated depreciation 1.1.	-2 374 040,99	-2 192 124,33
Depreciation for the financial period	-204 653,45	-181 916,66
Book value 31.12.	3 674 748,16	3 823 943,21
Machinery and equipment		
Acquisition cost 1.1.	2 308 377,55	2 308 377,55
Acquisition cost 31.12.	2 308 377,55	2 308 377,55
Accumulated depreciation 1.1.	-2 248 649,45	-2 196 180,68
Depreciation for the financial period	-24 374,34	-52 468,77
Book value 31.12.	35 353,76	59 728,10

Other tangible assets	31.12.2022	31.12.2021
Acquisition cost 1.1.	99 065,05	99 065,05
Acquisition cost 31.12.	99 065,05	99 065,05
Accumulated depreciation 1.1.	-80 660,04	-62 710,32
Depreciation for the financial period	-16 814,22	-17 949,72
Book value 31.12.	1 590,79	18 405,01

Shares in subsidiaries

Opening balance 1.1.	52 164 794,18	52 164 794,18
Additions	0,00	0,00
Deductions x)	-5 705,61	0,00
Nook value31.12.	52 159 088,57	52 164 794,18

x) Robit Ab, Sweden, write-down 2022

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

	31.12.2022 Share %	31.12.2021 Share %
Robit Ab, Sweden 3)		100 %
Robit Korea LTD, Korea	100 %	100 %
Robit OOO, Russia	100 %	100 %
Robit Inc. USA	100 %	100 %
Robit SA Ltd, South Africa 4)	74 %	74 %
Robit S.A.C, Peru 1)	99 %	99 %
Robit Africa Holdings Ltd, South Africa 2)	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 %

Subsidiaries owned by the Group companies of which the ownership exceeds 20%

Robit Australia Pty Ltd, Australia 100%, parent company Robit Australia Holdings Pty Ltd
Robit USA LLC 100%, parent company Robit INC.
Halco Drilling Ltd UK 100%, parent company Robit UK Ltd
Halco Brighouse Ltd, UK 100%, parent company Robit UK Ltd

1) 1% ownership of Robit INC, USA

2) Robit Africa Holdings Ltd and Robit Ab have been left unconsolidated of the rest of the group because they do not have material operations.

3) Robit Rocktools AB was liquidated in December 2022

4) In 2015, Robit SA established a trust in South Africa called the Black Employees Empowerment Trust ("Trust"). The purpose of the Trust is to support Robit SA's local colored workers and create better business opportunities for Robit in South Africa. Robit SA conducted a directed share emission for the trust. As a result, the foundation owns 26% of Robit SA's shares. However, Robit SA is deemed to have control over the trust. The purpose and nature of the arrangement is to reward certain employees of Robit SA. The arrangement is treated as remuneration.

	31.12.2022	31.12.2021
Receivables from group companies		
Trade receivables	5 869 693,23	7 334 239,97
Group loan receivables	23 119 455,40	25 459 409,03
Other group receivables	6 150 853,72	5 697 916,53
	35 140 002,35	38 491 565,53
Loans from group companies		
Account payables	236 380,68	2 156 581,35
Groups loans	4 424 371,59	6 584 693,28
Other accruals	2 924 638,15	1 682 127,11
	7 585 390,42	10 423 401,74
Material items in receivables carried forward		
Personnel cost accruals	219 580,99	290 690,94
Other accruals	28 420,09	5 451,52
	248 001,08	296 142,46
Changes of equity during the financial period		
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	85 202 252,88	85 202 252,88
Treasury shares x)	0,00	0,00
Invested unrestricted equity fund 31.12	85 202 252,88	85 202 252,88
Retained earnings of previous periods 1.1.	-23 674 168,30	-18 917 344,10
Prior year loss	-1 518 952,39	-4 886 157,58
Acquisition/distribution of own shares	90 313,42	129 333,38
Adjustment to previous period	0,00	0,00
Retained earnings 31.12	-25 102 807,27	-23 674 168,30
Profit / loss for the period	1 478 741,96	-1 518 952,39
	-23 624 065,31	-25 193 120,69
Restricted equity	906 850,65	906 850,65
Distributable shareholders´ equity	61 578 187,57	60 009 132,19
Shareholders' equity	**62 485 038,22**	**60 915 982,84**
Distributable equity		
Invested unrestricted equity fund	85 202 252,88	85 202 252,88
Retained earnings of previous periods	-25 102 807,27	-23 674 168,30
Profit / loss for the period	1 478 741,96	-1 518 952,39
Capitalised R&D expenses	-230 701,47	-435 744,84
	61 347 486,10	**59 573 387,35**

	31.12.2022	31.12.2021
Accrued appropriations		
Depreciation difference, buildings	402 865,28	385 191,65
Depreciation difference, machinery and equipment	31 228,55	21 091,61
	434 093,83	**406 283,26**

Deferred tax assets and liabilities not presented in balance sheet

Deferred tax asset from recognized losses	3 260 691,24	3 306 593,52
Deferred tax liabilities from depreciation differences	86 818,77	81 256,65

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

	31.12.2022	31.12.2021
All shares are of the same class	21 179 900 shares	21 179 900 shares

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

	31.12.2022	31.12.2021
Receivables (before classified as receivables from shareholders)	170 590,64	195 461,48
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

	31.12.2022	31.12.2021
Of own debts and liabilities		
Business mortgages pledged as a security	41 068 787,90	41 068 787,90
Real estate mortgages pledged as a security	2 856 000,00	2 856 000,00
	43 924 787,90	42 924 787,90
Amount of loan		
Loans from financial institutions	22 019 584,00	25 029 377,00

The covenants relating to loans

The Company has financial institution loans of EUR 22,0 million related with following covenants:

1) The group's net liabilities may not exceed 3.5 times the EBITDA.
2) Equity ratio of at least 32.5%
3) Negative pledge clause

The company pays interest margin of 2.15%. The company paid a total of 3.0 million euros in amortizations of its loans in June and December 2022.

Lease liabilities

	31.12.2022	31.12.2021
Items to be paid pursuant to the lease agreements		
During the following financial period	40 008,03	58 943,02
In later periods	127 918,36	218 573,17
Total	167 926,39	277 516,19

Lease liabilities related to company cars and computers.

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

Other liabilities	31.12.2022	31.12.2021
Guarantee liabilities	46 000,00	77 152,13

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 72.355,65.

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 16.621,12.

The company is obligated to revise the deductions of value added tax it has made for the real estate investment completed in 2021 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2030. The maximum amount of the liability amounts to EUR 164.246,31.

The company is obligated to revise the deductions of value added tax it has made for the real estate investment completed in 2022 in case the taxable use of the real estate diminishes during the revision period. The last revision year will be 2031. The maximum amount of the liability amounts to EUR 11.979,01.

Related party transactions

Company did not do any transactions that were out of normal business activities during 2022 with related parties.

More details of related party transactions in the group report.

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

Robit Plc
Business ID: 0825627-0

Date and place

Helsinki, February 20th, 2023

Harri Sjöholm
Chairman of the Board

Mikko Kuitunen
Board member

Anne Leskelä
Board member

Kim Gran
Board member

Eeva-Liisa Virkkunen
Board member

Markku Teräsvasara
Board member

Arto Halonen
CEO

The auditor's note

Our auditor´s report has been issued today.

Helsinki February 20th, 2023

Ernst & Young Oy
Authorized Public Accountants

Toni Halonen
Authorized Public Accountant

List of accounting books and record formats and storage methods

Robit Plc
Business ID: 0825627-0

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 slips and pay sheets on CD
Balance sheet book	Separately bound
Itemisations of balance sheet	Separately bound

Voucher		Method of storage
Accounting voucher	00	Paper documents
Projects	01	Paper documents
Sampo USD	09	Paper documents
Nordea	10	Paper documents, statements of account on CD
Cash vouchers	11	Paper documents, statements of account on CD
Nordea USD -193	12	Paper documents
Nordea -211	13	Paper documents, statements of account on CD
Nordea -823	14	Paper documents, statements of account on CD
Sampo	16	Paper documents, statements of account on CD
Sampo CAD	17	Paper documents
Handelsbanken	18	Paper documents
Osuuspankki	19	Paper documents, statements of account on CD
VAT vouchers	20	CD
Sales invoices	30	Paper documents
Account sales, non-ledger	32	Paper documents
Account sales, payments	35	Paper documents
Purchasing invoices, WF	53	CD
Salaries	60	Paper documents
Financial statement receipts	95	Paper documents
Note vouchers	0	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 2022. 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 the 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 and in note Auditors' fees detail to the parent company 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.

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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
Revenue recognition *We refer to the Group's accounting principles and the note 2.1.* Robit Group's revenues in 2022 amounted to 112 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. The Group focuses on revenue as a key performance measure which could create the incentive for revenue to be recognized too early. 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).	Our audit procedures to address the risk of material misstatement relating to revenue recognition included, among others: • 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.
Goodwill valuation *We refer to the Group's accounting principles and the note 3.2.* At the financial statement date, the value of Robit Group's goodwill amounted to 5,2 million euros representing 5 % of total assets and 10 % of total equity. 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. 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.	Our audit procedures to address the risk of material misstatement relating to goodwill valuation included, among others: • 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.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of trade receivables *We refer to the Group's accounting principles and the notes 4.4, 4.6 and 5.3.* 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, 2022, the carrying value of trade receivables amounted to 19,3 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.	We performed, among others, the following audit procedures: • 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 analyzed 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.

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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.

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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 ten 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, 20th February 2023

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	= Profit (loss) for the financial year / Amount of shares adjusted with the share issue (average during the financial year)
Return on equity,%	= Profit (loss) for the financial year / Equity (average during the financial year) x 100
Return on capital employed (ROCE),%	= Profit before appropriations and taxes + interest expenses and other financing expenses / Equity (average during the financial year) + interest-bearing financial liabilities (long-term and short-term loans from financial institutions, average during the financial period) x 100
Net interest-bearing debt	= Long-term and short-term loans from financial institutions – cash and cash equivalents – short-term financial securities
Equity ratio,%	= Equity / Balance sheet total – advances received x 100
Gearing,%	= Net interest-bearing financial liabilities / Equity x 100

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If You have any feedback or comments on Robit's annual report 2022, please contact via e-mail investors@robitgroup.com