Robit

Half-Year Report

January – June 2023

ROBIT PLC STOCK EXCHANGE RELEASE 1 AUGUST 2023 AT 11.10 A.M.

ROBIT PLC HALF-YEAR REPORT 1 JANUARY–30 JUNE 2023: NET SALES AND PROFITABILITY IMPROVED FROM THE BEGINNING OF THE YEAR, FURTHER IMPROVEMENT STILL NEEDED

In the text, 'review period' refers to 1 April–30 June 2023 (Q2), and 'H1' refers to 1 January–30 June 2023. Figures from the corresponding time period in 2022 are given in parentheses. All the figures presented are in euros. Percentages are calculated from thousands of euros.

1 April–30 June 2023 in brief

- Net sales EUR 24.4 million (31.0), change -21.4 percent
- EBITDA EUR 1.3 million (4.1), 5.5 percent of net sales (13.1)
- Adjusted EBITDA EUR 1.5 million (4.1), 6.0 percent of net sales (13.1)
- EBITA EUR 0.3 million (2.8), 1.0 percent of net sales (9.2)
- Adjusted EBITA EUR 0.4 million (2.8), 1.5 percent of net sales (9.2)
- EBIT EUR 0.0 million (2.6), 0.2 percent of net sales (8.4)
- Review period net income EUR -0.7 million (2.1), -3.0 percent of net sales (6.7)
- Net cash flow for operating activities EUR 3.4 million (1.4)

1 January–30 June 2023 in brief

- Net sales EUR 46.3 million (57.3), change -19.2 percent
- EBITDA EUR 1.4 million (5.0), 3.0 percent of net sales (8.7)
- Adjusted EBITDA EUR 1.5 million (5.0), 3.3 percent of net sales (8.7)
- EBITA EUR -0.9 million (2.6), -2.0 percent of net sales (4.5)
- Adjusted EBITA EUR -0.8 million (2.6), -1.8 percent of net sales (4.5)
- EBIT EUR -1.3 million (1.3), -2.9 percent of net sales (3.7)
- Review period net income EUR -2.4 million (1.3), -5.2 percent of net sales (2.3)
- Net cash flow for operating activities EUR 2.0 million (1.0)
- Equity ratio at the end of the review period 45.0 percent (45.7)

Key financials	Q2 2023	Q2 2022	Change %	H1 2023	H1 2022	Change %	2022
Net sales, EUR 1 000	24 376	31 025	-21.4%	46 309	57 328	-19.2%	111 962
EBITDA, EUR 1 000	1 332	4 062	-67.2%	1 393	4 984	-72.1%	8 851
EBITDA, % of net sales	5.5%	13.1%		3.0%	8.7%		7.9%
Adjusted EBITDA, EUR 1 000	1 462	4 062	-64.0%	1 523	4 984	-69.5%	8 851
Adjusted EBITDA, % of net sales	6.0%	13.1%		3.3%	8.7%		7.9%
EBITA, EUR 1 000	255	2 844	-91.0%	-919	2 571	-135.8%	3 959
EBITA, % of net sales	1.0%	9.2%		-2.0%	4.5%		3.5%
Adjusted EBITA, EUR 1 000	361	2 844	-87.3%	-814	2 571	-131.6%	3 959
Adjusted EBITA, % of net sales	1.5%	9.2%		-1.8%	4.5%		3.5%
EBIT, EUR 1 000	48	2 619	-98.2%	-1 340	2 127	-163.0%	3 071
EBIT, % of net sales	0.2%	8.4%		-2.9%	3.7%		2.7%
Result for the period, EUR 1 000	-741	2 082	-135.6%	-2 411	1 333	-280.9%	885
Result for the period, % of net sales	-3.0%	6.7%		-5.2%	2.3%		0.8%
Earnings per share (EPS), EUR 1 000	-0.03	0.09		-0.12	0.05		0.04
Return on equity (ROE), %				-10.1%	4.5%		1.6%
Return on capital employed (ROCE), %				-4.2%	4.2%		3.5%

MARKET OUTLOOK FOR 2023

Robit expects the global mining industry demand to remain at the current level. The company sees demand in the construction industry remaining at a weaker level than in 2022 for longer than previously anticipated, especially in Europe and Asia.

GUIDANCE FOR 2023

On 27 June 2023, Robit Plc lowered its earnings guidance for 2023. Robit Plc expects its net sales for 2023 to be EUR 90–100 million and its comparable EBITDA profitability in euros to be EUR 3–6 million.

According to the company's previous guidance, Robit expected net sales in 2023 to increase and comparable EBITDA profitability in euros to remain unchanged or improve slightly from 2022 when assuming that there are no significant changes in the exchange rates from the level at the end of 2022.

CEO ARTO HALONEN:

Market demand in the second quarter was below the comparison period. Weakening market in the construction industry, especially in Europe and Asia impacted the financial performance in the quarter. Market demand in the mining industry remained at a good level, but the company was unable to compensate for the lost sales in Russia from other market areas. Orders received totaled EUR 22.8 million, down by 14.2 percent from the comparison period.

Robit's net sales for the quarter were EUR 24.4 million (31.0), down 21.4 percent on the very strong corresponding period. In constant currencies, there was a decrease of 17.6 percent. The company's net sales declined in all market areas. In the EMEA region, the decrease was 2.0 percent. Sales in the region were supported by an active mining segment and new customers and distributors. Demand in the construction industry in Europe was lower than in the comparison period. In the Asia region, the decrease was 30.8 percent. The construction industry's relative share of net sales is higher in Asia than in the company's other markets. Due to the closure of the Russian business, sales in the East region decreased by EUR 4.0 million compared to the comparison period and thus significantly contributed to the decrease in net sales. The company has several customer tests under way in the East region and sales in the region are expected to grow from H1 levels in the second half of the year. Measures to strengthen the company's distributor network continued and during the quarter we announced, among other things, the signing of a distribution agreement with Sotreq, a strong player in the mining and civil engineering sector in Brazil.

Net sales in the Top Hammer business decreased by 16.8 percent in the second quarter. In the Asia region, Top Hammer sales were clearly down. In South Africa a major rebuilding of the organization was done slowing down sales during the quarter but improving company's capabilities to grow in the region in the future. Sales developed positively in Australia and EMEA. In the Geotechnical business, sales in the Americas increased, but sales in Europe, Geotechnical's other main market, declined due to weaker demand in the construction industry. Net sales in the Down the Hole business decreased by 33.1 percent. The decline was particularly due to lower deliveries to certain customers in the Americas and Australasia.

In the second quarter, comparable EBITDA was EUR 1.5 million (4.1), clearly below the very strong corresponding period. However, the company was able to improve profitability from the first quarter of the year as a result of the implemented savings actions. Profitability was particularly affected by the low utilisation rate of Down the Hole manufacturing and the increase in the realised purchase prices of raw materials, which were partially compensated with an increase in the sales prices. The company continues cost reductions in procurement as well as market-specific price adjustments. Exchange differences caused by changes in foreign exchange rates also weakened the company's EBITDA by EUR 0.6 million compared to the comparison period.

As part of the company's cost-savings programme, the decision was made to close production at the Perth plant. The plant's production will be transferred to the company's other plants. The Australian unit will focus on sales, maintenance and distribution in the local market. The estimated annual cost savings of the plan are around EUR 2 million and the costs related to the restructuring are expected to be around EUR 0.6 million. Overall, the company is targeting savings of around EUR 5 million from the 2022 level through the cost-savings programme, EUR 2-3 million of which is expected to be realised during this year. In order to strengthen cash flow, the company will continue the implementation of the Fit for Service programme, which focuses on the development of working capital management. As a result of the measures taken, the company's cash flow from operations strengthened to EUR 3.4 million (1.4) in the second quarter.

RESPONSIBILITY

Lost Time Incident Frequency (LTIF) developed positively in the review period, and the measures taken to improve safety bore fruit. A new tool for reporting safety findings, introduced last year, has increased the number of observations, which also improves safety awareness. In terms of emission intensity, the trend was negative, although the number of tonnes of CO2 has decreased.

	Emission intensity	Waste	Consultative sales hours per year	LTIF	Sustainable suppliers	Sustainable distributors
06/2023	**-10.6%**	**89%**	**754h**	**4.4**	**92%**	**77%**
12/2022	-26.0%	90%	714h	6.4	92%	80%
Target	**-50.0%**	**>90%**	**>1 000h**	**0.0**	**>90%**	**>90%**

NET SALES

Net sales by product area

In 2023, company is reporting its net sales for three business units: Top Hammer, Down the Hole and Geotechnical. Previously, the company reported the Geotechnical unit as part of the Down the Hole unit. For more information on the change, see the principles in the Notes.

EUR thousand	Q2 2023	Q2 2022	Change %	H1 2023	H1 2022	Change %	2022
Top Hammer	14 317	17 126	-16.4%	27 033	33 594	-19.5%	66 834
Down the Hole	5 095	7 618	-33.1%	10 363	13 270	-21.9%	25 083
Geotechnical	4 965	6 281	-20.9%	8 913	10 464	-14.8%	20 047
Yhteensä	**24 376**	**31 025**	**-21.4%**	**46 309**	**57 328**	**-19.2%**	**111 962**

The Group's net sales in Q2 totalled EUR 24.4 million (31.0), down 21.4 percent from the comparison period. In constant currencies, there was a decrease of 17.6 percent.

The Group's net sales in H1 totalled EUR 46.3 million (57.3), down 19.2 percent from the comparison period. In constant currencies, there was a decrease of 16.8 percent.

Top Hammer business net sales decreased by 16.4 percent, net sales for the review period being EUR 14.3 million (17.1). The decrease in net sales was particularly affected by the discontinuation of sales to Russia and weaker demand in the Asia region. Sales developed positively in Australasia and EMEA.

Down the Hole business net sales decreased by 33.1 percent, net sales for the review period being EUR 5.1 million (7.6). The decline was particularly due to lower deliveries to certain customers in the Americas and Australasia.

Geotechnical business net sales decreased by 20.9 percent, net sales for the review period being EUR 5.0 million (6.3). The decrease in net sales was particularly affected by the weaker demand in the construction industry in Europe. Sales developed positively in Americas due to increasing activity of distributors together with Robit personnel.

Robit FURTHER. FASTER.

Net sales by market area

EUR thousand	Q2 2023	Q2 2022	Change %	H1 2023	H1 2022	Change %	2022
EMEA	12 892	13 154	-2.0%	23 920	23 906	0.1%	48 651
Americas	5 556	6 658	-16.6%	10 547	13 260	-20.5%	26 349
Asia	2 234	3 231	-30.8%	4 430	6 083	-27.2%	11 686
Australasia	3 437	3 686	-6.8%	6 884	6 994	-1.6%	13 892
East	257	4 296	-94.0%	528	7 085	-92.5%	11 384
Yhteensä	**24 376**	**31 025**	**-21.4%**	**46 309**	**57 328**	**-19.2%**	**111 962**

The company's net sales declined in all market areas compared to Q2. The East region's turnover fell significantly due to the company's withdrawal from Russia. The company is no longer operating in Russia since 2023. Net sales also fell significantly in the Americas and Asia regions, where the company had a strong comparative period. In addition, exchange rates had a negative impact of 3.8 percent on the net sales.

In the first half of the year, net sales in EMEA were flat, with other markets down on a strong comparative period. In addition, exchange rates had a negative impact of 2.4 percent on the net sales.

PROFITABILITY

Key figures

EUR thousand	Q2 2023	Q2 2022	Change %	H1 2023	H1 2022	Change %	2022
EBITDA, EUR 1 000	1 332	4 062	-21.4%	1 393	4 984	-72.1%	8 851
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EBIT, EUR 1 000	48	2 619	-98.2%	-1 340	2 127	-163.0%	3 071
EBIT, % of net sales	0.2%	8.4%		-2.9%	3.7%		2.7%
Result for the period, EUR 1 000	-741	2 082	-135.6%	-2 411	1 333	-280.9%	885
Result for the period, % of net sales	-3.0%	6.7%		-5.2%	2.3%		0.8%

Comparable EBITDA for the second quarter was EUR 1.5 million (4.1) Comparable EBITDA's share of net sales was 6.0 percent (13.1). The company's EBIT was EUR 0.0 million (2.6). EBIT was 0.2 percent (8.4) of the review period's net sales.

Comparable EBITDA for the first quarter of the year was EUR 1.5 million (5.0) Comparable EBITDA's share of net sales was 3.3 percent (8.7). The company's EBIT was EUR -1.3 million (2.1). EBIT was -2.9 percent (3.7) of the review period's net sales.

The decline in profitability was mainly due to lower sales during the early part of the year. Cost pressures also continued in the second quarter due to globally increased raw material costs and cost inflation. The negative impact of exchange rate movements on EBITDA was EUR 0.9 million in the first half of the year. The company continues to invest in sales development and has launched a cost-savings programme to support the strengthening of profitability.

Financial income and expenses in the second quarter of the year totalled EUR -0.8 million (-0.5), of which EUR -0.7 million (-0.3) was interest expenses and EUR -0.1 million (-1.0) exchange rate changes. Net income for the quarter was EUR -0.7 million (2.1).

Financial income and expenses in H1 totalled EUR -1.2 million (-1.0), EUR -1.0 million (-0.7) of which was in interest expenses and EUR -0.1 million (-0.2) in exchange rate changes. Review period net income was EUR -2.4 million (1.3).

CASH FLOW AND INVESTMENTS

Consolidated cash flow statement

EUR thousand	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Net cash flows from operating activities					
Cash flows before changes in working capital	1 018	4 827	1 134	5 581	10 014
Cash flows from operating activities before financial items and taxes	3 928	1 739	3 256	1 772	7 277
Net cash inflow (outflow) from operating activities	3 363	1 440	2 027	1 047	5 556
Net cash inflow (outflow) from investing activities	73	-371	-387	-805	-1 057
Net cash inflow (outflow) from financing activities	-206	-1 617	-511	-3 111	-6 421
Net increase (+)/decrease (-) in cash and cash equivalents	3 229	-549	1 129	-2 869	-1 921
Cash and cash equivalents at the beginning of the financial year	5 461	7 185	7 688	9 525	9 525
Exchange gains/losses on cash and cash equivalents	-74	443	-201	422	84
Cash and cash equivalents at end of the year	**8 616**	**7 079**	**8 616**	**7 079**	**7 688**

The Group's cash flow before changes in working capital during the second quarter was EUR 1.0 million (4.8). Net cash flow for operating activities was EUR 3.4 million (1.4). The changes in working capital had an impact of EUR 2.9 million (-2.8). The change in working capital was caused by the EUR 3.0 million increase in accounts payable. The growth in sales and other receivables had a negative impact of EUR 1.4 million on cash flow, and the decline of inventories a positive impact of EUR 1.3 million.

Net cash inflow (outflow) from investing activities for Q2 was EUR 0.1 million (-0.4) Gross investments in production during the review period totalled EUR 0.2 million (0.4). The share of investments in net sales was 0.9% (1.4).

Net cash inflow (outflow) from financing activities for Q2 was EUR -0.2 million (-1.6) Net changes in loans totalled EUR 2.0 million (-1.9). The change in bank overdrafts was EUR -2.0 million (0.8). The repayment of lease liabilities reported in net cash flow from financing activities under IFRS 16 totalled EUR 0.3 million (0.5).

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

FINANCIAL POSITION

	30 June 2023	30 June 2022	31 December 2022
Cash and cash equivalents, EUR thousand	**8 616**	7 079	7 688
Interest-bearing liabilities, EUR thousand	**35 161**	38 805	36 345
of which short-term interest-bearing financial liabilities:	**5 106**	8 066	8 922
Net interest-bearing liabilities, EUR thousand	**26 544**	31 726	28 657
Undrawn credit facility, EUR thousand	**6 000**	3 397	4 218
Gearing, %	**56.2%**	60.2%	56.4%
Equity ratio, %	**45.0%**	45.7%	46.5%

The Group had interest-bearing liabilities amounting to EUR 35.2 million (38.8), EUR 7 million (7.0) of which were IFRS 16 interest-bearing liabilities. The company had liquid assets of EUR 8.6 million (7.1) and an undrawn credit facility of EUR 6.0 million (3.4). Interest-bearing net liabilities amounted to EUR 26.5 million (31.7), and interest-bearing net bank liabilities excluding IFRS 16 liabilities stood at EUR 20.4 million (24.7).

The Group's equity at the end of the review period was EUR 47.2 million (52.7). The Group's equity ratio has remained unchanged and was 45.0 percent (45.7). The gearing stood at 56.2 percent (60.2).

PERSONNEL AND MANAGEMENT

Due to organizational changes in Russia and Australia, the number of personnel decreased by 23 persons from the end of the comparison period, and at the end of the review period it was 246 (269). At the end of the review period, 69.1 percent of the company's personnel were located outside Finland.

In addition to CEO Arto Halonen, the company's Management Team at the end of the reporting period included Perttu Aho (VP Down the Hole), Ville Iljanko (VP Distributor Sales), Jorge Leal (VP Top Hammer), Ville Peltonen (CFO), Ville Pohja (VP Geotechnical) and Jaana Rinne (HR Director).

FINANCIAL TARGETS

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

	Long-term target	2021	2022	Q3 2022–Q2 2023
Net sales growth, p.a.	15 %	10.0%	11.1%	-19.2%
Comparable EBITDA, % of net sales, p.a.	13 %	7.5%	7.9%	5.2%

RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2023

Robit Plc's Annual General Meeting on 15 March 2023 approved the company's financial statements and consolidated financial statements for the financial period 1 January–31 December 2022.

The Annual General Meeting resolved that the profit for the financial year 1 January–31 December 2022 would be transferred to the profit and loss account and no dividend would be paid based on the adopted balance sheet for the financial year 1 January–31 December 2022.

The Annual General Meeting resolved to distribute to the shareholders EUR 0.02 of the company's distributable funds per outstanding share. The distribution of funds will be executed as return of capital from the company's invested unrestricted equity fund.

The return of capital will be paid to shareholders who, on the record date of the return of capital on 22 September 2023, are in the shareholder's register held by Euroclear Finland. The return of capital will be paid on 29 September 2023.

The Annual General Meeting resolved to discharge the members of the Board of Directors and the Managing Directors from liability for the financial year ended 31 December 2022.

The Annual General Meeting decided to approve the Remuneration Report for Governing Bodies. According to the Limited Liability Companies Act, the decision is advisory.

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

The annual remuneration for the Chair of the Board is EUR 55,000 and the annual remuneration for the other Board members is EUR 30,000. Forty per cent of the remuneration is paid in shares, and the remaining 60% is an advance tax withheld and paid to the Finnish Tax Administration by the company.

The Board members is 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 is paid as a one-time meeting fee. Other costs, such as travel and lodging expenses, are also compensated.

The annual remuneration of the Chair 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 Annual General Meeting. The receiver of the remuneration pays the transfer tax.

PricewaterhouseCoopers Oy (PwC) was elected as the company's auditor for a term that will continue until the end of the next Annual General Meeting. PwC has notified the company that Authorised Public Accountant Markku Katajisto will serve as the company's principal responsible auditor.

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

The Annual General Meeting resolved to authorise the Board of Directors to resolve on the acquisition of a maximum of 2,117,990 treasury shares and/or accepting the same number of treasury 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. It is proposed that the authorisation 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 Annual General Meeting on 22 March 2022 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 2024.

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 will be used, for example, for the purposes of strengthening the company's balance sheet and improving its financial status or for other purposes as decided by the Board of Directors.

The authorisation is valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2024. 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.

The Annual General Meeting resolved to add to section 8 of the Articles of Association the possibility for the Board of Directors to decide on the organisation of the Annual General Meeting as a hybrid meeting at its discretion. In addition, the amendment enables the organisation of a general meeting as a remote meeting without a meeting venue.

According to the resolution of the Annual General Meeting, section 8 of the Articles of Association, after the amendment, reads as follows:

“Section 8 The notice of the general meeting is published on the company’s website no earlier than two months and no later than 21 days before the meeting, but always no later than nine (9) days before the record date of the general meeting referred to in the Limited Liability Companies Act.

The Board of Directors may also decide that a shareholder may participate in the general meeting in such a way that he or she exercises his or her decision-making power in full during the meeting by means of a telecommunications connection and a technical device (hybrid meeting).

The Board of Directors may decide that the general meeting shall be held without a place for the meeting in such a way that the shareholders exercise their decision-making power fully and in a timely manner during the meeting by means of a telecommunications connection and a technical device (remote meeting).

In order to exercise his or her right to speak and vote at the general meeting, the shareholder must register in the manner specified in the notice of the meeting and no later than on the date specified in the notice of the meeting, which may not be earlier than ten (10) days before the meeting.

In addition to the company’s registered office, general meetings can be held in Tampere or Helsinki.”

SHARES AND SHARE TURNOVER

On 30 June 2023, the company had 21,179,900 shares and 5,686 shareholders. Trading volume in January–June was 6,323,939 shares (1,767,980).

The company holds 13,808 treasury shares (0.07 percent of total shares). On 30 June 2023, the market value of the company’s shares was EUR 31.6 million. The closing price of the share was EUR 1.49. The highest price in January–June was EUR 3.48, and the lowest price was EUR 1.31.

RISKS AND BUSINESS UNCERTAINTIES

The covenant of the Robit – parent company’s financing agreement, net interest-bearing debt/EBITDA, did not meet the terms of the financing agreement on 30 June 2023. The company obtained the consent of its main financier to the breach of the covenant on 22 March 2023. This leads to a higher financial cost and risk for the company. The company has hedged against interest rate risk with an interest rate swap agreement that entered into force on June 30, 2023, and ends on June 30, 2026.

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 approximately 8 percent of the company’s sales in the 2022 financial year. The company is no longer operating in Russia in 2023.

Other uncertainty factors include the exchange rate development, functioning of information systems, integration of corporate acquisitions, risks related to the security of supply and logistics as well as 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

There were no changes in the Group structure during the review period.

OTHER EVENTS IN JANUARY–JUNE 2023

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 by the summer of 2023. The process of recruiting Apostolopoulos' successor is under way. The sales of global sales areas have also been the responsibility of CEO Arto Halonen, and he has continued in his duties, bearing the responsibility of half of the area's sales.

On 18 January 2023, the company announced the proposals of Robit Plc's Shareholders' Nomination Committee regarding the Board members and Board fees for the Annual General Meeting. The Nomination Committee's proposals were included in the notice to the Annual General Meeting. Timo Sallinen (Senior Vice-President, Investments, Varma Mutual Pension Insurance Company) chaired the Shareholders' Nomination Committee, with Harri Sjöholm (Chair 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.

On 20 February 2023, Robit Plc published its financial statements release for 1 January–31 December 2022.

On 20 February 2023, the company sent Robit Plc's shareholders a notice to the Annual General Meeting of 15 March 2023.

On 20 February 2023, Robit Plc's Board of Directors decided on a performance-based share reward scheme for key personnel. The purpose of the share scheme is to align the owners' and the key persons' goals in order to increase the value of the company in the long term, to commit the key persons to the company and to encourage them to achieve the company's key strategic goals as well as to provide them with a competitive long-term incentive scheme.

The share scheme includes earning periods of one and two years. The first earning period of the share scheme comprises the year 2023. The reward for the earning period 2023 is divided into a guaranteed part and a performance-based part. The guaranteed part is 50% of the base share allocation defined for the participant. The performance-based part of the share allocation is determined by a bonus coefficient based on the company's predetermined net cash flow from operating activities in the financial statements for 2023. The second earning period covers the years 2024–2025. The potential reward that may be paid under the share scheme for the two-year earning period is based on the company's predetermined average earnings per share in the financial statements for 2024 and 2025. The share scheme's potential reward for both earning periods will be paid in May 2026.

The share scheme covers the CEO and approximately 20 key persons, members of the Management Team and high-potential employees. A participant in the share plan must have a valid employment or service contract in the company. The Management Team members included in the share scheme are subject to the ownership obligation, meaning that the Management Team member must own 50% of the net shares paid to them on the basis of the entire plan until their shareholding in the company corresponds to 50% of their annual salary.

The Board of Directors decides on the earning potential of each key person in the target group. The total amount of share rewards payable on the basis of the earning periods 2023 and 2024–2025 corresponds to a maximum of 240,000 Robit Plc shares, which represents 1.1% of the company's current share capital. The share reward, if earned, is a gross reward from which tax is withheld, and the net reward is paid to key personnel in shares. The purpose of the cash contribution is to cover the taxes and parafiscal charges arising from the reward. The company decides on the relative proportion of shares and money, for example on a country-by-country, individual or personnel group basis. The share scheme is dimensioned in such a way that the relative proportion of the share transfer taking place under all share schemes in force at the company will remain below 4% of the company's shares.

On 22 February 2023, Robit Plc announced that the company's Annual Report, Corporate Governance Statement and Remuneration Report for 2022 had been published on the company's website.

On 4 March 2023, the company published a correction concerning Robit Plc's invitation to the Annual General Meeting 2023. In the notice of the Annual General Meeting published by Robit Plc on 20 February 2023 at 12 noon, the Board of Directors proposed a dividend of EUR 0.02 per share for the financial year 2022. The Board of Directors withdrew the dividend proposal and proposed to the Annual General Meeting to distribute EUR 0.02 of the company's distributable funds per outstanding share.

The company's Annual General Meeting was held on 15 March 2023. Robit Plc announced the decisions of the Annual General Meeting in a separate stock exchange release on 15 March 2023.

On 15 March 2023, the company published the decisions of the constituent meeting of the company's Board of Directors. At its constituent meeting, the Board of Directors elected by Robit Plc's Annual General Meeting on 15 March 2023 elected from among its members Markku Teräsvasara as Chair of the Board and Harri Sjöholm as Vice Chair as well as members to serve on Robit Plc's Remuneration Committee, Working Committee and Audit Committee.

On 21 April 2023, the company announced that the Board of Directors of Robit Plc had decided to transfer, without consideration, a total of approximately 38,500 treasury shares held by the company to 12 key employees within the scope of the Group's share incentive scheme in accordance with the terms and conditions of the Performance Share Plan for Key Persons and Senior Management (LTI 2020–2022). The transfer of shares by means of a directed share issue is based on the authorisation given to the Board of Directors by the Annual General Meeting held on 15 March 2023. The shares will be transferred by 28 April 2023. After the transfer, the company will hold 13,808 treasury shares. This share incentive scheme was originally announced in a stock exchange release issued on 25 March 2020.

On 26 April 2023, the company updated its previously published press release: VP, Global Sales, George Apostolopoulos, is moving on to new challenges. Robit Plc announced in a press release published on 11 January 2023 that George Apostolopoulos, the company's VP, Global Sales and Management Team member, will leave the company in the summer of 2023. The company updated the published information as follows: The parties have agreed that George Apostolopoulos would leave the company on 30 April 2023. The recruitment of Mr Apostolopoulos' successor is ongoing and the process is in its final stages.

On 28 April 2023, Robit Plc published its interim financial reporting for 1 January–31 March 2023.

On 11 May 2023, the company announced that Ville Iljanko, BBA (b. 1972) had been appointed VP Distributor Sales and member of the company's Management Team. He took up his duties on 1 June 2023. Mr Iljanko is responsible for Robit's global distributor sales. He is focusing on strengthening the distributor network and monitoring growth through distributor sales. Ville Iljanko joined Robit from Normet, where he held international management positions since 2019, most recently as Director, Commercial Management & Process Expertise.

On 27 June 2023, the company published a profit warning, according to which Robit Plcl lowered its profit guidance for 2023. The company was unable to compensate for lost sales in Russia. In addition, the weakening of markets in the construction industry, especially in Europe and Asia, has affected the company's financial performance in the first half of the year.

New guidance for 2023:
Robit Plc expects its net sales for 2023 to be EUR 90-100 million and its comparable EBITDA profitability in euros to be EUR 3-6 million.

Previous guidance for 2023:
Robit Plc expects net sales in 2023 to increase and comparable EBITDA profitability in euros to remain unchanged or improve slightly from 2022, assuming that there are no significant changes in the exchange rates from the level at the end of 2022.

As part of the company's cost-savings programme, Robit Plc is planning to run down production and close its factory in Perth, Australia, and transfer production to other factories in the company. According to the plans, the Australian unit will focus on sales and distribution in the local market. The estimated annual cost savings of the plan are around EUR 2 million and the costs related to the restructuring are estimated at around EUR 0.6 million.

EVENTS AFTER THE REVIEW PERIOD

No events after the review period.

Lempäälä, 1 August 2023

ROBIT PLC
Board of Directors

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Robit is a strongly international growth company servicing global customers and selling drilling consumables for applications in mining, construction, geotechnical engineering and well drilling. The company's offering is divided into three product and service ranges: Top Hammer, Down the Hole and Geotechnical. Robit has sales and service points in nine countries as well as an active sales network in more than 100 countries. Robit's manufacturing units are located in Finland, South Korea, Australia and the UK. Robit's shares are listed on Nasdaq Helsinki Ltd. Further information is available at www.robitgroup.com.

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

CONDENSED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Net sales	**24 376**	**31 025**	**46 309**	**57 328**	**111 962**
Other operating income	284	1 056	772	2 606	4 117
Materials and services*	-15 978	-19 280	-30 822	-37 260	-73 729
Employee benefit expense	-3 986	-4 523	-7 970	-8 790	-17 075
Depreciation, amortisation and impairment	-1 284	-1 443	-2 733	-2 857	-5 779
Other operating expenses*	-3 365	-4 217	-6 896	-8 900	-16 425
EBIT (Operating profit/loss)	**48**	**2 619**	**-1 340**	**2 127**	**3 071**
Finance income and costs					
Interest income and finance income	148	1 139	204	1 561	2 277
Interest cost and finance cost	-938	-1 691	-1 383	-2 523	-4 010
Finance income and costs net	-791	-552	-1 180	-962	-1 733
Profit/loss before tax	**-743**	**2 067**	**-2 520**	**1 165**	**1 338**
Taxes					
Income tax	-4	-144	-8	-143	-533
Change in deferred taxes	6	159	117	310	80
Income taxes	2	15	109	168	-453
Result for the period	**-741**	**2 082**	**-2 411**	**1 333**	**885**
Attributable to:					
Parent company shareholders	-705	1 985	-2 469	1 140	819
Non-controlling interest**	-36	97	58	193	66
	-741	**2 082**	**-2 411**	**1 333**	**885**
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	82	126	70	367	633
Translation differences***	201	944	-1 263	1 826	41
Other comprehensive income, net of tax	**284**	**1 070**	**-1 193**	**2 193**	**674**
Total comprehensive income	**-457**	**3 152**	**-3 604**	**3 526**	**1 560**
Attributable to:					
Parent company shareholders	-459	3 077	-3 606	3 321	1 501
Non-controlling interest**	2	74	2	204	58
Consolidated comprehensive income	**-457**	**3 152**	**-3 604**	**3 526**	**1 560**
Earnings per share					
Basic earnings per share	-0,03	0,09	-0,12	0,05	0,04

*In the condensed income statement, changes in inventories are presented in Materials and services, and manufacture for own use in Other operating expenses.
**Founded in 2015 by Robit SA, Black Employees Empowerment Trust owns 26% of the shares of Robit SA.
*** The Group has internal loans that are treated as net investments in foreign entities in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.6.2023	30.6.2022	31.12.2022
ASSETS			
Non-current assets			
Goodwill	5 373	5 374	5 203
Other intangible assets	1 014	2 077	1 498
Property, plant and equipment	22 421	26 135	24 929
Loan receivables	397	271	248
Other receivables	0	0	6
Derivatives	935	515	848
Deferred tax assets	2 112	2 325	1 859
Total non-current assets	**32 252**	**36 697**	**34 590**
Current assets			
Inventories	42 750	47 399	44 311
Account and other receivables	21 065	25 749	22 342
Loan receivables	72	88	80
Current tax assets	149	209	108
Cash and cash equivalents	8 616	7 079	7 688
Total current assets	**72 652**	**80 524**	**74 529**
Total assets	**104 904**	**117 222**	**109 119**
EQUITY AND LIABILITIES			
Equity			
Share capital	705	705	705
Share premium	202	202	202
Reserve for invested unrestricted equity	82 570	82 570	82 570
Translation differences	-2 951	21	-1 744
Fair value reserve	748	412	678
Retained earnings	-31 946	-32 799	-32 748
Profit/loss for the year	-2 469	1 140	819
Equity attributable to parent company shareholders in total	46 859	52 252	50 482
Non-controlling interests*	341	485	339
Capital and reserves in total	**47 200**	**52 737**	**50 822**
Liabilities			
Non-current liabilities			
Borrowings	25 351	25 443	22 085
Lease liabilities	4 704	5 296	5 338
Deferred tax liabilities	909	937	690
Employee benefit obligations	625	754	732
Total non-current liabilities	**31 589**	**32 431**	**28 846**
Current liabilities			
Borrowings	3 651	6 363	7 278
Lease liabilities	1 455	1 702	1 644
Advances received	49	1 624	145
Income tax liabilities	66	33	321
Account payables and other liabilities	20 890	22 094	19 916
Other provisions	4	237	147
Total current liabilities	**26 115**	**32 054**	**29 451**
Total liabilities	**57 704**	**64 485**	**58 297**
Total equity and liabilities	**104 904**	**117 222**	**109 119**

* Founded in 2015 by Robit SA, Black Employees Empowerment Trust owns 26% of the shares of Robit SA.

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Cash flows from operating activities					
Profit before tax	-743	2 067	-2 520	1 165	1 338
Adjustments:					
Depreciation, amortisation and impairment	1 284	1 443	2 733	2 857	5 779
Finance income and costs	791	549	1 180	962	1 733
Share-based payments to employees	-158	75	-65	89	115
Loss (+)/Gain (-) on sale of property, plant and equipment	-267	-1	-267	-24	-74
Other non-cash transactions	110	693	73	532	1 122
Cash flows before changes in working capital	1 018	4 827	1 134	5 581	10 014
Change in working capital					
Increase (-) in account and other receivables	-1 385	-2 438	-499	761	2 975
Increase (-)/decrease (+) in inventories	1 256	-579	327	-2 189	-606
Increase (+) in account and other payables	3 040	227	2 293	-2 083	-5 107
Cash flows from operating activities before financial items and taxes	3 928	2 037	3 256	2 070	7 277
Interest and other finance expenses paid	-516	-469	-969	-601	-1 250
Interest and other finance income received	18	0	28	1	20
Income taxes paid	-67	-128	-288	-422	-490
Net cash inflow (outflow) from operating activities	**3 363**	**1 440**	**2 027**	**1 047**	**5 556**
Cash flows from investing activities					
Purchases of property, plant and equipment	-225	-452	-414	-827	-1 194
Purchases of intangible assets	-4	8	-54	-38	-131
Proceeds from the sale of property, plant and equipment	270	1	233	32	150
Proceeds from loan receivables	32	72	-152	28	119
Net cash inflow (outflow) from investing activities	**73**	**-371**	**-387**	**-805**	**-1 057**
Cash flows from financing activities					
Dividend payment*	0	0	0	0	-30
Changes in non-current loans	2 015	-1 872	1 829	-1 550	-3 187
Change in bank overdrafts	-1 955	725	-1 782	-659	-1 480
Payment of leasing liabilities	-266	-470	-558	-902	-1 723
Net cash inflow (outflow) from financing activities	**-206**	**-1 617**	**-511**	**-3 111**	**-6 421**
Net increase (+)/decrease (-) in cash and cash equivalents	3 229	-549	1 129	-2 868	-1 921
Cash and cash equivalents at the beginning of the financial year	5 461	7 185	7 688	9 525	9 525
Exchange gains/losses on cash and cash equivalents	-74	443	-201	422	84
Cash and cash equivalents at end of the year	**8 616**	**7 079**	**8 616**	**7 079**	**7 688**

*Dividend paid to the foundation of Robit SA as a minority shareholder in accordance with the agreement

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 interests

I = Capital and reserves in total

EUR thousand	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
Equity as of 1 January 2022	**705**	**202**	**82 570**	**-1 793**	**45**	**-32 846**	**48 883**	**281**	**49 114**
Profit for the period						1 140	**1 140**	193	1 333
Other comprehensive income									
Cashflow hedges					367		**367**		367
Translation differences				1 814			**1 814**	12	1 826
Total comprehensive changes				**1 814**	**367**	**1 140**	**3 321**	**204**	**3 526**
Share-based payments to employees						47	**47**		47
Total transactions with owners, recognised directly in equity						47	**47**		47
Equity as of 30 June 2022	**705**	**202**	**82 570**	**21**	**412**	**-31 659**	**52 252**	**485**	**52 737**

EUR thousand	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
Equity as of 1 January 2023	**705**	**202**	**82 570**	**-1744**	**678**	**-31 928**	**50 483**	**339**	**50 822**
Profit for the period						-2 469	**-2 469**	58	-2 411
Other comprehensive income									
Cash flow hedges					70		**70**		70
Translation differences				-1 207			**-1 207**	-56	-1 264
Total comprehensive changes				**-1 207**	**70**	**-2 469**	**-3 607**	**2**	**-3 605**
Share-based payments to employees						-17	**-17**		-17
Total transactions with owners, recognised directly in equity						-17	**-17**		-17
Equity as of 30 June 2023	**705**	**202**	**82 570**	**-2 951**	**748**	**-34 415**	**46 859**	**341**	**47 200**

NOTES

Contents

1. SCOPE AND PRINCIPLES OF THE INTERIM REPORT

This interim financial report has been prepared in accordance with the registering and valuation principles of IFRS and the same principles as in the previous annual financial statement, but it has not been prepared in full compliance with the requirements of IAS 34 'Interim Financial Reporting'. The interim report has not been audited.

Robit is reporting 2023 net sales for three business units: Top Hammer, Down the Hole and Geotechnical. Previously, the company reported the Geotechnical unit as part of the Down the Hole unit. The Geotechnical unit focuses on drill piling, which is a support method used in different kinds of construction projects. The unit's activities focus on project business, which is of a different nature to the primary business of the Down the Hole and Top Hammer units. Down the Hole focuses on DTH drilling equipment used in mines, quarries and well drilling. Top Hammer focuses on top hammer drilling equipment used in mines, quarries, construction projects and tunnelling.

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

2.1 KEY FIGURES

Consolidated key figures	Q2 2023	Q2 2022	H1 2023	H1 2022	2022
Net sales, EUR 1,000	24 376	31 025	46 309	57 328	111 962
EBIT, EUR 1000	48	2 619	-1 340	2 127	3 071
EBIT, % of net sales	0.2%	8.4%	-2.9%	3.7%	2.7%
Earnings per share (EPS), EUR	-0.03	0.09	-0.12	0.05	0.04
Return on equity (ROE), %			-10.1%	4.5%	1.6%
Return on capital employed (ROCE), %			-4.2%	4.2%	3.5%
Equity ratio, %			45.0%	45.7%	46.5%
Net gearing, %			56.2%	60.2%	56.4%
Gross investments, EUR 1,000	229	445	468	865	1 326
Gross investments, % of net sales	0.9%	1.4%	1.0%	1.5%	1.2%
Number of shares (outstanding shares)			21 166 092	21 091 436	21 127 592
Treasury shares (owned by the Group)			13 808	88 464	52 308
Percentage of votes/shares			0.07%	0.42%	0.24%

2.2 CONSOLIDATING ALTERNATIVE KEY FIGURES

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

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

Adjusted EBITDA and EBITA

EUR thousand	4–6/2023	4–6/2022	1–6/2023	1–6/2022	2022
EBIT (Operating profit)	**48**	**2 619**	**-1 340**	**2 127**	**2 080**
Depreciation, amortisation and impairment	1 284	1 443	2 733	2 857	5 514
EBITDA	**1 332**	**4 062**	**1 393**	**4 984**	**7 595**
Items affecting comparability					
Reorganising expenses	130	0	130	0	0
Adjusted EBITDA	**1 462**	**4 062**	**1 523**	**4 984**	**7 595**
EBIT (Operating profit)	**48**	**2 619**	**-1 340**	**2 127**	**2 080**
Amortisation of acquisitions	207	225	421	444	859
EBITA	**255**	**2 844**	**-919**	**2 571**	**2 940**
EBIT (Operating profit)	**48**	**2 619**	**-1 340**	**2 127**	**2 080**
Items affecting comparability					
Reorganising expenses	130	0	130	0	0
Adjusted EBIT (Operating profit)	**178**	**2 619**	**-1 211**	**2 127**	**2 080**
Items affecting comparability					
Amortisation of acquisitions	207	225	421	444	859
Adjusted EBITA	**384**	**2 844**	**-790**	**2 571**	**2 940**

2.3 CALCULATION OF KEY FIGURES

EBITDA:
EBIT + Depreciation, amortisation and impairment

EBITA
EBIT + Amortisation of customer relationships

Net working capital
Inventory + Accounts receivables and other receivables – Accounts payables and other liabilities

Earnings per share (EPS), EUR

$$\frac{\text{Profit (loss) for the financial year}}{\text{Amount of shares adjusted with the share issue (average during the financial year)}}$$

Return on equity (ROE), %

$$\frac{\text{Profit (loss) for the financial year}}{\text{Equity (average during the financial year)}} \times 100$$

Return on capital employed (ROCE), %

$$\frac{\text{Profit before appropriations and taxes + Interest expenses and other financing expenses}}{\text{Equity (average during the financial year) + Interest-bearing financial liabilities (long-term and short-term loans from financial institutions, average during the financial year)}} \times 100$$

Net interest-bearing financial liabilities

Long-term and short-term loans from financial institutions – Cash and cash equivalents – Short-term financial securities

Equity ratio, %

$$\frac{\text{Equity}}{\text{Balance sheet total – Advances received}} \times 100$$

Gearing, %

$$\frac{\text{Net interest-bearing financial liabilities}}{\text{Equity}} \times 100$$

3. BREAKDOWN OF NET SALES

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

NET SALES

Net sales by product area

EUR thousand	4–6/2023	4–6/2022	Change %	1–6/2023	1–6/2022	Change %	2022
Top Hammer	14 317	17 126	-16,4 %	27 033	33 594	-19,5 %	66 834
Down the Hole	5 095	7 618	-33,1 %	10 363	13 270	-21,9 %	25 083
Geotechnical	4 965	6 281	-20,9 %	8 913	10 464	-14,8 %	20 047
Total	**24 376**	**31 025**	**-21,4 %**	**46 309**	**57 328**	**-19,2 %**	**111 962**

Net sales by market area

EUR thousand	4–6/2023	4–6/2022	Change %	1–6/2023	1–6/2022	Change %	2022
EMEA	12 892	13 154	-2,0 %	23 920	23 906	0,1 %	48 651
Americas	5 556	6 658	-16,6 %	10 547	13 260	-20,5 %	26 349
Asia	2 234	3 231	-30,8 %	4 430	6 083	-27,2 %	11 686
Australasia	3 437	3 686	-6,8 %	6 884	6 994	-1,6 %	13 892
East	257	4 296	-94,0 %	528	7 085	-92,5 %	11 384
Total	**24 376**	**31 025**	**-21,4 %**	**46 309**	**57 328**	**-19,2 %**	**111 962**

4. FINANCING ARRANGEMENTS

The company's cash and cash equivalents were EUR 8.6 million on 30 June 2023. The company has sufficient liquidity to take care of its debt management and liquidity.

The parent company's covenants are based on the company's net debt/EBITDA ratio and the company's equity ratio. The covenants are tested on a quarterly basis. The company's net debt/EBITDA ratio on 30 June 2023 was 5.1.

The covenant of Robit Plc's financing agreement, net interest-bearing debt/EBITDA, did not meet the terms of the financing agreement on 30 June 2023. The company obtained the consent of its main financier to the breach of the covenant on 22 March 2023.

BORROWINGS/LOANS/INTEREST-BEARING LOANS

EUR thousand	30.6.2023	30.6.2022	31.12.2022
Non-current borrowings			
Loans from credit institutions	25 339	25 430	22 073
Other loans	12	12	11
Lease liabilities	4 704	5 298	5 338
Total non-current borrowings	**30 055**	**30 740**	**27 423**
Current borrowings			
Loans from credit institutions	3 651	3 668	5 462
Other loans	0	0	10
Bank overdrafts	0	2 603	1 782
Lease liabilities	1 455	1 795	1 669
Total current borrowings	**5 106**	**8 066**	**8 922**
Total borrowings	**35 161**	**38 805**	**36 345**

5. CHANGES TO PROPERTY, PLANT AND EQUIPMENT

EUR thousand	30.6.2023	30.6.2022	31.12.2022
Cost at the beginning of period	55 562	53 794	53 794
Additions	414	961	2 251
Disposals	-260	-43	-195
Reclassification	0	0	0
Exchange differences	-1 403	124	-288
Cost at the end of period	54 313	54 836	55 562
Accumulated depreciation and impairment at the beginning of period	-30 634	-26 398	-26 398
Depreciation	-2 049	-2 176	-4 477
Disposals	258	34	131
Reclassification	0	-44	0
Exchange differences	624	-116	110
Accumulated depreciation and impairment at the end of period	-31 801	-28 700	-30 634
Net book amount at the beginning of period	**24 928**	**27 396**	**27 396**
Net book amount at the end of period	**22 512**	**26 135**	**24 928**

6. GIVEN GUARANTEES

EUR thousand	30.6.2023	30.6.2022	31.12.2022
Guarantees and mortgages given on own behalf	48 134	48 184	48 425
Other guarantee liabilities	49	49	49
Total	**48 183**	**48 232**	**48 474**

7. BUSINESS ACQUISITIONS

There were no changes in the Group structure during the review period.

8. GOODWILL IMPAIRMENT TESTING

The amount of goodwill is reviewed at least annually in accordance with the IFRS provisions. The values of the goodwill testing variables are also revised if there have been material changes in business, competition, the market or other assumptions of goodwill testing. The company has three cash flow-generating units (Top Hammer, Down the Hole and Geotechnical). In the 30 June 2023 situation, the company has reviewed the assumptions used in goodwill testing, such as forecasts for the current and future years and changes in interest rates. Based on the review, no internal or external indication of goodwill impairment has been identified and thus additional impairment testing has not been considered necessary. The factors affecting goodwill items will be reviewed during the fourth quarter.

9. DERIVATIVES

The company hedges the most significant net currency positions that can be predicted in time and volume and interest rate risk.

There were no open currency derivatives at the end of the review period.

On 8 June 2021, the company concluded a financing agreement of EUR 30 million and, in connection with this, an interest rate swap of EUR 10 million with an interest rate cap in order to hedge part of its exposure to fluctuating interest rates. The interest rate swap will take effect on 30 June 2023 and it will end on 30 June 2026. The company applies hedge accounting in accordance with IFRS 9. This effectively leads to the recording of interest expenses on a hedged floating rate loan at a fixed rate.

The company's main interest rate risk arises from long-term loans with floating interest rates that expose the Group's cash flow to interest rate risk. The Group's policy is to use, if necessary, a floating to fixed interest rate swap.

Derivatives

EUR thousand	**30.6.2023**	**30.6.2022**	**31.12.2022**
Interest rate swaps			
Nominal value	10 000	10 000	10 000
Fair value	935	515	848

Robit

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