

ROBIT 2023

ANNUAL REPORT



Robit
FURTHER. FASTER.

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YEAR 2023

Robit

RobitSave is a transparent drilling operation site audit program conducted by Robit Drillmasters delivering guaranteed cost savings on total drilling cost for the customers. The program was successfully piloted during the year 2023.



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 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 and services.



Down the Hole Business

DTH drilling is used in earthworks, well drilling, i.e. the drilling of holes for geothermal and water wells, as well as in mining production and exploration drilling. The Down the Hole business comprises the DTH consumables and services used in the segments listed above.

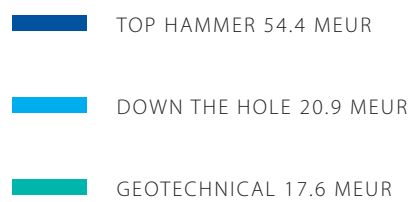


Geotechnical Business

Geotechnical products utilise DTH drilling for the casing needs of foundation construction and well drilling. The most common applications are drilling steel piles for the construction industry and infrastructure construction, as well as the installation of anchors.



Net sales distribution 2023

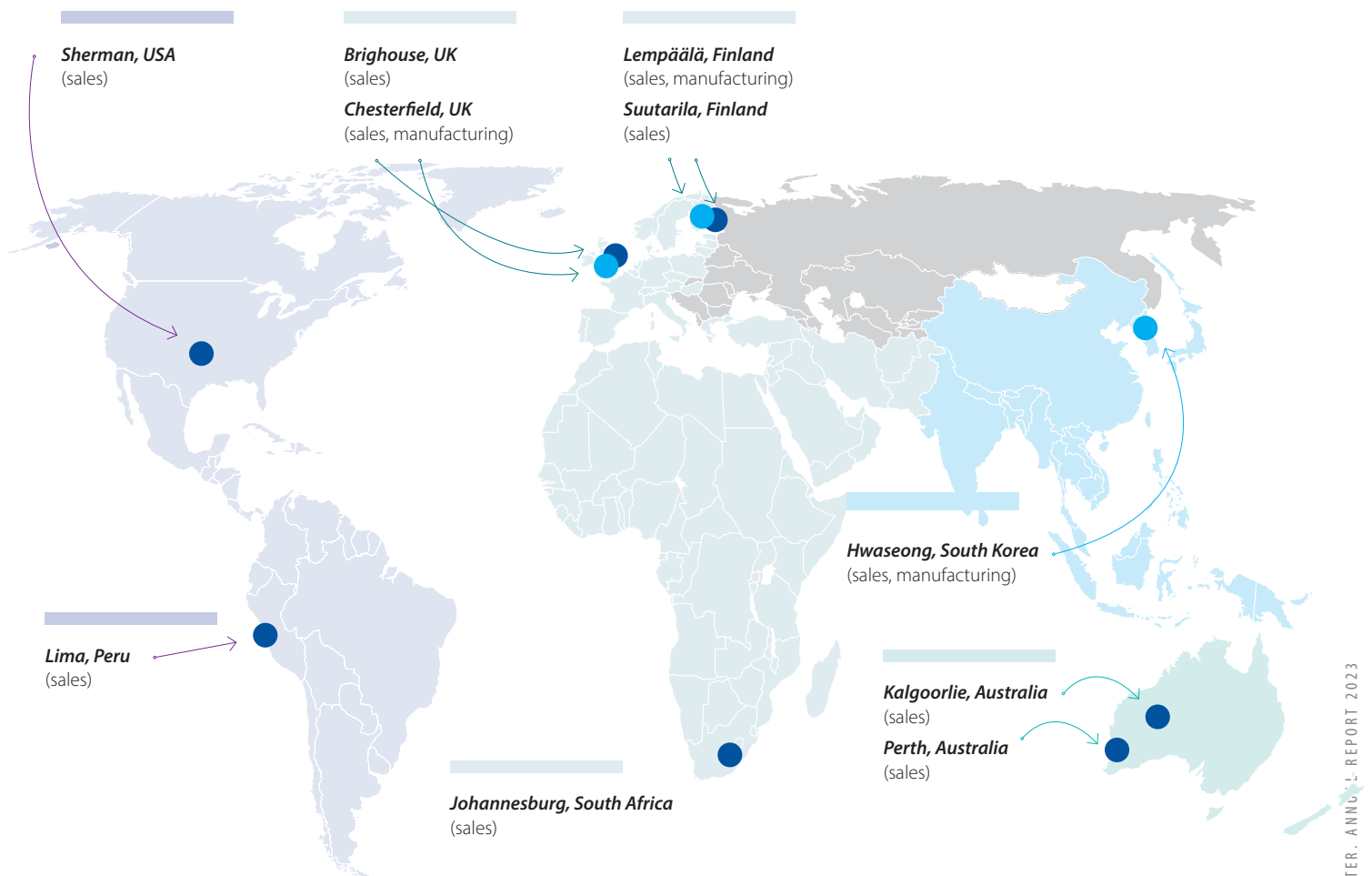


Key Figures 2023



Offices & Manufacturing Units

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



Important Events in 2023

January

Robit delivered the first drilling equipment orders for the Neom project, which is one of the world's largest construction projects in Saudi Arabia near the northern end of the Red Sea. Approximately 28 kilometres of tunnel must be excavated for railway lines.



1.

2.

March

Robit attended CONEXPO-CON/AGG in Las Vegas, USA, the largest construction event in North America with more than 2,400 exhibitors and 139,000 visitors. Robit also attended the Underground Operators Conference 2023 in Brisbane, Australia.



3.

4.

May

Robit released the first modular H-series DTH hammer. The same hammer can be optimised for different conditions by replacing a few components. In addition, its fuel consumption is lower than before.



5.

6.



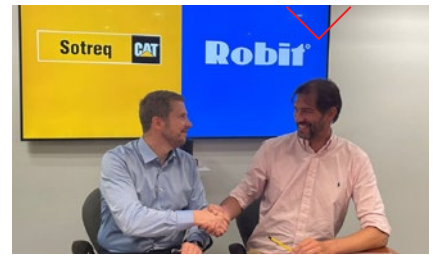
February

Robit piloted the RobitSave audit program at the Kemi chromium mine owned by Outokumpu Chrome. The business model promises customers 5% cost savings on drilling consumables. If this is not achieved, Robit only charges 20% of the going rate for consumables.



April

Robit attended Expomin 2023 together with its distributors Fullsafety and Technidrilling. The event in Santiago, Chile is the largest mining fair in Latin America.



June

Robit and the Brazilian company Sotreq S.A. signed a distributor agreement. The company is an official Cat dealer with more than 50 outlets covering more than 90% of the Brazilian geographic market.

August

Robit was an exhibitor at the Maxpo 2023 fair, the leading construction event in Finland.



7.

8.

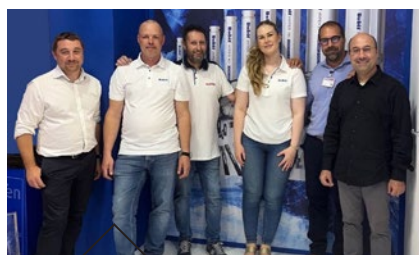


August

Robit wound down manufacturing operations at the company’s Australian plant to simplify the manufacturing network and strengthen competitiveness. In future, Robit’s Australian unit will focus specifically on sales, distribution and service in the local market.

September

Robit and its distributors Nardi and Diadrilling attended the Geofluid fair in Piacenza, Italy. Geofluid is one of the most important events for foundations and well drilling in Europe.



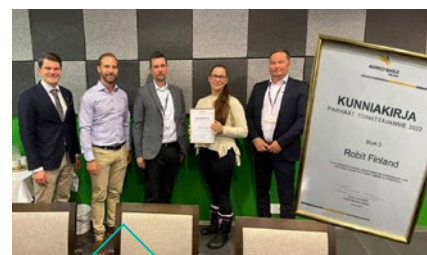
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10.



October

Agnico Eagle Finland awarded Robit Finland Oy Ltd the “Our Best Supplier of 2022” certificate for the second time. The recognition was given for consistently high performance and the excellent quality of products and services.



11.

12.



November

Robit attended the 48th Annual Conference on Deep Foundations (DFI48) in Seattle, USA. DFI48 is a professional conference and exhibition on foundation construction.

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.

In 2023, market demand weakened in the construction industry. Market demand in the mining industry remained at a good level, but several customers and distributors de-stocked during the year, also reducing Robit’s demand in the mining sector. The company ceased operations in Russia at the end of 2022, which caused 8.3 percentage decrease in the company’s sales in 2023.

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 percent to 5 percent per year.

AMERICAS

Net sales in the Americas fell in 2023, especially in the mining industry. The company’s sales in the mining sector were weakened by the interruption of certain customers’ operations due to, among other things, a strike, and the termination of a customer contract with a significant turnover but low profitability. During the year, the company made investments to strengthen Geotechnical sales in the region, as a result of which the sales of the Geotechnical business developed positively in North America.

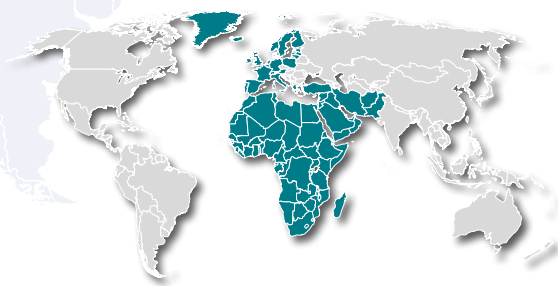
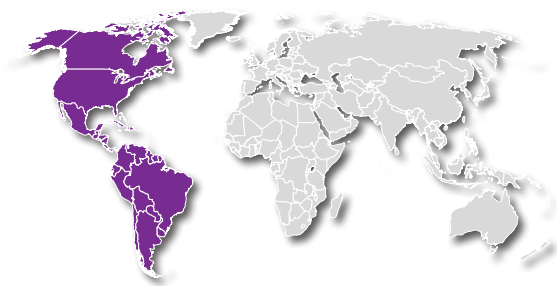
During the year, Robit started cooperation with several new distributors operating in large markets, such as Brazil, the mining sector in Canada and the mining and construction sector in the US. The reinforced distribution channels and coverage strengthen the company’s position in the region and provide a basis for growth.

EMEA

EMEA sales operations are divided into four main regions: the Nordic countries, Central Europe, Middle East, and Africa.

In 2023, demand in the construction industry weakened, especially in the Nordic countries and Central Europe, which are important construction industry markets for Robit. Despite the weak market situation, the company was able to maintain the sales of the construction industry at the 2022 level.

In the mining industry, the company won new customers, especially in the Nordic countries and Africa. In South Africa, the company carried out a major rebuilding of its organisation. This slowed sales in the first half of the year but strengthened the company’s ability to grow in the region in the future. In the second half of the year, the company’s sales in southern Africa developed positively. The Middle East is a strongly developing region where, for example, infrastructure projects in Saudi Arabia support demand.



EAST

Sales in the East region decreased significantly from 2022 due to the closure of the Russian business. The company's focus in the region is to increase sales, especially in the mining segment. No significant results were achieved in the region during 2023. Large customers in the region typically follow a very systematic supplier approval process that enables them to participate in competitive tendering. During 2023, the company worked hard to make the list of approved suppliers, which will enable growth in the region in the future.



ASIA

In Asia, Robit focuses on the construction industry, especially tunnelling and mining. The construction industry's relative share of net sales is higher in Asia than in the company's other markets. The weakened demand in the construction industry contributed to a decline in net sales in Asia.

The company's sales strengthened in Robit's important Korean market, but sales in the rest of Asia decreased due to the market situation as well as the distributors' high stock levels and de-stocking during the year.

AUSTRALASIA

Robit's business in the Australasia region is mainly focused on mining. The demand in the market was good, although a slight decrease was seen in prospecting drilling toward the end of the year.

Sales in the region developed positively during the year due to new customers won – mainly underground mines that use Top Hammer drilling equipment. The company has several potential sales opportunities in the region, especially for underground mines, thanks to which the outlook for sales development in the region is positive.



CEO's Review

Market demand weakened during the year, which particularly affected the construction industry in Europe and Asia. Customer demand in the mining industry remained at a good level during the year, but the high stock levels of customers and distributors and de-stocking also weakened Robit's sales in the mining industry. Company's net sales dropped by 17.0 percentage reaching 92.9 million euros (112.0). A significant reason for the decrease in sales was the closure of the Russian business, which impact on the decrease in net sales was 8.3 percentage.

The company's EBITDA decreased from 2022. Profitability was weak especially in the early part of the year, but we managed to improve it with the help of savings actions implemented during the year. The impact of savings actions reflected on Q4 profits in particular. Product costs continued to rise in 2023, and the company was not able to fully compensate for the cost increases in customer pricing. Pressure on product costs eased towards the end of the year and the trend is expected to continue in 2024. In the Geotechnical business, profitability was burdened by tightened price competition in the fewer construction projects available.

In order to strengthen cash flow, the company had an ongoing Fit for Service programme focused on the development of working capital management. The programme helped to reduce inventories by EUR 8.3 million during the year, and the net cash flow from operations strengthened despite the decreased sales and profitability. The programme will continue in 2024.



Thanks to the structural changes implemented, we are starting 2024 in a stronger position.”

Arto Halonen
CEO



A year of structural change

The year 2023 was a year of structural changes for the company. We ceased production of the Australian plant at the end of the third quarter. The centralisation of production to the company's other factories will strengthen our competitiveness in the Down the Hole business. The Australian unit will focus on sales, maintenance and distribution in the local market. We also clarified the sales structure of the Down the Hole business; we will only sell products under the Robit brand. Previously, the company was active in the Down the Hole business under both the Robit and Halco brands. The brand change enables us to simplify the organisation, company structure and product offering. The measures taken were part of the company's EUR 5 million cost-savings programme.

Work to achieve sustainability goals continued

Robit's sustainability work focuses on four key themes: responsible partnerships, reducing carbon dioxide emissions in the value chain, a happy and healthy workplace and efficiency throughout the product lifecycle. We made good progress in many areas. Systematic work for occupational safety was reflected, for example, in the record number of proactive occupational safety observations made and processed.

During the year, we launched new products on the market that enable efficiency throughout the product lifecycle. Robit's new H-series hammers were introduced in the Nordic well drilling market during the year. The H-series hammers have helped customers save up to 25 percent in fuel, significantly reducing emissions from drilling. The launch of the H-series hammers will advance to other markets and applications during 2024.

Stronger profitability as a priority

Thanks to the structural changes implemented, we are starting 2024 in a stronger position. A clearer structure and a more cost-competitive supply chain have strengthened the competitiveness of the Down the Hole business and the prerequisites for profitable growth in particular.

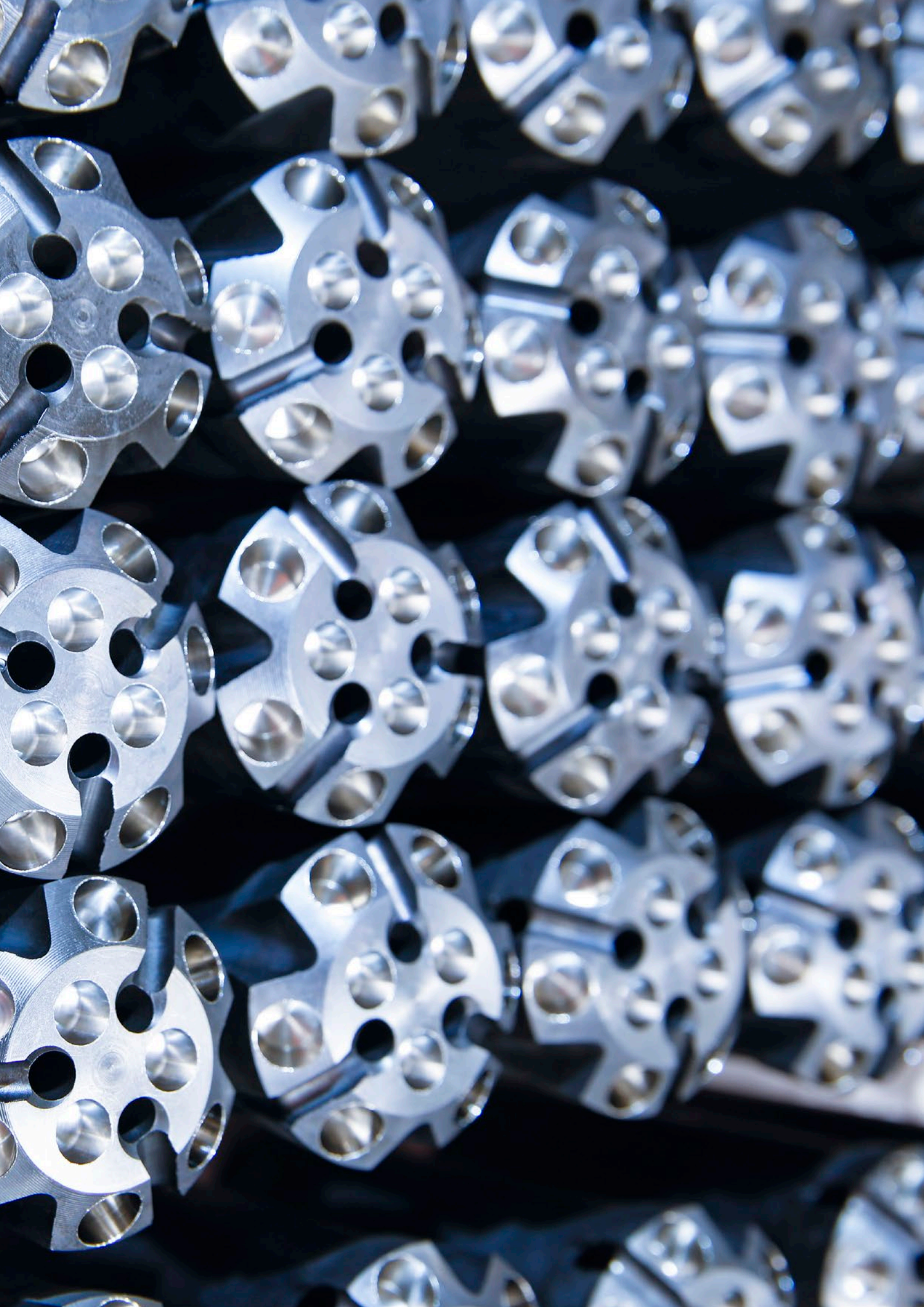
In 2024, we will focus particularly on ensuring profitable growth. Measures to strengthen profitability will continue. The company seeks growth by further strengthening the distributor network and, in the company's direct sales countries, by focusing especially on increasing mining sales. The Fit for Service programme, which focuses on working capital management, will continue in 2024. However, the company's inventory level is not expected to decrease in 2024 as significantly as in 2023. We will focus on developing operating models and processes to maintain good stock levels and improve inventory turn even as the company grows.



The H-series hammers have helped customers save up to 25 percent in fuel, significantly reducing emissions from drilling.



COMPANY



Product Offering

MINING

Global segment size estimate: 1,000–1,200 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



SURFACE DRILLING AND FOUNDATION

Global segment size estimate: 500–700 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



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:
200–300 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 is a **global expert** on **high-quality** consumables for mining and construction markets. We aim to become the world's leading supplier of drilling consumables. This requires the following:

- 1. Profitable growth.** Our main goal is to reach EUR 200 million in sales and a 10 percent market share
- 2. The best value for customers.** Our products and services give the customers the best overall value in return on investments. Through our RobitSave site audit programme, we also guarantee savings for new customers.
- 3. The best bit in the industry.** Our offering only includes high-quality products. Research and development are focused on 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 in the industry.** We strive to build long-lasting customer relationships and serve 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.** We accelerate growth and drive sales by working with our distributor partners, which are valuable members of the Robit

community. In four main markets, we sell directly to customers. The direct sales markets set the pace for profitable growth.

- 2. Expanding expertise in drilling consumables.** Our people understand the business and the needs of our customers. We focus on excelling in this in the consumables business. We adjust our training to further increase the know-how 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. Fit for Service.** Supply chain management is the key to success. Through strategic initiatives, 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 in stock and a supporting range available as make-to-order.

Our strategy is to be your partner for a more sustainable tomorrow. The sectors we work in are key facilitators of a greener tomorrow. New energy sources need metals. Geothermal heat is a sustainable source of energy. Many infrastructure investments go to transport or urban projects that lower environmental impact. Our key contributions are reducing CO2 emissions in our value chain, building sustainable partnerships, ensuring a happy and healthy workplace, as well as increasing efficiency throughout the product life cycle.

MARKET SEGMENTS & MEGATRENDS



UNDERGROUND & SURFACE MINING

Lower mineral content; more drilling needed per mineral tonne



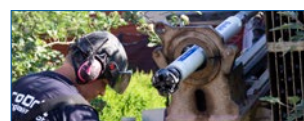
CONSTRUCTION

Urbanization, underground construction & infrastructure investments grow



GEOTECHNICAL

More overburden and supporting construction needed for infrastructure buildings



WELL DRILLING

Geoenergy is increasing

VISION

In 2023 net sales: 92.9 M€
EBITDA 5.0 M€ / 5.4%

ab. 5% of the global drilling consumables market

2000 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

THE EXPERTS IN DRILLING CONSUMABLES

EXCELLENT PRICE-QUALITY-PERFORMANCE-RATIO WITH CONSISTENT QUALITY

MARKET'S BEST BUTTON BITS

MARKET'S BEST SERVICE LEVEL

HIGH QUALITY DRILLING CONSUMABLES

TOP HAMMER



DOWN THE HOLE



GEOTECHNICAL



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



Robit

BUSINESS



Robit

Robit®

Top Hammer Business

The Top Hammer business is dedicated to advancing sustainability efforts.

Jorge Leal
VP, Top Hammer



NET SALES
54.4
MEUR
(change -18.6%)

Top Hammer (TH) drilling is primarily used in mining, earthworks, underground quarrying, and the quarrying of rock material. The Top Hammer business comprises rock drilling consumables and services. The mining sector stands as Robit's primary market, notably witnessing growth in underground mining over the recent years within Robit's Top Hammer business.

The year 2023 presented challenges, particularly due to the loss of the Russian market, significantly impacting Robit's sales. Moreover, the construction segment in Europe faced adversity. Despite these hurdles, the mining market sustained its strength, but de-stocking at customer and distributor side reduced the demand also in the mining segment.

Robit won new customers in Australia as well as in some EMEA countries. The growth experienced in Australia is a result of dedicated efforts, combining Robit's superior products with the expertise of the company's proficient local team. This progress is primarily attributed to the Top Hammer underground mining segment.

Net sales in the EMEA region were close to 2022 level. The slowdown in European construction contributed to the lack of substantial expansion. Sales in Asia and Americas declined and were affected by the slowdown of certain distributors as well as ending of some low-profit contracts impacted Robit's performance.

The challenges in the Eastern market primarily stem from

the loss of the Russian market. Sales focus was turned to other countries in the region like Kazakhstan. The region still offers growth opportunities to recover part of the lost sales from the Russian markets.

The Top Hammer business is dedicated to advancing sustainability efforts. Throughout 2023, Robit conducted tests on its packaging solutions to reduce wood consumption, particularly for rods. The company's aim is to introduce eco-friendlier packaging for rods and shanks, which not only minimizes environmental impact but also reduces overall weight. This lighter packaging will result in additional fuel savings for all stakeholders involved. Robit's goal is to fully transition to this new, more sustainable packaging by the second half of 2024, aligning its commitment to sustainability with the company's operational practices.

Throughout 2023, Robit successfully integrated Rbit across all size ranges – a journey marked by the gratifying sight of the Rbits heading to their respective jobsites from the company's production cells. Having achieved full deployment of Rbit in Robit's production lines, the company's attention now turns to exploring new carbides. This strategic pursuit aims to elevate Robit's product standards further, aspiring to establish "the best bit" available in the market. This phase heralds an exciting exploration of innovative carbide options geared towards enhancing the quality and performance of Robit offerings.

2024 holds great promise for Robit's Top Hammer business. With a robust pipeline of opportunities, Robit is geared to enter a growth phase.

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



Down the Hole Business

“The main drivers for drill and blast drilling are the large-scale mining activities globally.”

Perttu Aho
VP, Down the Hole

NET SALES
20.9
MEUR
(change -16.2%)



Robit's Down the Hole (DTH) business engineers and manufactures percussive hammers and drill bits for drilling in open pit mining and quarrying environment, as well as in well drilling applications. The product offering is made up of a select range of Down the Hole hammers and drill bits suited to serve all aspects of fast-paced, high volume of rock drilling in demanding conditions with little tolerance for downtime. The offering also includes reverse circulation (RC) Down the Hole hammers and specific RC bits for rock sampling.

Robit Down the Hole products are primarily used for drill and blast hole production on mine sites and aggregates production drilling in rock quarries. Robit DTH hammers and bits are also used for drilling water well boreholes and geothermal heating. Robit RC hammers and bits are used for minerals exploration in new mining ventures and for mineral ore grade control in existing mining operations.

The main markets for drill and blast and quarrying are found in North and South America, Southern and Western Africa, and Australasia, whereas in addition to the above the primary markets for well drilling also include Europe. The demand for Robit DTH drilling tools in these business segments can be seen the highest in areas with very hard and abrasive rock combined with varying ground conditions, often in extreme environments. In less demanding, softer ground conditions the customer base often has the option to use other, non-percussive drilling methods such

as rotary or tri-cone drill bits.

In 2023 Robit's DTH net sales saw a decline of 16.2 percent compared to 2022. In the company's largest markets Australasia, North America, and South America, Robit experienced a more significant decline due to the decrease in consumption by several large mining customers. This was somewhat offset by the positive rate of growth in the Nordics in the mining and the water well markets. The positive development in general was higher in the well drilling markets than in the mining and quarrying sector. The company continued to counter declined sales by focusing on winning new mining accounts and distributors especially in North and South America to regain the growth track.

Robit commenced the streamlining of the company's product offering in the beginning of 2023 by concentrating on the high-moving volume items and reducing overlapping drill bit designs, managing to cut the number of active items by 50 percent in the first step of the process. Third quarter of the year saw a major change in Robit's branding strategy as Halco, a pioneering DTH brand, was merged under Robit's single brand of DTH business. This change enables Robit to face 2024 with a simplified approach to strengthen one Robit brand across the board whilst reducing costs and sharpening the message throughout the company's sales channels. The Halco legacy remains visible in the hammer products and continues to be available to the market through select distributors.

Robit rebuilt its manufacturing business concept during the second half of 2023 by winding up the DTH manufacturing operation in Australia and by re-concentrating the company's production company's other factories.

The 4" H-series modular hammer was launched in select market areas, mainly in the Nordic well drilling market, in the second half of 2023. The H-series modular hammer family will be expanded in 2024. The second half of 2023 saw also the start of a methodical focusing on reducing Robit's net working capital by actively selling old generation products and slow-moving inventory at a successful rate.

The main drivers for drill and blast drilling are the large-scale mining activities globally. This segment is expected to develop at a moderate rate during next years. The main decision-making drivers for product selection will increasingly focus on product

cost per drilled metre and fuel savings in the production drilling operations. The well drilling market continues to grow steadily at a moderate rate as the demand for potable water continues to increase. Water well boreholes are expected to go deeper over time, supporting a favourable demand for more consumables in this segment. The reverse circulation (RC) market, primarily in the exploration segment continues to fluctuate based on mineral commodities market price development, whereas mineral ore grade control drilling is expected to continue at a steady pace in existing mining operations.

The Robit H-series modular hammer family will be expanded in the first half of 2024 to add 5", 6" and 8" hammer products in addition to the 4" launched earlier in 2023. This ground-breaking DTH hammer solution will provide the customer base more operational flexibility in varying drilling conditions than seen before and will vastly improve our profitability.

In 2017, Robit merged the Halco product portfolio under the Robit brand – "one brand, one product offering" – to simplify the product offering and strengthen Robit brand.



Geotechnical Business

“Main driver for geotechnical drilling is activity of infrastructure projects.”

Ville Pohja
VP, Geotechnical



NET SALES
17.6
MEUR
(change -12.8%)

Robit's Geotechnical business designs and manufactures tools for drilling in overburden and mixed ground conditions. The product offering consists of a wide range of Down the Hole hammers and casing advancing systems designed to serve all needs of drilling contractors and construction companies.

Robit's geotechnical products are used for foundation drilling mainly in infrastructure and housing projects but also for drilling water wells and geothermal heating. Typical applications are piling, micropiling, and anchoring.

Main markets for the business are Nordics and North America. Demand for Robit's drilling tools in this business segment is the highest in areas with hard and abrasive rock combined with demanding construction and infrastructure projects. In easy ground conditions the potential customer is typically able to use other methods.

In 2023 Geotechnical business' net sales dropped by 12.8 percent compared to 2022. The drop in net sales was caused by the significant headwinds in housing market as well as, because of stopping the business at Russia. In the Geotechnical business' largest markets Nordics and North America, Robit was able to grow slightly but suffered a drop in the South American market due to weakness in the construction and water well markets.

Geotechnical business received a major order for two significant piling projects in the United States for the company's largest hammer and relevant casing advancing systems. The

project was mostly invoiced in the second half of 2023 and the drilling work will begin during 2024. These projects will serve as significant references for the North American market which Robit sees as one of the most promising markets for the company to grow in.

Profitability was somewhat affected by consuming expensive raw material purchased during the highest peaks of steel prices and tighter price competition in the market due to declining market. The cost pressure on raw material prices started to ease up towards the end of the year.

In 2023 the Geotechnical business' focus was on streamlining its product offering and ramping down old generation products, as well as lowering its net working capital in which it was successful. A healthy pipeline of R&D and development projects remain and in 2024 we will see some product launches again in geotechnical business.

Main driver for geotechnical drilling is activity of infrastructure projects. This segment combined with large industrial investments has stayed relatively stable and Robit expects it to remain at similar level in the coming year. Weakness of the housing market will most likely continue at least for the first quarter but how long after that, remains to be seen. If the housing market in Nordic growth areas starts picking up during 2024, it will bring Robit some tailwinds towards the end of the year.

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



SUSTAIN

Robit



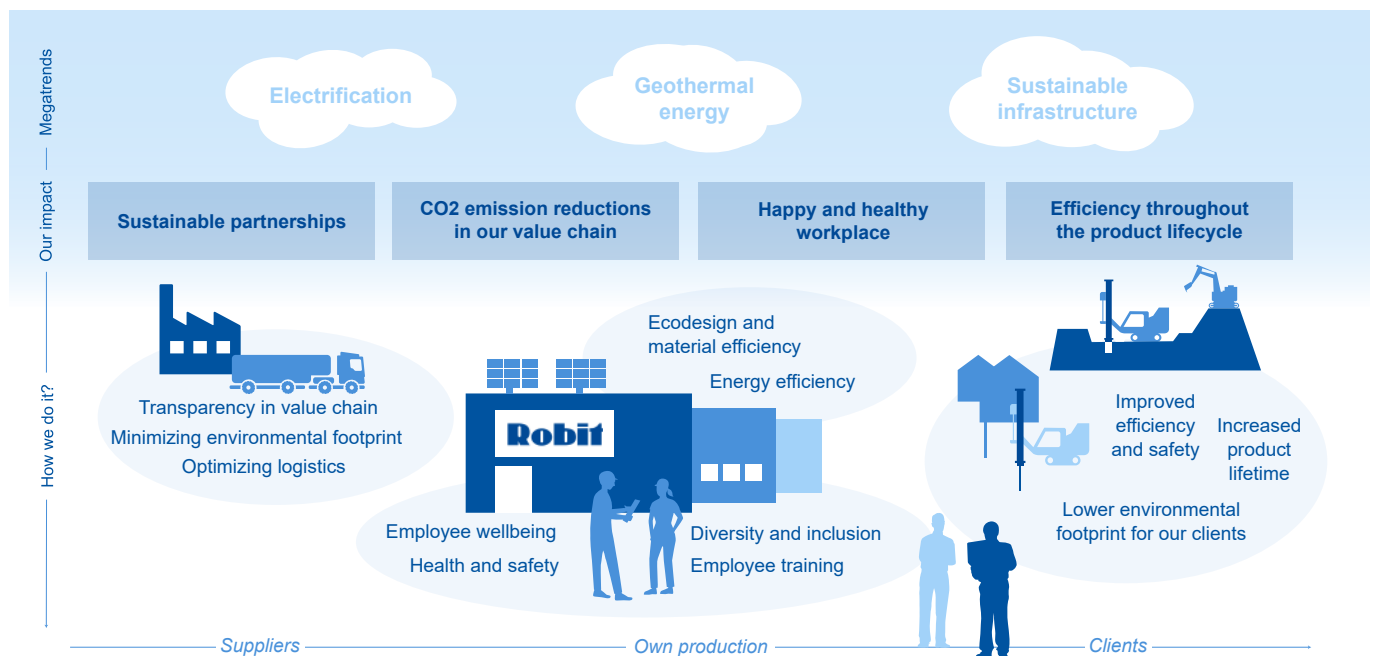
ABILITY



Your Partner for a More Sustainable Tomorrow

Sustainability is part of Robit's everyday operations. Robit promotes themes it has defined as important, which allow the company to gain additional recognition in the industry. Robit's sustainability work is guided by the sustainability vision defined by the company in 2021. In 2023, Robit continued to actively engage in sustainability communication within the organisation and made progress in the areas selected.

ROBIT SUSTAINABILITY VISION



Sustainable partnerships

Robit develops the sustainability and operational performance of the entire supply chain through long-term partnerships. Robit works with partners who share similar principles and goals when it comes to the environment, social responsibility, and governance.

The development of customer operations and compliance with the Code of Conduct are particularly important in Robit's upstream value chain processes. For the company to make progress, distributors need to commit to the above.

Robit's suppliers play a key role in the environmental impacts caused by the company's operations. The production and transport of raw materials requires a significant amount of energy. We work together with suppliers to reduce material waste in production phases. Robit's suppliers are asked to commit to Robit's sustainable supply chain procedures, and sustainability issues are considered in audits of suppliers and subcontractors.



KPI	Target	Result 2023	2022
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%	99%	92%
Our target is to have a minimum of 90% of our distributors committed to Robit’s ESG principles, in terms of sales volumes.	90%	86%	82%

CO2 emission reduction in our 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 recognised that there is potential for improvement by influencing indirect effects and external stakeholders.

The emissions measured in the company’s KPIs are caused by Robit’s own operations. The company’s 2020 carbon footprint (Scope 1 and 2) calculated according to Greenhouse Gas Protocol (GHG Protocol) Corporate Standard was 3,383 tCO2e corresponding to 36.9 tCO2e per million euro of net sales. While the emission intensity in 2023 was 25.7 percent below the 2020 level, it remained unchanged from 2022. At the end of September, Robit wound down manufacturing operations at its Australian plant. The concentration of production in fewer production facilities will improve the company’s emission intensity. In addition, the company implemented several smaller measures to support the achievement of the goal.

KPI	Target	Result 2023	2022
Robit is committed in reducing its Scope 1 and 2 CO2 intensity by 50% from the 2020 baseline by 2030.	- 50%	- 26%	- 26%

Happy and healthy workplace

Robit wants to be a good employer and offer a healthy workplace for its employees. “Respect everyone” is one of Robit’s values.

The annual personnel survey was conducted in December 2023. The respondents felt that communication about the strategy and outlook had improved since the previous survey. A clear majority of the respondents felt that their team is ready to do more than expected if needed. The respondents estimated that managerial work had improved since the previous survey. This is a good basis from which to continue improvement measures, as the results reflected the cost savings and adaptation measures made in 2023, which lowered the respondents’ opinions related to the employer image and future expectations, in particular. We continually work to improve safety at Robit. There is a Robit HSE team in place, which coordinates safety activities within the group. The lost-time injury frequency

(LTIF) decreased during the review period, as the company significantly strengthened its proactive measures to improve safety. In 2023, a new record in the number of safety observations was reached.

KPI	Target	Result 2023	2022
Our target is zero lost-time incidents; the indicator followed is LTIF.	0	4.7	6.4
We continuously improve the engagement of our people; the indicator followed is the PeoplePower® index.	>70	68.6	70.1

Efficiency throughout the product lifecycle

The material efficiency of product design and production, as well as the aim to ensure the longevity of products in customer use, are key factors in Robit’s sustainability work. Finding the product that is best suited to the job and using it efficiently has a significant impact on the service life of the product and the energy consumed by the drilling. Robit’s staff and distributors are continuously trained to aid customers’ success. The training covers product features and guidance to customers in their efficient and effective use. Optimising the drilling operations of Robit’s customers is especially conducive to efficiency. Energy consumption can be reduced, and drilling efficiency increased by finding the best ways to use Robit’s products and optimising use. Decisions made at the product design stage have a significant impact on drilling efficiency. In 2023, the company launched a new H4 hammer, which reduces emissions from drilling by improving fuel consumption by up to 25 percent.

KPI	Target	Result 2023	2022
Robit is committed to providing at least 1,000 hours of consultative sales training to Robit’s and its distributors sales and technical people annually.	1,000 h	1,919 h	714 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%	88.1%	89.9%

Cases:

Energy efficiency through product development

Improving the energy efficiency of products through product development is an effective way for Robit to positively influence its carbon handprint. Robit's new H4 hammer for DTH drilling is a good example of product development leading to significant reductions in the energy consumption of the product during use.

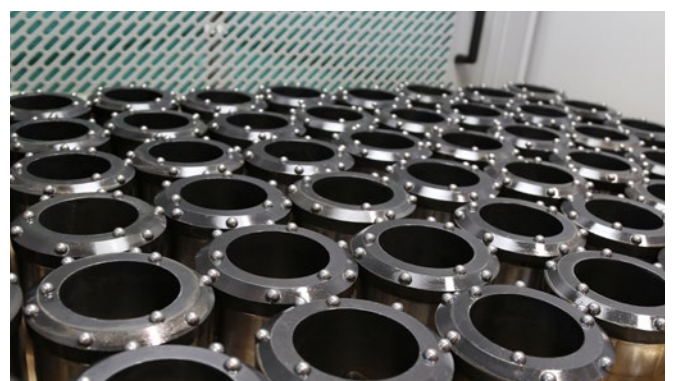
On average, the new hammer saves almost 10 percent fuel compared to Robit's previous hammer model and up to 25 percent compared to similar competitor products. Drilling a typical geothermal well using the new hammer model consumes approximately 50 litres less fuel, corresponding to an emission reduction of approximately 0.12 tCO₂e. Consequently, the emission reduction of one drill rig per year can amount to approximately 44.6 tCO₂e, corresponding to 1.5 percent of Robit's 2023 Scope 1 and 2 emissions. Switching 100 drill rigs to the new hammer model will reduce emissions with an amount equal to Robit's 2023 Scope 1 and 2 emissions. The new product also has a significantly lower environmental impact in terms of manufacture and transport, as material use has been optimised by 14 percent.



More environmentally friendly corrosion prevention

The use of alkaline blackening in the surface treatment of Robit's earth drilling products was discontinued in autumn 2023. It was replaced with a protective oil-based surface treatment.

The change reduces the environmental impact of products. In addition, discontinuing alkaline blackening reduces the amount of chemical waste and eliminates the need to use substances classified as harmful to the environment at any stage of the corrosion prevention process. The change also has a positive impact on occupational safety. Instead of the previous ten chemicals, the new corrosion prevention process only requires one chemical, significantly decreasing the need to store chemicals in production facilities.



Board of Directors



Lasse Aho, b. 1958, M. Soc. Sc., honorary title of Vuorineuvos*

Member of the Board since March 2023. Independent of the company and its major shareholders.

Share ownership: 31 December 2023

26,065 shares

Committees:

Working Committee

Main occupation:

Professional board member

Key positions of trust:

Puuhilo Plc (Chairman of the Board), the Olvi Foundation (Chairman of the Board), Apetit Plc (Chairman of the Board), Brewers of Europe (Chairman of the Board), Jääkiekon SM-liiga Oy (Member of the Board), Genelec Oy (Member of the Board)

**Vuorineuvos is a Finnish honorary title granted by the President of Finland to leading figures in industry and commerce.*



Anne Koutonen, b. 1962, M. Sc. (Econ.)

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

Share ownership: 31 December 2023

19,831 shares

Committees: Audit Committee

Main occupation:

Professional board member

Key positions of trust:

Modulight Oyj (Member of the Board), Kemppe Oy (Member of the Board), Merus Power Plc (Member of the Board), Tammer Brands Oy (Chair of the Board), Componenta Corporation (Vice Chair of the Board), HKScan Corporation (Member of the Board), ImageWear Oy (Member of the Board), Kojamo Plc (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 2023

26,689 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 (Chairman of the Board), Pasakuitu Oy (Member of the Board), SoilFood Oy (Member of the Board), OffStore Oy (Chairman of the Board), Vincit Solutions Oy (Chairman of the Board), Vincit Plc (Chairman of the Board), Amor & Labor Oy (Member of the Board), Happeo Ltd. (Chairman of the Board), Integrata Oy (Member of the Board), LähiTapiola Pirkanmaa (Member of the Board)



Harri Sjöholm, b. 1954, M. Sc. (Tech.)

Vice Chairman of the Board since March 2023, Chairman of the Board from December 2018 to March 2023, and previously Member of the Board 1998–2018. Non-independent of the company and its major shareholders. Major shareholder in Five Alliance Oy, which holds 27.1 percent of the company's shares.

Share ownership: 31 December 2023

44,652 shares

Committees:

Shareholders' Nomination Committee, Personnel Committee, Audit Committee and Working Committee

Main occupation:

Robit Plc, Vice Chairman of the Board

Key positions of trust:

Five Alliance Oy (Chairman of the Board), Kangasalan Väkkyvä Vesijärvi ry (Member of the Board), Tampere University of Applied Sciences Foundation (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 2023

20,955 shares

Committees: Working Committee

Main occupation:

Metso Outotec Corporation, Deputy CEO and President of the Minerals business area

Key positions of trust:

Technology Industries of Finland (Member of the Board), Swiss Tower Mills Minerals AG (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 2023

18,605 shares

Committees: Audit Committee and Personnel Committee

Main occupation:

Professional board member

Key positions of trust:

Sotkamo Silver Oyj (Chair of the Board), Turku West Railway Ltd (Vice Chair of the Board), Neova Group (Member of the Board)

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.)

Group CEO

Employed by the company since March 2020

Share ownership: 31 December 2023

38,317 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 2023

3,750 shares

Primary work experience:

Robit Plc 2020–2022 (General Manager, Halco Business), Entrepreneur 2007–2019 (mechanical engineering industry and contracting business), Kospa Oy 2006–2008 (Managing Director)



Ville Iljanko, b. 1972, BBA

VP Distributor Sales

Employed by the company since June 2023

Share ownership: 31 December 2023

3,000 shares

Primary work experience:

Normet Corporation 2019–2023 (international management positions, most recently Director, Commercial Management & Process Expertise), Högfors Oy 2016–2018 (CEO), Outotec 2011–2016 (international management positions), Alteams Oy 2004–2011 (international management positions), Outokumpu Oyj 1997–2003 (international management positions)



Jorge Leal, b. 1983, M. Sc. (Business and Technology Management), B. Sc. (Engineering)

VP Top Hammer

Employed by the company since July 2011

Share ownership: 31 December 2023

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.)

Group CFO

Employed by the company since January 2020

Share ownership: 31 December 2023

18,925 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 2023

7,500 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.)

Group HR Director

Employed by the company since September 2017

Share ownership: 31 December 2023

19,500 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 2024

The Annual General Meeting of Robit Plc will be held at 14.00 on Wednesday, 3 April 2024 in Tampere Hall, Yliopistonkatu 55, 33100 Tampere, Finland. The reception of persons registered will commence at 13.30.

The Annual General Meeting may be attended by shareholders who on the record date of the AGM, 20 March 2024, 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 on 25 March 2024.

You can register for the Annual General Meeting

- a. Via the company's website at www.robitchgroup.com
- b. By email or mail

Shareholders registering by email or mail shall submit the registration form available on the company's website <https://www.robitchgroup.com/investor/corporate-governance/general-meeting/> or equivalent information by mail to Innovatics Oy, General Meeting / Robit Plc, Ratamestarinkatu 13 A, FI-00520 Helsinki or by email to agm@innovatics.fi.

Further information on registration is available by telephone during the registration period of the General Meeting by calling Innovatics Oy at +358 10 2818 909 on weekdays from 9.00 to 12.00 EET and from 13.00 to 16.00 EET.

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 no dividend be paid for the 2023 financial year.

Robit Plc's financial information in 2024

In 2024, Robit Plc will publish its financial statement release, half-year financial report and financial reviews for three and nine months as follows:

21 February 2024	Financial statements release for the financial year that ended on 31 December 2023
23 April 2024	Financial review for January–March 2024
2 August 2024	Half-year financial report for January–June 2024
24 October 2024	Financial review for January–September 2024

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.robitchgroup.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 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 3 3140 3400
 Email: investors@robitchgroup.com

Visiting address:
 Robit Plc
 Vikkiniityntie 9
 33880 Lempäälä, Finland



THE REPORT OF THE BOARD OF DIRECTORS



Robit

Robit

The Report of the Board of Directors

Year 2023 in Brief

- Net sales EUR 92.9 million (112.0); change -17.0 percent
- EBITDA EUR 5.2 million (8.9); 5.6 percent of net sales (7.9)
- Comparable EBITDA EUR 5.0 million (8.9); 5.4 percent of net sales (7.9)
- EBITA EUR 0.8 million (4.0); 0.9 percent of net sales (3.5)
- Comparable EBITA EUR 0.7 million (4.0); 0.7 percent of net sales (3.5)
- EBIT EUR 0.1 million (3.1); 0.1 percent of net sales (2.7)
- Review period net income EUR -3.0 million (0.9); -3.2 percent of net sales (0.8)
- Net cash flow for operating activities EUR 8.4 million (5.6)
- Equity ratio at the end of the review period 48.5 percent (46.5)

Key financials	Q4 2023	Q4 2022	Change%	2023	2022	Change%
Net sales, EUR 1,000	22 901	26 210	-12.6%	92 917	111 962	-17.0%
EBITDA, EUR 1,000	2 409	379	535.9%	5 172	8 851	-41.6%
EBITDA, % of net sales	10.5%	1.4%		5.6%	7.9%	
Comparable EBITDA, EUR 1,000	1 961	379	417.8%	5 004	8 851	-43.5%
Comparable EBITDA, % of net sales	8.6%	1.4%		5.4%	7.9%	
EBITA, EUR 1,000	1 451	-822	276.5%	829	3 959	-79.1%
EBITA, % of net sales	6.3%	-3.1%		0.9%	3.5%	
Comparable EBITA, EUR 1,000	1 004	-822	222.0%	660	3 959	-83.3%
Comparable EBITA, % of net sales	4.4%	-3.1%		0.7%	3.5%	
EBIT, EUR 1,000	1 192	-1 039	214.7%	116	3 071	-96.2%
EBIT, % of net sales	5.2%	-4.0%		0.1%	2.7%	
Result for the period, EUR 1,000	-332	-2 166	-84.7%	-3 019	885	-441.0%
Result of the period, % of net sales	-1.4%	-8.3%		-3.2%	0.8%	
Earnings per share (EPS), EUR 1,000	-0,01	-0,09		-0,14	0,04	
Return on equity (ROE), %				-6.3%	1.6%	
Return on capital employed (ROCE), %				-0.4%	3.5%	

Market Outlook for 2024

Robit expects the global mining industry demand to remain at the current good level. Demand in the construction industry is expected to remain at the current satisfactory level in the short term. Project activity in the construction industry has picked up after bottoming out in 2023. With the projects progressing, demand is expected to develop positively in the second half of the year.

Guidance for 2024

Robit estimates that, in 2024, net sales will increase and comparable EBIT profitability in euros will improve compared to 2023. Background for the guidance

The guidance is based on the estimate that the mining industry demand remains at good level and market in the construction sector develops positively in the second half of 2024. The guidance is based on the assumption that there will be no significant changes in the exchange rates from the level at the end of 2023.

In 2024, Robit will transition to use comparable EBIT in its guidance instead of the previously used comparable EBITDA profitability.

CEO Arto Halonen

Market demand weakened during 2023, which affected the construction industry in Europe and Asia in particular. Customer demand in the mining industry remained at a good level during the year, but the high stock levels of customers and distributors, and de-stocking, weakened Robit's sales also in the mining industry. Orders received stood at EUR 93.0 million (105.3) in 2023. The company's net sales for 2023 declined by 17.0 percent to EUR 92.9 million (112.0). In constant currencies, the decline was 13.7 percent. A significant reason for the decreased sales was the closure of the Russian business, which had an 8.3 percent impact on the declined net sales.

The company's net sales increased clearly in the Australasia region. The company has won several new customers in the region, and the resulting effect was evident in the last quarter of the year. In the other market areas, net sales declined from 2022. Customer demand was low in the construction, prospection drilling and well drilling segments at the end of the year. Of the business units, Geotechnical experienced growth in the last quarter of the year, when a major project delivery was carried out to North America.

The company's full-year EBITDA decreased from the 2022 level. Profitability was weak, especially in the early part of the year, but the company managed to improve it with the help of the austerity measures implemented during the year. The impact of the austerity measures was evident particularly in the profitability of the fourth quarter of the year. Product costs continued to rise in 2023, and the company was unable to fully compensate for the cost increases in customer pricing. The cost pressure eased towards the end of the year, and the same trend is expected to continue in 2024. Profitability in the Geotechnical business was burdened by intensified price competition due to decreased construction projects.

Robit's net cash inflow from operating activities strengthened significantly during the review period, amounting to EUR 7.0 million. The result was made possible by implementation of the Fit for Service programme, which focused on strengthening cash flow. The programme helped to reduce stocks during 2023 by EUR 8.3 million. The programme and inventory optimisation will continue in 2024.

The year of structural changes

The year 2023 was a year of structural changes for the company. We discontinued manufacturing at the Australian plant at the end of the third quarter, resulting in a positive impact of EUR 0.7 million on the company's EBITDA. Centralising manufacturing to the company's other plants will strengthen our competitiveness in the Down the Hole business. In future, the Australian unit will focus on sales, maintenance, and distribution on the local market. We also clarified the sales structure of the Down the Hole SBU; we will sell products only under the Robit brand. Previously, the company was active in the Down the Hole SBU under both the Robit and the Halco brands. This brand change enables the simplification of the organisation, company structure and product offering. The measures taken were part of the company's EUR 5 million cost-savings programme.

Work towards achieving sustainability goals continued

Robit's sustainability work focuses on four key themes: responsible partnerships, reducing carbon dioxide emissions in the value chain, a happy and healthy workplace, and efficiency throughout the product lifecycle. Systematic work towards achieving our goals progressed as planned. Our employee satisfaction strengthened, and we succeeded in significantly reducing CO2 emission intensity, among other accomplishments.

During the year, we launched new products on the market that enable efficiency throughout the product lifecycle. In the third quarter of the year, we introduced the Robit Rbit drill bit series for drifting and tunneling. With the Rbit series, we aim to help our customers reduce drilling costs through higher penetration rates and lower cost per drill meter.

Strengthening profitability as a priority

We enter 2024 stronger thanks to implemented structural changes. A clearer structure and a more cost-competitive supply chain have particularly strengthened the competitiveness of the Down the Hole business and the conditions for profitable growth.

In 2024, we will focus particularly on ensuring profitable growth. The measures to strengthen profitability will continue. The company seeks growth by further strengthening the distributor network and, in the company's direct sales countries, by focusing especially on increasing mining sales. The Fit for Service programme, which focuses on working capital management, will continue in 2024. However, in 2024, the company's stock level is not expected to decrease as significantly as in 2023. We will focus on developing operating models and processes for maintaining optimised stock levels and for improving inventory turnover as the company grows.

Sustainability

The measures taken to improve work safety bore fruit. The lost-time injury frequency rate decreased during the year, and the company made a record number of safety observations. In terms of emission intensity, the trend improved towards the latter part of the year, yet we fell somewhat short of the comparison year. The number of consultative sales hours increased significantly during the year, and we were able to raise the number of responsible suppliers and distributors.

	Emission intensity	Waste	Consultative sales hours per year	LTIF	Sustainable suppliers	Sustainable distributors
12/2023	-25.7%	88.1%	1 919 h	4.7	99.3%	86.0%
12/2022	-26.0%	89.9%	714 h	6.4	92.0%	82.0%
Target	-50.0%	>90.0%	>1 000 h	0.0	>90.0%	>90.0%

Net Sales

Net sales by product area

EUR thousand	Q4 2023	Q4 2022	Change%	2023	2022	Change%
Top Hammer	13 544	16 748	-19.1%	54 406	66 834	-18.6%
Down the Hole	4 864	5 827	-16.5%	20 862	24 897	-16.2%
Geotechnical	4 493	3 635	23.6%	17 648	20 231	-12.8%
Total	22 901	26 210	-12.6%	92 917	111 962	-17.0%

The Group's net sales in the fourth quarter of the year totalled EUR 22.9 million (26.2), representing a decrease of 12.6 percent (-0.3) over the comparison period. In constant currencies, the change was -9.3 percent (-4.2). The Group's net sales in January–December totalled EUR 92.9 million (112.0), representing a decrease of 17.0 percent (11.1) over the comparison period. In constant currencies, the change was -13.7 percent (6.2).

Top Hammer net sales decreased by 19.1 percent in the last quarter of the year, and net sales for the review period were EUR 13.5 million (16.7). The decreased net sales were affected particularly by the discontinuation of sales to Russia and weakened demand in the contracting sector in Asia region. Positive development of net sales was seen in the Australasia region, where the company has won several new customers.

Down the Hole net sales decreased by 16.5 percent in the fourth quarter of the year, and net sales for the review period were EUR 4.9 million (5.8). Net sales grew in the EMEA region but declined especially in the Americas region, where deliveries to certain distributors were lower than in the comparison period.

Geotechnical net sales grew strongly by 23.6 percent in the fourth quarter of the year, and net sales for the review period were EUR 4.5 million (3.6). The last quarter of the year saw a major project delivery to North America.

Net sales by market area

EUR thousand	Q4 2023	Q4 2022	Change%	2023	2022	Change%
EMEA	10 820	12 546	-13.8%	47 279	48 651	-2.8%
Americas	5 433	6 156	-11.7%	20 840	26 349	-20.9%
Asia	2 293	2 767	-17.1%	8 950	11 686	-23.4%
Australasia	4 031	3 227	24.9%	14 835	13 892	6.8%
East	324	1 514	-78.6%	1 012	11 384	-91.1%
Total	22 901	26 210	-12.6%	92 917	111 962	-17.0%

Profitability

Key figures

EUR thousand	Q4 2023	Q4 2022	Change%	2023	2022	Change%
EBITDA, EUR 1,000	2 409	379	535.9%	5 172	8 851	-41.6%
EBITDA, % of net sales	10.5%	1.4%		5.6%	7.9%	
Comparable EBITDA, EUR 1,000	1 961	379	417.8%	5 004	8 851	-43.5%
Comparable EBITDA, % of net sales	8.6%	1.4%		5.4%	7.9%	
EBIT, EUR 1,000	1 192	-1 039	214.7%	116	3 071	-79.1%
EBIT, % of net sales	5.2%	-4.0%		0.1%	2.7%	
Result for the period, EUR 1,000	-332	-2 166	84.7%	-3 019	885	-441.0%
Result for the period, % of net sales	-1.4%	-8.3%		-3.2%	0.8%	

Comparable EBITDA for the fourth quarter was EUR 2.0 million (0.4). The proportion of comparable EBITDA in net sales was 8.6 percent (1.4). The company's EBIT was EUR 1.2 million (-1.0). EBIT was -5.2 percent (-4.0) of the review period net sales.

Comparable EBITDA for January–December was EUR 5.0 million (8.9). The proportion of comparable EBITDA in net sales was 5.4 percent (7.9). The company's EBIT was EUR 0.1 million (3.1). EBIT was 0.1 percent (2.7) of the January–December net sales.

The weakened profitability for the financial year was due mainly to lower sales. In addition, the company was not able to fully pass on the increased costs to sales prices. During the last quarter, the company's cost-savings programme started to bear fruit and profitability improved significantly over the early part of the year. The company will continue investing in developing sales and in managing fixed costs in order to improve profitability.

Financial income and expenses in the fourth quarter of the year totalled EUR -0.8 million (-0.5), of which interest expenses accounted for EUR -0.7 million (-0.3) and exchange rate changes accounted for EUR -0.1 million (-0.1). The company had a EUR 10 million interest rate swap in effect, which helped reduce the cash flow effect of rising interest rates. In addition, the breaking of the interest-bearing net debt/EBITDA covenant of the company's financing agreement increased the company's financing costs. The company received consent from its main financier to break the covenant in advance. Tax expense for the review period was EUR -0.8 million (-0.6). The company re-assessed the probability of utilising certain withholding tax receivables and, on that basis, wrote down a total of EUR -0.4 million in withholding tax receivables from the balance sheet. Review period net income was EUR -0.3 million (-2.2).

Financial income and expenses in January–December totalled EUR -2.5 million (-1.7), of which interest expenses accounted for EUR -2.2 million (-1.3) and exchange rate changes for EUR -0.2 million (-0.2). Tax expense was EUR -0.6 million (0.5). Review period net income was EUR -3.0 million (0.9).

Cash Flow and Investments

Consolidated cash flow statement

EUR thousand	Q4 2023	Q4 2022	2023	2022
Net cash flows from operating activities				
Cash flows before changes in working capital	2 178	1 129	4 509	10 063
Cash flows from operating activities before financial items and taxes	8 282	2 009	11 074	7 326
Net cash inflow (outflow) from operating activities	7 019	1 594	8 353	5 606
Net cash inflow (outflow) from investing activities*	1 511	-75	1 102	743
Net cash inflow (outflow) from financing activities	-2 970	-612	-4 069	-6 421
Net increase (+)/decrease (-) in cash and cash equivalents	5 560	908	5 386	-72
Cash and cash equivalents at the beginning of the financial year	5 751	5 394	6 085	6 073
Exchange gains/losses on cash and cash equivalents	-110	-216	-269	84
Cash and cash equivalents at end of the year	11 201	6 085	11 201	6 085

*The company has adjusted in the comparative period the Other financial assets item from Cash and cash equivalents and its effects also on the cash flow statement. The adjustment from Cash and cash equivalents to Other financial assets was EUR 1.6 million.

The Group's cash flow before changes in working capital during the fourth quarter was EUR 2.2 million (1.1). Net cash flow for operating activities was EUR 7.0 million (1.6). The changes in working capital had an impact of EUR 6.1 million (0.9). Net cash flow from operations in the financial year was EUR 8.4 million (5.6).

Net cash flow from investing activities in the fourth quarter was EUR 1.5 million (-0.1) as the company received proceeds from the sale of production machinery at the Australian factory. Gross investments in production totalled EUR 0.0 million (0.2). The proportion of investments in net sales was 0.3 percent (0.9). Net cash flow for investment activities in the financial year was EUR 1.1 million (0.8).

Net cash inflow (outflow) from financing activities for the last quarter of the year was EUR -3.0 million (-0.6). Net changes in loans totalled EUR -1.6 million (-1.8). The change in bank overdrafts was EUR 0.1 million (1.6). Net cash flow from financing activities in the financial year was EUR -4.1 million (-6.4).

Depreciation, amortisation and write-downs in the fourth quarter totalled EUR -1.3 million (-1.4). Depreciation, amortisation and write-downs in the financial year totalled EUR -5.5 million (-5.8).

Financial Position

	31.12.2023	31.12.2022
Cash and cash equivalents, EUR thousand*	11 201	6 085
Interest-bearing liabilities, EUR thousand	32 532	36 345
of which short-term interest-bearing financial liabilities:	6 463	8 922
Net interest-bearing liabilities, EUR thousand	21 331	30 260
Undrawn credit facility, EUR thousand	4 000	4 218
Gearing, %	46,7 %	59,5 %
Equity ratio, %	48,5 %	46,5 %

*The company has adjusted in the comparative period the Other financial assets item from Cash and cash equivalents and its effects also on the cash flow statement. The adjustment from Cash and cash equivalents to Other financial assets was EUR 1.6 million.

The Group had EUR 32.5 million (36.3) in interest-bearing liabilities, EUR 5.2 million (7.0) of which were IFRS 16 interest-bearing liabilities. The company had EUR 11.2 million (6.1) in cash and cash equivalents, EUR 1.6 million in other financial assets and, in addition, an undrawn credit facility of EUR 4.0 million. Interest-bearing net liabilities amounted to EUR 21.3 million (30.3), and interest-bearing net bank liabilities excluding IFRS 16 liabilities stood at EUR 16.1 million (23.3).

The Group's equity at the end of the review period was EUR 45.6 million (50.8). The Group's equity ratio improved and was 48.5 percent (46.5). Gearing was 46.7 percent (59.5).

Personnel and Management

The number of personnel decreased by 34 from the end of the comparison period, and at the end of the review period it was 225 (259). At the end of the review period, 69 percent of the company's personnel were located outside Finland.

The company's Management Team at the end of the reporting period was composed of Arto Halonen (CEO), 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	2023
Net sales growth p.a., %	15 %	10,0 %	11,1 %	-17,0 %
Comparable EBITDA, % of net sales	13 %	7,5 %	7,9 %	5,4 %

Robit will update its long-term financial targets during the first quarter of 2024.

Share-Based Incentive Programmes

Share-based incentive scheme 2020–2022

On 25 February 2020, Robit's Board of Directors decided on a share-based incentive scheme for the Group's management and key personnel. The share scheme had three elements: the key personnel's own investment in the company (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 covered 12 individuals. The company's matching shares were paid in April 2023. No performance matching shares were paid. After payment, the shares are subject to a transfer restriction of one year. In total, 38,500 shares were paid, representing 0.2 percent of the company's current share capital.

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 the company's key personnel. The share scheme includes earning periods of one year 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 potential reward for both earning periods will be paid in May 2024.

The share scheme covers 11 individuals. The total amount of the share rewards payable on the basis of the 2021 and 2022–2023 earning periods corresponds to a maximum of 155,000 Robit Plc shares, representing 0.7 percent 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 the company's key personnel. On 24 March 2022, Robit's Board of Directors decided to increase the maximum size of the share reward scheme due to the change of CEO.

The share scheme includes earning periods of one year 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 2022 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 share scheme's potential reward for both earning periods will be paid in May 2025.

The share scheme covers 20 individuals. The total amount of the share rewards payable on the basis of the 2022 and 2023–2024 earning periods corresponds to a maximum of 240,000 Robit Plc shares, representing 1.1 percent of the company's current share capital.

Share-based incentive scheme 2023–2025

On 20 February 2023, Robit Plc's Board of Directors decided on a performance-based share reward scheme for the company's key personnel. The share scheme includes earning periods of one year and two years. The first earning period of the share scheme comprises the year 2023 and the second earning period comprises the years 2024–2025. The reward for the 2023 earning period is divided into a guaranteed part and a performance-based part. The guaranteed part is 50 percent of the base share allocation defined for the participant. The remuneration that may be paid under the share scheme for the 2024–2025 two-year earning period is based on the company's predetermined average earnings per share in the financial statements for the years 2024 and 2025. The share scheme's potential reward for both earning periods will be paid in May 2026.

The share scheme covers 18 individuals. The total amount of the share rewards payable on the basis of the 2023 and 2024–2025 earning periods corresponds to a maximum of 240,000 Robit Plc shares, representing 1.1 percent of the company's current share capital.

Resolutions of the Annual General Meeting 2023

Robit Plc's Annual General Meeting was held in Tampere on 15 March 2023. The decisions and other materials related to the meeting are available on the company's website at <https://www.robitegroup.com/investor/corporate-governance/general-meeting/>.

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, 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

The use of alkaline blackening in the surface treatment of Robit's earth drilling products was discontinued in autumn 2023. It was replaced with a protective oil-based surface treatment.

The change reduces the environmental impact of products. In addition, discontinuing alkaline blackening reduces the amount of chemical waste and eliminates the need to use substances classified as harmful to the environment at any stage of the corrosion prevention process. The change also has a positive impact on occupational safety. Instead of the previous ten chemicals, the new corrosion prevention process only requires one chemical, significantly decreasing the need to store chemicals in production facilities.

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.

The emissions measured in the company's KPIs are caused by Robit's own operations. The company's 2020 carbon footprint (Scope 1 and 2) calculated according to Greenhouse Gas Protocol (GHG Protocol) Corporate Standard was 3,383 tCO₂e corresponding to 36.9 tCO₂e per million euro of net sales.

In product development, emission reduction is also taken into account, as exemplified by Robit's new H4 hammer developed for Down the Hole drilling. The emissions resulting from the use of a similar product are reduced by Robit's 2023 Scope 1 and 2 emissions when approximately 100 drilling rigs transition to using the new hammer model.

In 2023, the company's Scope 1 and 2 emission intensity was 27.4 CO₂e per million euros of revenue (2022: 27.3 CO₂e per million euros of revenue), representing a change from the 2020 baseline of -25.7 percent.

Happy and healthy 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 constantly strives to improve work safety in all aspects of the company's operations. 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, Viva Engage 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 2023 Robit continued its active sustainability communication inside the organisation and reached positive development in the key target areas.

KPI	Target	Result 2023	2022
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%	99%	92%
Our target is to have a minimum of 90% of our distributors committed to Robit’s ESG principles, in terms of sales volume.	90%	86%	82%
Robit is committed in reducing its scope 1 and 2 CO2 intensity by 50% by 2030 from the baseline year 2020.	- 50%	- 26%	- 26%
Our target is zero lost time incidents; the followed indicator is LTIF.	0	4.7	6.4
We continuously improve the engagement of our people; the monitored indicator is the PeoplePower® index.	>70	68.6	70.1
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	1919 h	714 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%	88.1%	89.9%

Shares and Share Turnover

On 31 December 2023, the company had 21,179,900 shares and 5,405 shareholders. The trading volume in January–December was 9,518,786 shares (8,082,989).

The company holds 47,190 treasury shares (0.2 percent of total shares). On 31 December 2023, the market value of the company's shares was EUR 32.0 million. The closing price of the share was EUR 1.51. The highest price in the review period was EUR 1.55 and the lowest price was EUR 1.20.

Shareholding of the board members and management 31 December 2023	Shares	Share %
Shareholding of the board members	5,888,364	27.80%
Harri Sjöholm *	5,776,219	27.27%
Mikko Kuitunen	26,689	0.13%
Lasse Aho	26,065	0.12%
Markku Teräsvasara	20,955	0.10%
Anne Koutonen	19,831	0.09%
Eeva-Liisa Virkkunen	18,605	0.09%
Group CEO	38,317	0.18%
Other management team members	52,675	0.25%
Total	5,979,356	28.23%

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

Shareholdings by owner class (shares) 31 December 2023	Owners	Owners %	Votes	Shares	Share %
1 - 100	1,559	28.84	70,449	70,449	0.33
101 - 500	1,736	32.12	499,133	499,133	2.36
501 - 1 000	796	14.73	654,183	654,183	3.09
1 001 - 5 000	1,007	18.63	2,334,358	2,334,358	11.02
5 001 - 10 000	173	3.20	1,245,423	1,245,423	5.88
10 001 - 50 000	105	1.94	2,308,171	2,308,171	10.90
50 001 - 100 000	11	0.20	769,231	769,231	3.63
1 00 001 - 500 000	12	0.22	2,173,730	2,173,730	10.26
500 001 -	6	0.11	11,125,222	11,125,222	52.53
Total	5,405	100	21,179,900	21,179,900	100
Total	11		366,305	366,305	1.73
In administrative registration	0		0	0	0
In waiting list	0		0	0	0
Shared accounts	0		0	0	0
On special purpose accounts total			21,179,900	21,179,900	100

Risks and Business Uncertainties

The 'net interest-bearing liabilities/EBITDA' covenant in the Robit parent company's financing agreement did not meet the terms of the financing agreement on 31 December 2023. The company obtained from its main financier consent to breach of the covenant on 26 September 2023. This increased the company's financial expenses and financial risk. The company has hedged against interest rate risk with a EUR 10 million interest rate swap agreement, which entered into force on 30 June 2023 and will expire on 30 June 2026.

Escalation of the geopolitical situation 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 of 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 has no business operations in Russia or Belarus in 2023.

Other uncertainty factors include exchange rate development, the functioning of information systems, risks related to the security of supply and logistics, and IPR risks. Passing on the increase in raw material costs fully 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 October–December 2023

On 23 October 2023, Robit Plc published its interim report for 1 January–30 September 2023.

On 23 October 2023, the company published its 2024 financial reporting and Annual General Meeting schedule.

The acquisition of treasury shares launched by Robit Plc on 20 September 2023 ended on 14 November 2023. During this period, the company acquired 100,000 treasury shares at an average price of €1.37576 per share. The shares were acquired at market price, effective at the moment of acquisition, established in public trading organised by Nasdaq Helsinki Ltd. The acquisition of shares was based on the authorisation given by Robit Plc's Annual General Meeting on 15 March 2023 to the Board of Directors to decide on the acquisition of a maximum of 2,117,990 of the company's treasury shares using the company's distributable unrestricted shareholders' equity for the purpose of implementing the company's share-based incentive schemes or for other purposes as decided by the Board of Directors. At its meeting held on 18 September 2023, the company's Board of Directors decided to acquire up to 100,000 shares, representing approximately 0.5 percent of the company's shares outstanding at the moment of publication of the release. At the moment of publication of the release, Robit Plc had 21,179,900 shares and votes. After the acquisition, the company had a total of 116,308 treasury shares, representing approximately 0.6 percent of the company's all issued shares.

At its meeting on 15 December 2023, the company's Board of Directors decided to transfer a total of 60,294 company shares to the members of the Board of Directors as Board remuneration on the basis of the Board's 2023 term of office. The transfer was based on the authorisation given by the Annual General Meeting on 15 March 2023. At the closing price of 13 December 2023, the total value of the shares to be transferred was EUR 82,000. It was decided to transfer a total of 8,824 shares to CEO Arto Halonen as part of the fixed annual salary. This transfer was based on the CEO agreement. At the closing price of 13 December 2023, the total value of the shares to be transferred was EUR 12,000. The total number of shares to be transferred was 69,118, and their total value at the 13 December 2023 closing price was EUR 94,000. The share rewards were paid with the company's treasury shares held by Robit Plc, which is why the total number of the company's shares remained changed. Before the transfer, Robit Plc held 116,308 treasury shares, representing 0.5 percent of the total number of the company's shares, and after the transfers it held 47,190 treasury shares, representing 0.2 percent of the total number of the company's shares. The share rewards were paid by 20 December 2023.

Treatment of Result for the Financial Year

The Board of Directors proposes to the Annual General Meeting that the parent company's loss for the financial year that ended on 31 December 2023, EUR -10,373,717.93, be transferred to cumulative loss.

Distribution of Funds to Shareholders

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2023 financial year.

Events After the Review Period

On 19 January 2024, the company published the proposals of Robit Plc's Shareholders' Nomination Board for the 2024 Annual General Meeting, available at the company's website at <https://www.robitgroup.com/investor/corporate-governance/general-meeting/>.

Key Figures Summary

	2023	2022	2021	2020	2019
Net sales, EUR 1 000	92 917	111 962	100 755	91 631	86 482
Net sales growth, percent	-17.0%	11.1%	1.0%	6.0%	4.6%
EBITDA, EUR 1 000	5 172	8 851	7 595	5 116	1 605
EBITDA, percent of sales	5.6%	7.9%	7.5%	5.6%	1.9%
Adjusted EBITDA	5 004	8 851	7 595	5 116	2 707
Adjusted EBITDA, percent of sales	5.4%	7.9%	7.5%	5.6%	3.1%
EBITA, EUR 1 000	829	3 959	2 940	-48	-4 927
EBITA, percent of sales	0.9%	3.5%	2.9%	-0.1%	-5.7%
Adjusted EBITA	660	3 959	2 940	-48	-3 720
Adjusted EBITA, percent of sales	0.7%	3.5%	2.9%	-0.1%	-4.3%
EBIT, EUR 1 000	116	3 071	2 080	-868	-5 767
EBIT, percent of sales	0.1%	2.7%	2.1%	-0.9%	-6.7%
Result of the period, EUR 1 000	-3 019	628	886	-2 894	-7 265
Result of the period, percent of sales	-3.2%	0.6%	0.9%	-3.2%	-8.4%
Earnings per share (EPS), EUR	-0,14	0,03	0,04	-0,14	-0,35
Return on equity (ROE), percent	-6.3%	1.1%	1.8%	-5.9%	-13.4%
Return on capital employed (ROCE), percent	-0.4%	3.1%	2.5%	-2.6%	-8.7%
Adjusted return on capital employed (ROCE), percent	-0.4%	3.1%	2.5%	-2.6%	-7.4%
Net interest-bearing debt, EUR 1 000	21 331	30 260	31 996	21 228	22 967
Equity ratio, percent	48.5%	46.5%	42.2%	45.6%	47.4%
Equity per share, EUR	2.16	2,39	2,33	2,23	2,41
Net gearing, percent	46.7%	59.5%	65.1%	45.2%	45.3%
Gross investments, EUR 1 000	443	1 326	4 293	1 281	1 375
Gross investments, percent of sales	0.5%	1.2%	4.3%	1.4%	1.6%
Gross investments, excl. Acquisitions, EUR 1 000	443	1 326	4 293	1 281	1 375
R&D costs, EUR 1 000	124	223	436	566	569
R&D costs, percent of sales	0.1%	0.2%	0.4%	0.6%	0.7%
Average number of employees	243	268	267	257	274
Number of employees at the end of period	225	259	273	261	252
Dividend, EUR *	0,0	0,02	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	-11	88	213	-27	-8
Share price at the end of period	1,51	2,63	4,03	3,65	2,90
Lowest	1,2	2,11	3,65	1,7	1,58
Highest	3,48	4,55	6,46	3,65	3,97
Market capitalisation, EUR million	32,0	55,7	85,4	76,9	61,1

Corporate Governance Statement and Remuneration Review

Robit Corporate Governance Statement for 2023 is published as a separate statement on Robit's website:
<https://www.robitgroup.com/investor/corporate-governance/corporate-governance-statement/>

Robit Remuneration Report 2023 is published as a separate statement on Robit's website:
<https://www.robitgroup.com/investor/corporate-governance/remuneration-statement/>

Lempäälä, 6 March 2024

ROBIT PLC
 Board of Directors

ROBIT PLC FINANCIAL STATEMENTS

1 Jan 2023 – 31 Dec 2023



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This Financial Statements and Board of Directors' review 2023 have not been prepared in accordance with ESEF (European Single Electronic Format) regulations. The Financial Statements and Board of Directors' review 2023 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 2023 in accordance with ESEF regulations are available at www.robitgroup.com.

Consolidated Statement of Comprehensive Income

EUR thousand	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Net sales	2.1	92 917	111 962
Other operating income	2.4	1 882	4 117
Materials and services	2.2	-61 625	-73 729
Personnel expenses	2.3	-15 388	-17 075
Depreciation and Amortization	2.5	-5 055	-5 779
Impairment	5.3	-205	-339
Other operating expenses	2.4	-12 409	-16 086
EBIT (Operating profit)		116	3 071
Finance income and costs			
Finance income	4.5	214	2 277
Finance cost	4.5	-2 758	-4 010
Finance income and costs net		-2 544	-1 733
Profit before income tax		-2 427	1 338
Income taxes			
Current taxes		-444	-533
Change in deferred taxes		-148	80
Income taxes	6.2	-592	-453
Result for the period		-3 019	885
Attributable to:			
Owners of the parent		-3 048	819
Non-controlling interest		29	66
		-3 019	885
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges	4.4	-223	633
Translation differences		-1 402	41
Other comprehensive income, net of tax		-1 624	674
Total comprehensive income		-4 644	1 559

EUR thousand	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Attributable to:			
Owners of the parent		-4 630	1 501
Non-controlling interest		-14	58
		-4 644	1 559

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

Basic and diluted earnings per share	4.2	-0.14	0.04
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The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

EUR thousand	Note	31-Dec-23	Restated 31-Dec-22	Restated 01-Jan-22
ASSETS				
Non-current assets				
Goodwill	3.1	5 308	5 203	5 487
Other intangible assets	3.2	817	1 498	2 695
Property, plant and equipment	5.1	19 561	24 929	27 396
Loan receivables	4.4	276	248	287
Other receivables		0	6	0
Derivatives	4.4	569	848	56
Deferred tax assets	6.2	1 417	1 859	1 926
Total non-current assets		27 948	34 590	37 847
Current assets				
Inventories	5.2	36 054	44 311	43 538
Accounts receivables and other receivables	4.4, 5.3	16 820	22 342	25 337
Loan receivables	4.4	70	80	100
Income tax receivable of the financial year	6.2	323	108	57
Other financial assets	4.4	1 628	1 603	3 452
Cash and cash equivalents	4.4	11 201	6 085	6 073
Total current asset		66 096	74 529	78 557
Total assets		94 043	109 119	116 403
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	4.1	705	705	705
Share premium	4.1	202	202	202
Reserve for invested unrestricted equity	4.1	82 147	82 570	82 570
Cumulative translation difference	4.1	-3 103	-1 744	-1 793
Fair value reserve	4.1	455	678	45
Retained earnings	4.1	-32 054	-32 748	-33 738
Profit for the year	4.1	-3 048	819	843
Equity attributable to parent company shareholders in total		45 304	50 482	48 833
Non-controlling interest		325	339	281
Total equity		45 629	50 822	49 114

EUR thousand	Note	31-Dec-23	Restated 31-Dec-22	Restated 01-Jan-22
Liabilities				
Non-current liabilities				
Borrowings	4.3	22 123	22 085	25 209
Lease liabilities	4.3	3 946	5 338	5 813
Deferred tax liabilities	6.2	389	690	694
Employee benefit obligations	2.3	504	732	725
Total non-current liabilities		26 962	28 846	32 441
Current liabilities				
Borrowings	4.3	5 180	7 278	8 619
Lease liabilities	4.3	1 283	1 644	1 881
Advances received	5.6	22	145	771
Income tax liabilities	6.2	130	321	259
Account payables and other liabilities	5.4	14 742	19 916	23 278
Provisions	5.5	97	147	40
Total current liabilities		21 453	29 451	34 848
Total liabilities		48 415	58 297	67 289
Total equity and liabilities		94 043	109 119	116 403

Company has restated the comparable figures at 31 December 2022 and 1 January 2022. Details of the restatement in note 6.4.

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 2022	705	202	82 570	-1 793	45	-32 896	48 833	281	49 114
Profit for the period						820	820	66	885
Other comprehensive income									
Cash flow hedges					633		633		633
Translation difference				49			49	-8	41
Total comprehensive changes				49	633	820	1 502	58	1 559
Other adjustments						51	51		51
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						147	147	0	147
Equity on 31 December 2022	705	202	82 570	-1 744	678	-31 928	50 483	339	50 822

EUR Thousand	A	B	C	D	E	F	G	H	I
Equity on 1 January 2023	705	202	82 570	-1 744	678	-31 928	50 483	339	50 822
Profit for the period						-3 048	-3 048	29	-3 019
Other comprehensive income									
Cash flow hedges					-223		-223		-233
Translation differences				-1 359			-1 359	-43	-1 402
Total comprehensive changes				-1 359	-223	-3 048	-4 630	-14	-4 644
Share based payments to employees						-46	-46		-46
Acquisition of own shares						-150	-150		-150
Use of treasury shares in the remuneration of the Board of Directors						88	88		88
Dividend distribution			-423			-17	-441		-441
Total transactions with shareholders, recognised directly in equity			-423			-125	-548		-548
Equity on 31 December 2023	705	202	82 147	-3 103	455	-35 102	45 304	325	45 629

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 2023	Restated 1 Jan - 31 Dec 2022
Cash flows from operating activities			
Profit before income tax		-2 427	1 338
Adjustments			
Depreciation, amortization, and impairment charges	2.5	5 055	5 779
Finance income and finance costs	4.5	2 610	1 733
Share-based payments to employees		-139	115
Loss (+) / gain (-) on sale of property, plant, and equipment	2.4	-959	-74
Other non-cash transactions		369	1 171
Cash flows before changes in working capital		4 509	10 063
Change in working capital			
Increase (-) / decrease (+) in account and other receivables		3 629	2 975
Increase (-) / decrease (+) in inventories		6 836	-606
Increase (+) / decrease (-) in account and other payables		-3 900	-5 107
Cash flows from operating activities before financial items and taxes		11 074	7 326
Interest and other finance expenses paid		-2 200	-1 250
Interest and other finance income received		100	20
Income taxes paid		-621	-490
Net cash inflow (outflow) from operating activities		8 353	5 606

EUR thousand	Note	1 Jan - 31 Dec 2023	Restated 1 Jan - 31 Dec 2022
Cash flows from investing activities			
Other financial assets increase (-) / decrease (+)*		0	1 800
Purchases of property, plant, and equipment	5.1	-379	-1 194
Purchases of intangible assets	3.2	-64	-131
Proceeds from the sale of property, plant, and equipment	5.1, 2.4	1 571	150
Proceeds from loan receivables	4.4	-26	119
Net cash inflow (outflow) from investing activities		1 102	743
Cash flows from financing activities			
Dividend payment		-441	-30
Acquisition of own shares		-150	0
Proceeds from loans	4.3	3 500	0
Repayment of loans	4.3	-3 352	-3 187
Change in bank overdraft	4.3	-1 782	-1 480
Payment of lease liabilities	4.3	-1 844	-1 723
Net cash inflow (outflow) from financing activities		-4 069	-6 421
Net increase (+) / decrease (-) in cash and cash equivalents		5 386	-72
Cash and cash equivalents at the beginning of the financial year	4.4	6 085	6 073
Exchange gains/losses on cash and cash equivalents		-269	84
Cash and cash equivalents at end of the year	4.4	11 201	6 085

*Company has restated the comparable figures. Details of the restatement in note 6.4.

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, 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 March 6th, 202. 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 2023. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS accounting 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	3.1.
Other intangible assets (capitalized development expenses)	3.2.
Right-of-use assets (IFRS 16)	5.1.
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, Goodwill and other 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 2023	1 Jan - 31 Dec 2022
Top Hammer	54 406	66 834
Down the Hole	20 862	24 897
Geotechnical	17 648	20 231
Total	92 917	111 962

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 2023	1 Jan - 31 Dec 2022
EMEA	47 279	48 651
Americas	20 840	26 349
Asia	8 950	11 686
Australasia	14 835	13 892
East	1 012	11 384
Total	92 917	111 962

None of the Robit's customer generated more than 10 per cent of the Group's revenue for the year ended 31 December 2023 or 2022.

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). Three manufacturing units located in Finland, South Korea, and UK, are common resources for business operations, as well as an assembly station in Australia. These manufacturing units serve the entire sales organization but concentrating to manufacture certain type or certain size of products. In order to manage the efficiency of the resources, the business is divided into three strategic business units (SBU): Top Hammer, Down the Hole, and Geotechnical. The SBU's are structured around the different drilling technologies but they have substantial synergies in sales, manufacturing, and sourcing.

In the operating segments of Robit, similar characteristics are to be found to a significant extent. In its reporting, Robit combines all operational segments into one segment based on similar financial characteristics and similar qualitative capacities. In terms of the economic characteristics, the key figures of all operating segments follow industry changes in the same way and react to general economic changes in the same way. Similarly, the competitive risks, operational risks, currency risks and economic and political environment of all operating segments are identical.

2.2 Production's Materials and Services

Materials and services recognized as an expense during the financial year that ended 31 December 2023 amounted to EUR 61 625 thousand (2022: EUR 73 729 thousand). Materials and services include purchases of raw materials such as steel, tungsten carbide, trading products, and subcontracting services related to inventories, and changes in inventories.

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Subcontracts	-594	-725
External services	-2 882	-7 046
Sales freights	-1 605	-2 429
Sales provisions and Royalties	-787	-350
Maintenance expenses	-546	-814
Cost of sales	-55 211	-62 365
Total	-61 625	-73 729

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 can utilize the benefit.

Termination benefits

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

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Wages and salaries	-12 566	-13 975
Pension costs - defined contribution plans	-1 245	-1 331
Social security expenses	-688	-927
Share-based payments	-43	-167
Other long-term benefits	-272	-278
Other employee benefit expenses	-574	-397
Total	-15 388	-17 075

Robit's number of personnel decreased in 2023 by 34 persons compared to 2022, with the total number of personnel being 225 at the end of the period under review (2022: 259). Robit's average number of personnel was 243 persons during the financial period 2023 and 268 in 2022.

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 30 thousand for the financial period 2023 (2022: EUR 75 thousand). The liability related to long-service fee amounted to EUR 82 thousand as of 31 December 2023 (2022: EUR 270 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 213 thousand for the financial period 2023 (2022: EUR 191 thousand). The employee benefit obligation recognized for severance payment plan amounted to EUR 422 thousand as of 31 December 2023 (2022: EUR 561 thousand).

Long-Term Remuneration: Share-Based Incentive Plan

Share-based incentive scheme 2020–2022

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 12 individuals. Company's matching shares were paid in April 2023. No performance matching shares were paid. After the payment, a holding period of one year is applied. A total of 38,500 shares were issued based on the plan, corresponding to 0.2 % of the entire current shareholding. An individual resigned during the holding period and 2,500 shares were returned.

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 11 individuals. The total amount of share rewards payable based on 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 20 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.

Share-based incentive scheme 2023–2025

On 20 February 2023, 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 2023 and the second earning period comprises the years 2024–2025. The share scheme's reward for the one-year earning period 2023 is divided to a warranty component and a performance-based component. The warranty component is 50 % of the participant's base allocation. The share scheme's possible reward for the two-year earning period 2024–2025 is based on the company's predetermined average earnings per share in the financial statements for the years 2024 and 2025. The share scheme's possible reward for both earning periods will be paid in May 2026.

The share scheme covers 18 individuals. 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, corresponding to 1.1% of the company's current share capital.

Instrument	LTI 2020-2022	LTI 2021-2023	LTI 2022-2024	LTI 2023-2025	Total
Issuing date	30 Jun 2020	29 Jun 2021	2 Mar 2022	31 Mar 2023	
Initial amount, pcs	401 760	155 000	240 000	240 000	1 036 760
Dividend adjustment	No	No	No	No	
Initial allocation date	30 Jun 2020	29 Jun 2021	2 Mar 2022	31 Mar 2023	
Beginning of earning period	1 Jan 2020	1 Jan 2021	1 Jan 2022	1 Jan 2023	
End of earning period	31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2025	
Vesting date	30 Apr 2024	31 May 2024	31 May 2025	31 May 2026	
Vesting conditions	Net sales & share ownership	EBITDA & EPS	Cash flow & EPS	Cash flow & EPS	
Maximum contractual life, years	3.8	2.9	3.2	3.2	
Remaining contractual life, years	0.3	0.4	1.4	2.4	
Number of persons at the end of year	11	11	20	18	
Payment method	Cash & Equity	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. Transactions denominated in foreign currency are recorded using the exchange rates on the day of the transaction. Monetary items denominated in foreign currency at the time of closing the accounts are valued at the exchange rate on the closing date. Non-monetary items denominated in foreign currency are valued at the exchange rate on the day of the transaction. The operational exchange rate gains and losses are included in the corresponding items of the income statement and mainly consist of trade receivables and accounts payable denominated in foreign currency.

Robit as lessee

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

Robit as a lessor

All leases, except leases covered by the special alleviations enabled by the IFRS 16 standard, are recorded in the balance sheet. In the income statement, these rental costs are divided into depreciation and financing costs. Rent expenses that are within the scope of the IFRS 16 standard's special alleviations are included in the Other operating expenses.

Other operating income

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Operational exchange rate income	713	3 945
Other operating income*	1 169	172
Total	1 882	4 117

*Other operating income includes capital gains from the sale of production machinery at the Australian factory.

Other operating expenses

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Administration costs	-7 086	-6 885
Lease payments	-92	-17
Premise expenses	-1 505	-1 477
Operational exchange rate expenses	-1 799	-4 121
Other operating expenses*	-1 927	-3 587
Total	-12 409	-16 086

*Includes e.g. sales freight costs and booking changes. In the income statement, impairment of trade receivables transferred to the item Impairment, for which additional information is provided in note 5.3.

Auditor's fees

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Statutory fees	-331	-336
Assignments of Chapter 1.1, Section 2 of the Auditing Act	-2	0
Tax consultancy	0	-57
Other services	-26	-5
Total	-359	-397

Of the statutory fees, portion of PricewaterhouseCoopers Oy is 276 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 are 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. The effects of IFRS 16 standard have been taken into account.

Depreciation and amortization periods are disclosed in notes 3.2 and 5.1.

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Depreciation by class; Property, plant and equipment		
Land and water	-33	-53
Buildings and constructions	-1 325	-1 584
Machinery and equipment	-2 413	-2 524
Other tangible assts	-311	-316
Total	-4 082	-4 477

Right of use asset (IFRS 16) depreciation amounted to 1 604 thousand (2022: 1 822).

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Depreciation by class; intangible assets		
Customer relationships	-487	-888
Intangible rights	-67	-5
Other intangible assets	-194	-409
Total	-748	-1 302

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

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Impairment by type of assets		
Right-of-use assets	-102	0
Other assets	-123	0
Total	-225	0

3 Goodwill and Other Intangible Assets

3.1 Goodwill & Impairment Testing

Accounting policies

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 company has reorganized its Down the Hole business and divided it into two separate business units from the beginning of 2023, Down the Hole business and Geotechnical business. The goodwill allocated to the Down the Hole business has been reallocated on January 1, 2023 in the same proportion as the values in use of the businesses have been distributed to the Down the Hole and Geotechnical businesses. In addition, the company has reorganized its business, and significant efficiency and cost benefits are expected in production and the supply chain. The company has terminated production at its Australian factory during 2023. The company has three cash-flow generating units (Top Hammer, Down the Hole and Geotechnical) from the beginning of 2023.

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.

The table below presents the movements of goodwill:

EUR thousand	2023	2022
Carrying value on 1 January	5 203	5 487
Exchange differences	105	-284
Carrying value on 31 December	5 308	5 203

The table summarizes the allocation of goodwill to business units:

EUR thousand	2023	2022
Down the hole	2 871	5 115
Geotechnical	2 349	
Top Hammer	88	88
Total	5 308	5 203

The goodwill of **Top Hammer** cash-generating unit has been tested for impairment as of December 31, 2023. 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 16 209 thousand, which represents 37 % of the carrying amount of the tested assets.

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

Assumption	Approach used to determine values
Net sales growth	The cumulative annual growth rate for the revenue is expected to be 10.1 % (2022: 9.2%) during the three-year forecast period. Net sales are expected to increase since the company has strengthened its distribution network, has been able to win multi-year mine contracts, and has strengthened its product offering.
EBITDA-margin	Average EBITDA-margin is expected to be 14.6% (2022: 11.9 %) during the three-year forecasting period. The long-term EBITDA is expected to be 15.6% (2022: 12.9 %) 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% (2022: 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 16.5% (2022: 14.8 %). 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, Top Hammer 2023	From	To
Average EBITDA-margin during the three-year forecast period	14.6 %	2.5 %
Average EBITDA-margin (exceeding the three-year forecasting period)	15.6 %	11.2 %
Pre-tax discount rate	16.5 %	22.3 %

The goodwill of **Geotechnical** cash-generating unit has been tested for impairment as of December 31, 2023. 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 Geotechnical cash-generating unit is estimated to exceed the carrying amount of tested net assets by EUR 6 102 thousand, which represents 61 % of the carrying amount of the tested assets.

Management has determined the values for key assumptions used in the impairment testing of the Geotechnical 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 7.4% during the three-year forecast period. Net sales are expected to increase since the company has strengthened its distribution network and has strengthened the product offering.
EBITDA-margin	Average EBITDA-margin is expected to be 12.5% during the three-year forecasting period. The long-term EBITDA is expected to be 14.4% 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% per annum. This is in line with the expected long-term inflation rate.
Pre-tax discount rate	The pre-tax discount rate used in impairment testing is 16.3%. This reflects the specific risks relating to Geotechnical business and the countries in which it operates.

The recoverable amount of Geotechnical 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, Geotechnical 2023

	From	To
Average EBITDA-margin during the three-year forecast period	12.5 %	0.3 %
Average EBITDA-margin (exceeding the three-year forecasting period)	14.4 %	11.0 %
Pre-tax discount rate	16.3 %	22.1 %

The goodwill of **Down the Hole** cash-generating unit has been tested for impairment as of December 31, 2023. 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 5 262 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 8.8% during the three-year forecast period. Net sales are expected to increase since the company has strengthened its distribution network, has been able to win multi-year mine contracts, and has strengthened its product offering.
EBITDA-margin	Average EBITDA-margin is expected to be 8.5% during the three-year forecasting period. The long-term EBITDA is expected to be 11.9% 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% per annum. This is in line with the expected long-term inflation rate.
Pre-tax discount rate	The pre-tax discount rate used in impairment testing is 16.2%. 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 2023		
	From	To
Average EBITDA-margin during the three-year forecast period	8.5 %	4.9 %
Average EBITDA-margin (exceeding the three-year forecasting period)	11.9 %	8.0 %
Pre-tax discount rate	16.2 %	21.8 %

3.2 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.

EUR thousand	Customer relationships	Brand	Intangible rights	Other intangible assets	Total
2023					
Cost on 1 January	5 863	834	797	5 941	13 436
Additions	0	0	0	64	64
Disposals	0	0	0	0	0
Reclassifications	0	0	47	-47	0
Exchange differences	-159	17	-6	-2	-149
Cost on 31 December	5 705	851	839	5 956	13 351
Accumulated amortization and impairment on 1 January	-5 211	-362	-726	-5 640	-11 938
Amortization	-430	-57	-67	-194	-748
Disposals And impairment	0	0	0	0	0
Exchange differences	152	-7	6	2	152
Accumulated amortization and impairment on 31 December	-5 489	-426	-787	-5 832	-12 534
Net book amount on 1 January	653	473	72	301	1 498
Net book amount on 31 December	215	426	52	124	817

EUR thousand	Customer relationships	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

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

Research and development

Robit continues to invest in its own product development projects and in collective product development projects in the industry in order to secure a competitive and innovative offering. Total costs relating to research and development recognized to the consolidated statement of comprehensive income were EUR 124 thousand in 2023 and EUR 223 thousand in 2022. Capitalized development expenses in the balance sheet amounted to EUR 60 thousand as of December 31st 2023 (2022: EUR 231 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 2022	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
Use of treasury shares to management compensation	44 824
Use of treasury shares to BoD compensation	60 294
Acquisition of own shares	-100 000
At 31 Dec 2023	21 132 710

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 2022	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
Use of treasury shares to management compensation	-44 824
Use of treasury shares to BoD compensation	-60 294
Acquisition of own shares	100 000
On 31 Dec 2023	47 190

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.

Yearly compensation for Board of Directors was paid with Robit's treasury shares in 2023 and 2022. Attendance fees were paid in cash.

On March 22, 2023, the general meeting decided that EUR 0.02 per outstanding share will be distributed to the shareholders of the company's distributable assets, and the distribution of funds was carried out in accordance with the decision of the general meeting from the Reserve for invested unrestricted equity.

Dividends

The annual general meeting resolution March 15, 2023 was not pay dividend in 2022. The annual general meeting resolution March 22, 2022 was not pay dividend in 2021.

Effect of hedging instruments on equity

EUR thousand	2023	2022
Fair value reserve, taxes excluded, on January 1st	678	45
Fair value reserve on January 1st	848	56
Cash flow hedges		
Change in fair value recognized in other comprehensive income		
Interest rate swaps	-278	791
Amount reclassified to profit or loss		
Fair value reserve on December 31st	569	848
Interest rate swaps		
Tax effect	-114	-170
Fair value reserve on December 31st	455	678

Translation differences

The translation differences in the group mainly consist of the translation differences of the acquisition costs of the subsidiaries and the results of the financial periods. The group has internal loans, which are treated as net investments in foreign companies in accordance with IAS 21, and whose translation differences are therefore recorded in equity.

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 2023 or 2022.

	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Profit attributable to the owners of the parent company (euros)	-3 048 164	819 479
Weighted average number of shares (number of shares)	21 135 855	21 094 507
Basic and diluted earnings per share	-0.14	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.

Carrying amounts of the borrowings:

EUR thousand	31-Dec-23	31-Dec-22
Non-current borrowings		
Loans from credit institutions	22 111	22 073
Other loans	12	11
Lease contract liabilities	3 946	5 338
Total non-current borrowings	26 069	27 423
Current borrowings		
Loans from credit institutions	5 179	5 462
Other loans	0	10
Bank overdrafts	0	1 782
Lease contract liabilities	1 284	1 669
Total current borrowings	6 463	8 922
Total borrowings	32 532	36 345

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 27.3 million, of which EUR 22.5 million is secured by a negative pledge that imposes on Robit certain covenants and limitations regarding additional loans. The negative pledge states that (subject to certain exceptions) Robit will not provide any other security over its assets. The mentioned certain exceptions apply to guarantees provided for Robit Korea's loans. Additionally, Robit 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 not to exceed 3.5

According to the financing agreement, the ratio of net liabilities to EBITDA at the time of review of the covenant terms as of 31 December 2023 may not exceed 3.50. In accordance with the terms of the financing agreement, the main financier could demand full repayment of the loan if the covenant conditions are breached. The covenant of Robit Plc's financing agreement, interest-bearing net debt/EBITDA, was 3.81 and thus has not met the terms of the financing agreement on 31 December 2023. The terms of the financing agreement are reviewed quarterly. The company has agreed with its main financier that the Other financial assets are included in the calculation of net liabilities and has received upfront consents from its main financier to break the covenant for all quarterly review moments.

Robit withdrew the remaining undrawn portion of the agreed credit facility, EUR 3.5 million in May 2023, amortized its loans by EUR 1.5 million at the end of June 2023, and again EUR 1.5 million at the end of December. The interest margin of the loans as of 31 December 2023 is 3.25%. Robit has EUR 11.2 million in cash and cash equivalents and EUR 1.6 million in other financial assets at its disposal on December 31, 2023, and according to the company's management's estimate, will be able to meet its loan amortization obligations and liquidity requirements according to the plan.

Other loans from financial institutions includes mainly variable rate bank loans. Information regarding guarantees for the loans can be found in note 4.7.

Bank overdrafts

The Group had EUR 0 thousand liability as of 31 December 2023 (2022: EUR 1 782 thousand) related to its credit facility agreement including a Finnish overdraft account. The limit of the bank overdraft on 31 December 2023 was EUR 4 000 thousand (2022: 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-23	31-Dec-22
Cash and cash equivalents*	11 201	6 085
Current loans	6 463	8 922
Non-current loans	26 069	27 423
Net debt	21 331	30 260
Cash	11 201	6 085
Gross debt - fixed interest rate	5 230	7 017
Gross debt - variable interest rate	27 302	29 328
Net debt	21 331	30 260

*The item Other financial assets, which was 1.6 million euros, has been removed from cash assets for the comparison period 2022. The company has agreed with the main financier that Other financial assets are taken into account in the calculation of net liabilities as part of the covenant calculation. More information in note 6.4.

Changes in loans resulting from financial transactions

	Current leases	Non-current leases	Current loans	Non-current loans	Total
2023					
Debt on January 1st	1 669	5 338	7 253	22 085	36 345
Cash flows	-1 071	0	-3 491	3 500	-1 062
Changes in lease agreements	686	-1 392	0	0	-706
Other	0	0	1 417	484	1 902
Total	1 284	3 946	5 179	26 069	36 478
	Current leases	Non-current leases	Current loans	Non-current loans	Total
2022					
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

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", "Other financial assets", "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-23	31-Dec-22
Carrying amounts of loans and receivables		
Loan receivables	70	80
Account and other receivables	16 820	22 342
Other financial assets*	1 628	1 603
Cash and cash equivalents*	11 201	6 085
Total current	29 719	30 110
Loan receivables	276	248
Other receivables	569	848
Total non-current	845	1 095
Total	30 564	31 205

*For the comparison period, Other financial assets have been adjusted as a separate item. Previously reported as part of Cash and cash equivalents. More information in note 6.4.

Loan receivables

Loan receivables previously reported as share loan receivables amounted to EUR 90 thousand as of 31 December 2023 (2022: EUR 174 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 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 2023

Derivatives designated as cash flow hedges	Notional amount	Fair value assets	Fair value liabilities
Interest rate swaps			
Interest rate swap, EUR thousand	10.000	569	0

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

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 2023

Interest rate swaps	2024	2025	Maturity		2028-	Total
			2026	2027		
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 2022

Interest rate swaps	2023	2024	Maturity		2027-	Total
			2025	2026		
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	2023		2022
Notional amount		10 000	10 000
Assets			
Carrying amount		569	848
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		-569	-848
Hedged instrument		569	848
Effective portion			
Amount recognized in other comprehensive income		-223	633
Amount reclassified from the fair value reserve to profit or loss		0	0

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 2023	1 Jan - 31 Dec 2022
Finance income		
Foreign exchange gains on financing activities	117	2 257
Other finance income	67	13
Interest income on cash equivalents	30	7
Finance income total	214	2 277
Finance cost		
Foreign exchange losses on financing activities	-267	-2 410
Interest expenses on borrowings	-1 938	-1 256
Interest expense on deferred consideration	-300	-37
Other finance costs	-253	-307
Finance cost total	-2 758	-4 010
Finance income and costs total	-2 544	-1 733

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 reasonably accurately because the sensitivity is nearly linear.

EUR thousand	31 December 2023		31 December 2022	
	Functional currency		Functional currency	
	10 % stronger	10 % weaker	10 % stronger	10 % weaker
Functional currency/Quote currency	Income statement	Income statement	Income statement	Income statement
EUR/USD	-319	319	-1 580	1 580
EUR/AUD	-111	111	-4	4
EUR/GBP	47	-47	69	-69
EUR/KRW	582	-582	669	-669
EUR/ZAR	-196	196	-376	376

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 2023, 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 136 thousand lower as a result of higher interest expense on floating rate interest-bearing liabilities. Interest rate sensitivity has been calculated by shifting the interest curve by 50 basis points. The interest position includes all external variable rate interest-bearing liabilities.

EUR thousand	31 December 2023		31 December 2022	
	Interest rate		Interest rate	
	0,5 % higher	0,5 % higher	0,5 % higher	0,5 % matalampi
Impact of interest change	Income statement	Income statement	Income statement	Tuloslaskelma
	-136	136	-132	132

(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 2023 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-23	31-Dec-22
Not due	12 030	15 113
Overdue by		
Less than 30 days	1 474	2 542
30-60 days	487	960
61-90 days	63	191
More than 90 days	1 243	451
Total	15 297	19 257

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.

Based on this, entries reducing the carrying amount of trade receivables were made, amounting to EUR 702 thousand in the end of financial year 2023 and EUR 529 thousand in the end of financial year 2022. 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 weekly to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed facilities. Cash and cash equivalents amounted to EUR 12 829 thousand as of 31 December 2023 (2022: EUR 7 688 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 adjusted EBITDA ratio was defined to be 3.5 on 31 December 2023 review date. The covenant of Robit Oyj's financing agreement, interest-bearing net debt/EBITDA, was 3.81 and thus has not fulfilled the terms of the financing agreement as of 31 December 2023. The company has agreed with its main financier that the Other financial assets will be taken into account in the calculation of net liabilities and has received upfront consents from its main financier to break the covenant. We refer to the information about the breach of the covenant provided in Note 4.3.

The Group's equity ratio 48.5 % as of 31 December 2023 (2022: 46.5%) 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-23							
Financial liabilities							
Account payables	11 001	0	0	0	0	11 001	11 001
Lease liabilities	866	789	1 391	1 987	987	6 020	5 230
Loans from credit institutions	4 276	3 090	4 896	13 014	8 171	33 447	27 291
Bank overdrafts	0	0	0	0	0	0	0
Other loans	0	12	0	0	0	12	12
Total financial liabilities	16 143	3 890	6 287	15 001	9 158	50 479	43 532

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

Capital management

Robit defines capital as equity plus borrowings, as shown on the balance sheet per 31 December 2023, EUR 77,836 thousand (2021 EUR 86,827 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 cover 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, which are the covenant terms according to Robit Plc's financing agreement. The equity ratio is calculated as shareholders' equity divided by total assets less advances received. The company has agreed with its main financier that Other financial assets are included in the calculation of Net liabilities.

The capital structure can be affected, among other things, by the dividend distribution and share issues. If necessary, Robit can acquire own shares and issue new shares in accordance with mandates by General Meeting. The Group's equity ratio was 48.5 (2022: 46.5) per cent and the ratio of net debt to adjusted EBITDA was 3.81 as of 31 December 2023, calculated as per the covenant terms of the financing agreement of the parent company.

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-23	31-Dec-22
Guarantees and mortgages given on own behalf:		
Enterprise mortgages	41 012	41 012
Real estate mortgages	8 493	7 414
Total	49 505	48 425

EUR thousand	31-Dec-23	31-Dec-22
Other guarantee liabilities	48	49
Total	48	49

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 circa 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 72 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 17 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 164 thousand.

The Group is obligated to revise the deductions 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 12 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.

Key judgements and estimates

The group follows a guideline based on the IFRS 16 standard for determining the lease period. In determining the expected rental period, the financial effects of sanctions included in rental agreements, for example related to early termination of the agreement, have been considered. The options to extend and terminate the rental period have been considered when defining the length of the rental period according to the standard guidelines. The extension option is included in the rental period if it is reasonably certain that the extension option will be used, and correspondingly, if it is reasonably certain that the termination option will not be used, the period covered by the option is included in the rental period. When the contract includes a lease component and, in addition, a non-lease contract component, the group separates non-lease contract components, such as maintenance, services, etc., at the separate prices mentioned in the lease contracts or based on an estimate.

EUR Thousand	Land	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress	Total
2023						
Cost on 1 January	972	19 629	31 738	2 225	0	54 564
Other changes*	-34	-130	10	-34	0	-188
Additions	0	119	162	422	199	903
Disposals	-448	0	-5 844	-64	0	-6 356
Reclassifications	32	162	80	-76	-198	0
Exchange differences	-42	-417	-914	-97	0	-1 469
Cost on 31 December	479	19 363	25 233	2 376	1	47 453
Accumulated depreciation and impairment on 1 January	-159	-7 130	-20 772	-1 573	0	-29 634
Depreciation	-33	-1 325	-2 409	-316	0	-4 082
Disposals and impairment	0	0	5 083	50	0	5 133
Exchange differences	10	89	537	57	0	693
Accumulated depreciation and impairment on 31 December	-182	-8 367	-17 561	-1 782	0	-27 892
Net book amount on 1 January	812	12 498	10 966	652	0	24 929
Net book amount on 31 December	298	10 996	7 672	594	1	19 561

*Other changes are connected to corrections of IFRS 16 calculations

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
Restatement of cost on 1 January**	-54	-696	-13	-236	0	-1 000
Restated cost on 1 January**	967	19 569	27 548	1 972	2 740	52 794
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	972	19 629	31 738	2 225	0	54 564
Accumulated depreciation and impairment on 1 January	-157	-6 363	-18 486	-1 393	0	-26 398
Restatement of Accumulated depreciation and impairment on 1 January**	54	696	13	236	0	1 000
Restated Accumulated depreciation and impairment on 1 January**	-103	-5 667	-18 473	-1 157	0	-25 398
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	-159	-7 130	-20 772	-1 573	0	-29 634
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

**Corrected the gross amounts of Cost and Accumulated depreciation of property, plant and equipment to the opening balances on 1 January 2022. More information in note 6.4.

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 2023	649	3 837	1 808	229	6 524	6 983
*Other changes	-34	-130	10	-34	-188	
Additions	0	101	14	260	374	352
Disposals	-448	0	0	-11	-459	
Depreciation	-33	-966	-454	-151	-1 604	
Exchange differences	-32	-14	-5	-6	-56	
Interest expense						-284
Payments						-1 821
As of 31 December 2023	103	2 828	1 372	288	4 591	5 230

**Other changes are connected to corrections of IFRS 16 calculations*

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
Additions	0	259	771	26	1 056	849
Depreciation	-53	-1 215	-359	-194	-1 822	
Exchange differences	1	-372	-4	-17	-392	
Interest expense						-345
Payments						-1 215
As of 31 December 2022	649	3 837	1 808	229	6 524	6 983

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. After the termination of production in Australia, the group has sold off production machines, from which the group received significant sales revenue.

Assets leased under leases

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-23	31-Dec-22
Materials and supplies	7 616	9 108
Work in progress	1 923	2 092
Finished goods	26 514	33 111
Total	36 054	44 311

The inventories include mainly raw materials used in the production and finished products, such as button bits, drilling rods, casing systems hammer components and assembled hammers. Inventory of finished goods include obsolescence provision of EUR 1 486 thousand. The increase of the provision was EUR 48 thousand and the release EUR 789 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-23	31-Dec-22
On 1 January	2 227	1 817
Impairments made during the accounting period	48	672
Unused amounts reversed	-789	-261
On 31 Dec	1 486	2 227

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-23	31-Dec-22
Account receivables	15 297	19 257
Prepayments and accrued income	564	1 044
Other receivables*	959	2 041
Total	16 820	22 342

* Incl. mainly VAT receivables EUR 847 thousand on 31 December 2023 (EUR 1 836 thousand on 31 December 2022).

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

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

EUR thousand	31-Dec-23	31-Dec-22
On 1 January	529	836
Provision for impairment recognised during the year	385	415
Receivables written off during the year as uncollected	-14	-398
Unused amounts reversed	-199	-324
On 31 Dec	702	529

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-23	31-Dec-22
Impairment losses		
Individually impaired receivables	-14	-741
Movement in provision for impairment	-191	402
	-205	-339

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-23	31-Dec-22
Account payables	11 001	15 643
Accrued expenses	3 472	4 041
Other*	269	232
Total	14 742	19 916

*Mainly VAT liability

Material items included in accrued expenses:

EUR thousand	31-Dec-23	31-Dec-22
Accrued salaries	1 213	1 241
Accrued social security costs	148	216
Accrued interests	169	13
Other *	1 941	2 572
Total	3 472	4 041

* 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 97 thousand on 31 December 2023 (2022: EUR 147 thousand).

Movements in the provision for warranty provisions

EUR thousand	31-Dec-23	31-Dec-22
On 1 January	147	40
Provision for warranty costs recognised during the year	90	110
Unused amounts reversed	-140	-3
On 31 Dec	97	147

5.6 Advance Payments Received

Advance payments received amounted to EUR 22 thousand as of 31 December 2023 (2022: EUR 145 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 2023	1 Jan - 31 Dec 2022
Included in EBIT /operating profit	-1 086	-176
In finance income and expenses	- 152	-154
Total	- 1 238	-330

Group's subsidiaries as of 31 December 2023 and 2022 were as follows:

	Parent % 31 Dec 2023	Parent % 31 Dec 2022	Group % 31 Dec 2023	Group % 31 Dec 2022
Halco Brighthouse Ltd, UK, Parent Robit UK			100 %	100 %
Halco Drilling Ltd UK, Parent Robit UK*			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.

** 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 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.

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.

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Current tax:		
Current tax on profits for the year	-302	-528
Adjustments in respect of prior years	-141	-5
Total current tax expense	-444	-533
Deferred tax:		
Decrease (-) / increase (+) in deferred tax assets	-449	-171
Decrease (+) / increase (-) in deferred tax liabilities	301	250
Total deferred tax expenses	-148	80
Income tax expense	-592	-453

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 2023	1 Jan - 31 Dec 2022
Profit before tax	-2 427	1 338
Tax calculated at Finnish tax rate	485	-268
Tax effect of:		
Effect of other tax rates for foreign subsidiaries	57	9
Expenses not deductible for tax purposes	-924	-505
Income not subject to tax	199	56
Unrecognized deferred tax assets from tax losses	-425	112
Utilization of previously unrecognized tax losses	146	560
Adjustment in respect of prior years	-141	-418
Taxes in income statement	-592	-453

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-23	31-Dec-22
As of 1 of January	1 173	1 234
Recognized in profit or loss	-149	80
Recognized in equity	0	-141
Exchange rate differences	7	0
As of 31 of December	1 028	1 173

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

EUR thousand	At 1 Jan	Recognized in profit or loss	Recognised directly to equity	Exchange rate differences	At 31 Dec
2023					
Deferred tax assets					
Inventories	485	-222	0	-5	258
Employee benefits	323	-48	0	-14	261
Property, plant, and equipment*	1 009	-29	0	-17	963
Tax losses	616	-142	0	-8	466
Other	392	-9	0	-2	381
Total	2 825	-450	0	-46	2 329
Set-off of deferred taxes	-967				-912
Deferred tax assets, net	1 859				1 417

EUR thousand	At 1 Jan	Recognized in profit or loss	Recognised directly to equity	Exchange rate differences	At 31 Dec
2023					
Deferred tax liabilities					
Property, plant, and equipment*	1 405	-252	0	-58	1 095
Intangible assets	251	-49	0	5	207
Total	1 657	-301	0	-53	1 301
Set-off of deferred taxes	-967				-912
Deferred tax liabilities, net	689				389

EUR thousand	At 1 Jan	Recognized in profit or loss	Recognised directly to equity	Exchange rate differences	At 31 Dec
2022					
Deferred tax assets					
Inventories	517	-33	0	1	485
Employee benefits	285	36	0	0	323
Property, plant, and equipment*	1 064	-57	0	2	1 009
Tax losses	726	-109	0	-1	616
Other items	381	-9	0	20	392
Total	2 972	-171	0	21	2 825
Set-off of deferred taxes	-1 046				-967
Deferred tax assets, net	1 926				1 859

	At 1 Jan	Recognized in profit or loss	Recognised directly to equity	Exchange rate differences	At 31 Dec
2022					
Deferred tax liabilities					
Property, plant, and equipment*	1 253	2	141	9	1 405
Intangible assets	492	-253	0	12	251
Total	1 745	-250	141	21	1 656
Set-off of deferred taxes	-1 046				-967
Deferred tax liabilities, net	694				689

*In the group, the presentation of deferred taxes related to IFRS 16 has been corrected for the comparable year, to depict them as net amounts instead of gross amounts. Additional information is available in Note 6.4.

The companies of the group have a total of EUR 20.0 million in tax losses that can be credited in taxation, for which deferred tax assets have not been recorded in the accounts. Of these losses, EUR 7.8 million will expire within five years and EUR 12.2 million will not expire.

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 consist 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 2023 was 27.06% (27.06 % as of 31 December 2022). The vice 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 2023 and 2022 to the Board of Directors were as follows:

EUR Thousand	2023	2022
Markku Teräsvasara	69.1	36.5
Harri Sjöholm	49.7	61.3
Lasse Aho	42.4	-
Eeva-Liisa Virkkunen	46.0	38.5
Mikko Kuitunen	41.8	40.0
Anne Koutonen	42.7	44.0
Kalle Reponen	-	5.5
Mammu Kaario	-	5.5
Kim Gran	1.8	42.3
Total	293.4	273.6

Robit's annual general meeting held on March 15, 2023 decided the remuneration of the board members as follows: Remuneration to the Chairman of the Board of Directors is EUR 55 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 EUR 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. The remaining 60 % is advance tax, which the company withholds and reimburses to the Tax Administration. 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 of 60,294 shares were granted to the Board of Directors during year 2023. Board members are not in employment relationship nor in business relationship with the company.

As annual board fee 16,174 shares were granted to the chairman of the board Markku Teräsvasara and 8,824 shares to Harri Sjöholm, Lasse Aho, Anne Koutonen, Eeva-Liisa Virkkunen and Mikko Kuitunen.

The remuneration of 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 2023 to the CEO, Arto Halonen, amounted to EUR 182 thousand. During the financial year, 8,824 shares, which is worth of EUR 12 thousand, were granted to the CEO in respect of his CEO agreement. In addition, 5,000 shares were granted as part of the Share-based incentive scheme 2020–2022 and a pension scheme fee of 8 thousand was paid on behalf of CEO.

For more information on the share reward program, see section 2.3.

The remuneration of the Management team

Decisions concerning incentive and remuneration system for management are made by the Board of Directors based on the proposal made by the CEO. The salary for all members of the management team consists of a fixed basic salary and a results-based bonus. The bonus is determined based on the company performance, the business area in question and other key operative objectives. Remuneration of the management team members in 2023 and 2022 were as follows:

Compensation to other management

EUR thousand	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Salaries and other short-term employee benefits	707	646
Share-based payments	61	-
Total	768	646

The management team members did not have voluntary pension plans that would have been classified as defined contribution plan during year 2023.

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

Share-based payments and shareholder loans

In the fiscal year 2023, a total of 13,750 shares were granted to the company's management team based on share-based incentive programs. In the 2022 fiscal year, no shares were granted to the company's management in accordance with share-based incentive programs. In connection with the personnel share emission related to the share-based incentive program implemented in the 2020 fiscal year, the company has granted key personnel a loan to pay for share subscriptions. The payment period for these loans is 8 years and the interest rate is 12-month Euribor plus a margin of 0.99%. More about the share bonus program in 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 2023 (2022: 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	5 888 364	27.80 %
Harri Sjöholm*	5 776 219	27.27 %
Mikko Kuitunen	26 689	0.13 %
Lasse Aho	26 065	0.12 %
Markku Teräsvasara	20 955	0.10 %
Anne Koutonen	19 831	0.09 %
Eeva-Liisa Virkkunen	18 605	0.09 %
CEO	38 317	0.18 %
Other members of the management team	52 675	0.25 %
Total	5 979 356	28.23 %

*27.06% owned by Harri Sjöholm through Five Alliance Oy

6.4 Corrections to the Previous Financial Year

The following corrections have an impact on the Group's financial position on 1 January 2022 and 31 December 2022.

Other financial assets and Cash and cash equivalents

In the financial period ending on December 31, 2023, the group corrected the way in which Other financial assets are presented on the balance sheet. Previously, these financial assets were presented as part of Cash and cash equivalents. The group has funds invested in a short-term interest fund, which the group has identified as liquid cash. However, within the interest fund in question, the investments can be longer than 90 days, and in addition, the volatility indicating the riskiness of the fund has been on average higher than what is allowed for Cash equivalents. Consequently, the investment in the interest fund has been reclassified from Cash equivalents to Other financial assets, which are valued at fair value with profit and loss impact.

The comparative data presented in the consolidated balance sheet and cash flow statement have been corrected, as shown in the tables below. The change has had no profit and loss impact.

Restatements of the comparable figures

EUR thousand	Reported 31 Dec 2022	Restated	Restated 31 Dec 2022	Reported 1 Jan 2022	Restatement	Restated 1 Jan 2022
Other financial assets		1 603	1 603		3 452	3 452
Cash and cash equivalents	7 688	-1 603	6 085	9 525	-3 452	6 073
Total	7 688		7 688	9 525		9 525

Restatements of the cash flow statement's comparable figures

EUR thousand	Reported 31 Dec 2022	Restatement	Restated 31 Dec 2022
Other non-cash items	1 122	-49	1 171
Increase (-) or decrease (+) in Other financial assets	0	1 800	1 800
Cash and cash equivalents at the beginning of the financial year	9 525	-3 452	6 073
Cash and cash equivalents at end of the year	7 688	-1 603	6 085

Corrections regarding to the notes of the comparable year

In note 5.1, the Group has corrected the gross amounts of the costs and accumulated depreciation of Property, plant, and equipment of the comparison year at opening balances on 1 January 2022. The correction of the notes regarding the comparable figures has no effect on the balance sheet values of Property, plant, and equipment.

In addition, the group has corrected in note 6.2. gross amounts of deferred tax assets and deferred tax liabilities of the comparison year to the beginning balances on 1 January 2022 for items related to Property, plant, and equipment assets, as they had previously been presented as net amounts instead of gross amounts. The correction of the notes for the reference year has no effect on the balance sheet values of deferred tax assets nor deferred tax liabilities.

6.5 Subsequent Events

There were no material subsequent events.

6.6 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

Income statement	1.1.- 31.12.2023	1.1.- 31.12.2022
	€	€
Net sales*	5 537 568,40	4 387 835,61
Other operating income*	100 000,00	0,00
Personnel expenses		
Wages and salaries	-1 443 255,30	-1 557 353,03
Indirect personnel expenses		
Pension expenses	-170 577,63	-222 786,15
Other indirect security expenses	-85 538,26	-47 027,90
Total personnel expenses	-1 699 371,19	-1 827 167,08
Depreciation and amortisation		
Depreciation according to plan	-857 997,93	-1 002 060,23
Other operating expenses	-3 575 235,52	-3 987 212,82
OPERATING PROFIT (-LOSS)	-495 036,24	-2 428 604,52
Financial income and expenses		
Financial income and expenses		
Other interest and financial income		
From group companies	954 143,92	1 057 936,76
From others	-236 471,15	1 191 831,89
Interest and other financial expenses		
To group companies	-121 670,22	-172 186,59
To others	-11 360 928,82	-971 585,92
Total financial income and expenses	-10 764 926,27	1 105 996,14
PROFIT (-LOSS) BEFORE APPROPRIATIONS AND TAXES	-11 259 962,51	-1 322 608,38
Appropriations		
Change in depreciation difference, increase (-) or decrease (+)	-20 085,16	-27 810,57
Group contribution	1 305 000,00	2 850 000,00
Income taxes	-398 670,26	-20 839,09
PROFIT (-LOSS) FOR THE FINANCIAL YEAR	-10 373 717,93	1 478 741,96

*For the financial period 2022, Other operating income has been restated to Net sales. The restatement is 486,214.80 euros.

1 Jan - 31 Dec 2023

Robit Plc
Business ID: 0825627-0

Balance sheet

Assets	Dec 31, 2023	Dec 31, 2022
NON-CURRENT ASSETS		
Intangible assets		
Development costs	59 989,45	230 701,47
Intellectual property rights	187 287,26	295 716,26
Other non-current expenses	1 004 397,35	1 306 090,69
Total non-current assets	1 251 674,06	1 832 508,42
Tangible assets		
Land and waters areas	195 178,87	195 178,87
Buildings and structures	3 486 907,11	3 674 748,16
Machinery and equipment	28 291,60	35 353,76
Other tangible assets	1 590,71	1 590,79
Total tangible assets	3 711 968,29	3 906 871,58
Investments		
Shares in group companies	43 331 637,57	52 159 088,57
Total investments	43 331 637,57	52 159 088,57
Total non-current assets	48 295 279,92	57 898 468,57
Current assets		
Receivables		
Long-term		
Receivables from group companies	22 348 122,12	23 119 455,40
Loan receivables	76 841,78	153 749,30
Long-term receivables total	22 424 963,90	23 273 204,70
Short-term		
Receivables from group companies	11 587 919,52	12 020 546,95
Trade receivables	50 000,00	0,00
Loan receivables	69 573,31	78 881,07
Other receivables	8 500,50	15 940,50
Accrued income	235 213,69	400 627,91
Short-term receivables total	11 951 207,02	12 515 996,43
Securities		
Other shares	1 627 877,88	1 602 891,85
Financial assets		
Cash and equivalent	2 417 940,21	261,08
Total current assets	38 421 989,01	37 392 354,06
TOTAL ASSETS	86 717 268,93	95 290 822,63

Robit Plc
Business ID: 0825627-0

	1.1.- 31.12.2023	1.1.- 31.12.2022
	€	€
Equity		
Share capital	705 025,14	705 025,14
Share premium reserve	201 825,51	201 825,51
Invested unrestricted equity reserve	84 778 931,04	85 202 252,88
Retained earnings (loss)	-23 592 096,09	-25 102 807,27
Profit (loss) for the financial year	-10 373 717,93	1 478 741,96
Total equity	<u>51 719 967,67</u>	<u>62 485 038,22</u>
Accrued appropriations		
Depreciation difference	454 178,99	434 093,83
LIABILITIES		
Long-term liabilities		
Loans from financial institutions	<u>19 500 000,00</u>	<u>19 009 791,00</u>
Total long-term liabilities	19 500 000,00	19 009 791,00
Short-term liabilities		
Loans from financial institutions	3 000 000,00	4 791 690,54
Accounts payable	378 448,11	492 159,25
Payables to group companies	11 109 209,10	7 585 390,42
Other liabilities	333 246,38	244 658,29
Accrued liabilities	222 218,68	248 001,08
Total short-term liabilities	<u>15 043 122,27</u>	<u>13 361 899,58</u>
Short-term liabilities total	34 543 122,27	32 371 690,58
TOTAL EQUITIES AND LIABILITIES	<u><u>86 717 268,93</u></u>	<u><u>95 290 822,63</u></u>

Robit Plc
Business ID: 0825627-0

Cash flow statements (parent company)	1.1.- 31.12.2023	1.1.- 31.12.2022
Cash flow from operations:		
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-495 036	-2 428 605
Adjustments:		
Depreciation according to plan	857 998	1 002 060
Financial income and expenses		
Other adjustments	-657 778	-93 152
Cash flow before changes in working capital	-294 816	-1 519 696
Changes in working capital:		
Increase (-) or decrease (+) in trade and other receivables	794 511	2 055 185
Increase (-) or decrease (+) in trade payables	1 569 343	-4 517 173
Cash flow from operations before taxes	2 069 038	-3 981 684
Interest paid and other finance costs from operations	-1 718 940	-857 099
Interests and other financial income from operations	747 031	762 502
Direct income taxes paid	0	-20 839
Cash flow from operations (A)	1 097 129	-4 097 120
Cash flows from investing activities:		
Investments in tangible and intangible items	-82 260	-186 850
Investments in group companies		
Granted subsidiary loans		
Repayment of loan receivables	211 432	2 594 989
Changes in long-term receivables	84 059	15 003
Cash flow from investments (B)	213 231	2 423 143
Cash flows from investing activities	1 310 359	-1 673 978
Cash flows from financing activities:		
Proceeds from financial instruments and deposits		1 800 000
Changes in short-term loans	-3 019 582	-3 009 793
Changes in long-term loans	3 500 000	
Changes of own shares	-149 776	90 313
Received intra-group financial support / dividend	1 200 000	2 792 984
Payment of dividends and other profit distribution	-423 322	
Cash flow from financing (C)	1 107 320	1 673 504
Change in cash and cash equivalents (A+B+C)	2 417 679	-473
Cash and cash equivalents at beginning of financial year	261	734
Cash and cash equivalents at the end of financial year	2 417 940	261
Cash and cash equivalents according to balance sheet	-2 417 679	473

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, Markku Teräsvasara, Eeva-Liisa Virkkunen, Anne Koutonen and Mikko Kuitunen were elected to the company's board as old members. Lasse Aho was elected as new board member.

Markku Teräsvasara was elected as chairman of the board and Harri Sjöholm as vice chairman.

The company acquired a total of 100,000 own shares at purchase price of 149,776.42 euros and average price of 1.37576 euros.

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.

A write-down of EUR 8,827,451.00 was made to the shares of Robit Australia Pty Ltd during the accounting period.

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:

	31.12.2023	31.12.2022
Domestic	1 743 361	1 605 538
European community		
Other countries	3 794 208	2 782 298
Total	<u>5 537 568</u>	<u>4 387 836</u>

Restatement of Other operating income

From the Other operating income, 486,214.80 euros of rental income was reclassified to Net sales of the comparison year, because the rental income is identified as the income of the company's actual business operations.

An exceptional item of expenditure

In the financial statements for 2022, receivables of EUR 512,971.77 has been recorded connected to financial income from the dividend from a Group company. In the financial period 2023, a decision was made to change the original dividend distribution amount smaller and based on the decision, the reduction difference of the dividend receivable, 356,031.95 euros was recorded as a financial expense.

Personnel information

	31.12.2023	31.12.2022
Average count of personnel		
Office workers	10	9

Salaries of Members of the Board of Directors and managing director

	31.12.2023	31.12.2022
CEO Tommi Lehtonen (until 15.3.2022)		200 045
CEO Arto Halonen (since 15.3.2022)	253 638	192 299

	2023	2022
Members of the Board of Directors		
Markku Teräsvasara (since 22.3.2022)	69 100	36 500
Harri Sjöholm	49 700	61 250
Mikko Kuitunen	41 750	40 000
Anne Koutonen	42 700	44 000
Kim Gran (until 15.3.2023)	1 750	42 250
Kalle Reponen (until 22.3.2022)	0	5 500
Mammu Kaario (until 22.3.2022)	0	5 500
Eeva-Liisa Virkkunen (since 22.3.2022)	46 000	38 500
Lasse Aho (since 15.3.2023)	42 400	
	<u>293 400</u>	<u>273 500</u>

Auditors' fees detail

	31.12.2023	31.12.2022
1) Statutory audit	97 000	94 567
2) Assignments according to the Auditing act 1,1 §	2 085	0
3) Tax consulting	0	0
4) Other services	3 470	3 000
	<u>98 037</u>	<u>103 971</u>

Auditors' fees detail

	31.12.2023	31.12.2022
1) Statutory audit	97 000	94 567
2) Assignments according to the Auditing act 1,1 §	2 085	0
3) Tax consulting	0	0
4) Other services	3 470	3 000
	<u>98 037</u>	<u>103 971</u>

Depreciation according to plan by balance sheet items

	31.12.2023	31.12.2022
Development costs	170 712,02	205 043,37
Intellectual property rights	172 088,57	153 861,17
Other non-current expenses	301 693,34	397 313,68
Buildings	206 441,76	204 653,45
Machinery and equipment	7062,24	24 374,34
Other tangible assets	0,00	16 814,22
	<u>857 997,93</u>	<u>1 002 060,23</u>

Tangible and intangible assets

	31.12.2023	31.12.2022
Development costs		
Acquisition cost 1.1.	<u>2 303 239,45</u>	<u>2 303 239,45</u>
Acquisition cost 31.12.	2 303 239,45	2 303 239,45
Accumulated depreciation 1.1.	-2 072 537,98	-1 867 494,61
Depreciation for the financial period	<u>-170 712,02</u>	<u>-205 043,37</u>
Book value 31.12.	59 989,45	230 701,47
Intangible assets		
Acquisition cost 1.1.	1 387 390,05	1 297 998,55
Additions	<u>63 659,57</u>	<u>89 391,50</u>
Acquisition cost 31.12.	1 451 049,62	1 387 390,05
Accumulated depreciation 1.1.	-1 091 673,79	-937 812,62
Depreciation for the financial period	<u>-172 088,57</u>	<u>-153 861,17</u>
Book value 31.12.	187 287,26	295 716,26
Other non-current expenses		
Acquisition cost 1.1.	7 128 453,80	7 086 453,80
Additions	0,00	42 000,00
Acquisition cost 31.12.	7 128 453,80	7 128 453,80
Accumulated depreciation 1.1.	-5 822 363,11	-5 425 049,43
Depreciation for the financial period	<u>-301 693,34</u>	<u>-397 313,68</u>
Book value 31.12.	1 004 397,35	1 306 090,69
Land and water areas		
Acquisition cost 1.1.	195 178,87	195 178,87
Book value 31.12.	195 178,87	195 178,87

	31.12.2023	31.12.2022
<i>Buildings and structures</i>		
Acquisition cost 1.1.	6 253 442,60	6 197 984,20
Additions	<u>18 600,71</u>	<u>55 458,40</u>
Acquisition cost 31.12.	6 272 043,31	6 253 442,60
Accumulated depreciation 1.1.	-2 578 694,44	-2 374 040,99
Depreciation for the financial period	<u>-206 441,76</u>	<u>-204 653,45</u>
Book value 31.12.	3 486 907,11	3 674 748,16
<i>Machinery and equipment</i>		
Acquisition cost 1.1.	<u>2 308 377,55</u>	<u>2 308 377,55</u>
Acquisition cost 31.12.	2 308 377,55	2 308 377,55
Accumulated depreciation 1.1.	-2 273 023,79	-2 248 649,45
Depreciation for the financial period	<u>-7 062,16</u>	<u>-24 374,34</u>
Book value 31.12.	28 291,60	35 353,76
<i>Other tangible assets</i>		
Acquisition cost 1.1.	<u>99 065,05</u>	<u>99 065,05</u>
Acquisition cost 31.12.	99 065,05	99 065,05
Accumulated depreciation 1.1.	-97 474,26	-80 660,04
Depreciation for the financial period	<u>-0,08</u>	<u>-16 814,22</u>
Book value 31.12.	1 590,71	1 590,79
<i>Shares in subsidiaries</i>		
Opening balance 1.1.	52 159 088,57	52 164 794,18
Deductions x)	<u>-8 827 451,00</u>	<u>-5 705,61</u>
Nook value 31.12.	43 331 637,57	52 159 088,57

x) Robit Australia, write-down 2023
Robit Ab, Sweden, write-down 2022

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

	31.12.2023	31.12.2022
	Share %	Share %
Robit Korea LTD, Korea	100 %	100 %
Robit OOO, Russia	100 %	100 %
Robit Inc. USA	100 %	100 %
Robit SA Ltd, South Africa 3)	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%

Halco USA LLC 100%, parent company Robit INC.
 Halco Drilling Ltd UK 100%, parent company Robit UK Ltd
 Halco Brighthouse 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) 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.

Material items of accrued income

The items included in the accrued income are normal financial statement accruals.

	31.12.2023	31.12.2022
<i>Receivables from group companies</i>		
Trade receivables	4 278 527,81	5 869 693,23
Group loan receivables	22 348 122,12	23 119 455,40
Other group receivables	<u>7 309 391,71</u>	<u>6 150 853,72</u>
	33 936 041,64	35 140 002,35
<i>Loans from group companies</i>		
Account payables	751 755,41	236 380,68
Groups loans	4 424 371,59	4 424 371,59
Other accruals	<u>5 933 082,10</u>	<u>2 924 638,15</u>
	11 109 209,10	7 585 390,42
<i>Material items in accrued expenses</i>		
Personnel cost accruals	178 929,03	219 580,99
Other accruals	<u>43 289,65</u>	<u>28 420,09</u>
	222 218,68	248 001,08

Changes of equity during the financial period

	31.12.2023	31.12.2022
Share capital 1.1.	705 025,14	705 025,14
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)	-423 321,84	0,00
Invested unrestricted equity fund 31.12	84 778 931,04	85 202 252,88
Retained earnings of previous periods 1.1.	-25 102 807,27	-23 674 168,30
Prior year loss	1 478 741,96	-1 518 952,39
Acquisition/distribution of own shares	31 969,22	90 313,42
Retained earnings 31.12	-23 592 096,09	-25 102 807,27
Profit / loss for the period	-10 373 717,93	1 478 741,96
	-33 965 814,02	-23 624 065,31
Restricted equity	906 850,65	906 850,65
Distributable shareholders' equity	50 813 117,02	61 578 187,57
Shareholders' equity	51 719 967,67	62 485 038,22
Distributable equity		
Invested unrestricted equity fund	84 778 931,04	85 202 252,88
Retained earnings of previous periods	-23 592 096,09	-25 102 807,27
Profit / loss for the period	-10 373 717,93	1 478 741,96
Capitalised R&D expenses	-59 989,45	-230 701,47
	50 753 127,57	61 347 486,10
Accrued appropriations		
Depreciation difference, buildings	406 085,40	402 865,28
Depreciation difference, machinery and equipment	48 093,59	31 228,55
	454 178,99	434 093,83
Income tax		
Foreign withholding taxes	398 670,26	20 839,09
	398 670,26	20 839,09

Material items of accrued income

The items included in the accrued income are normal financial statement accruals.

	31.12.2023	31.12.2022
<i>Receivables from group companies</i>		
Trade receivables	4 278 527,81	5 869 693,23
Group loan receivables	22 348 122,12	23 119 455,40
Other group receivables	7 309 391,71	6 150 853,72
	<u>33 936 041,64</u>	<u>35 140 002,35</u>
<i>Loans from group companies</i>		
Account payables	751 755,41	236 380,68
Groups loans	4 424 371,59	4 424 371,59
Other accruals	5 933 082,10	2 924 638,15
	<u>11 109 209,10</u>	<u>7 585 390,42</u>
<i>Material items in accrued expenses</i>		
Personnel cost accruals	178 929,03	219 580,99
Other accruals	43 289,65	28 420,09
	<u>222 218,68</u>	<u>248 001,08</u>

Deferred tax assets and liabilities not presented in balance sheet

Deferred tax asset from recognized losses	3 024 206,90	3 260 691,24
Deferred tax liabilities from depreciation differences	90 835,80	86 818,77

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

	31.12.2023	31.12.2022
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

	31.12.2023	31.12.2022
Receivables	86 531,31	170 590,64

Loans maturing in more than 5 years	31.12.2023	31.12.2022
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

	31.12.2023	31.12.2022
<i>Of own debts and liabilities</i>		
Business mortgages pledged as a security	41 011 604,01	41 068 787,90
Real estate mortgages pledged as a security	2 856 000,00	2 856 000,00
	<u>43 867 604,01</u>	<u>43 924 787,90</u>
<i>Amount of loan</i>		
Loans from financial institutions	22 500 000,00	22 019 584,00

The covenants relating to loans

The Company has financial institution loans of EUR 22,5 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

According to the financing agreement, the ratio of net liabilities to EBITDA at the time of review of the covenant terms as of 31 December 2023 may not exceed 3.50. In accordance with the terms of the financing agreement, the main financier could demand full repayment of the loan if the covenant conditions are breached. The covenant of Robit Plc's financing agreement, interest-bearing net debt/EBITDA, was 3.81 and thus has not met the terms of the financing agreement on 31 December 2023. The terms of the financing agreement are reviewed quarterly. The company has agreed with its main financier that the Other financial assets are included in the calculation of net liabilities and has received upfront consents from its main financier to break the covenant for all quarterly review moments.

Robit Plc amortized its loans by EUR 1.5 million at the end of June 2023, and again EUR 1.5 million at the end of December. The interest margin of the loans as of 31 December 2023 is 3.25%.

Lease liabilities

	31.12.2023	31.12.2022
Items to be paid pursuant to the lease agreements		
During the following financial period	79 817,16	40 008,03
In later periods	160 266,58	127 918,36
Total	<u>240 083,74</u>	<u>167 926,39</u>

Lease liabilities related to company cars and computers and new PVC storage shed.

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

	31.12.2023	31.12.2022
Other liabilities		
Guarantee liabilities	46 000,00	46 000,00

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

Derivatives

Fair values of derivative financial instruments 2023

Derivatives designated as cash flow hedges	Notional amount	Fair value assets	Fair value liabilities
Interest rate swaps			
Interest rate swap, EUR thousand	10.000	569	0

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

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.

Robit Plc applies hedge accounting to the interest rate swap and treats it as an off-balance sheet item in accordance with The Finnish Accounting Board's statement 1963/2016. The fair value of the derivative and other information is presented in note 4.4 of the consolidated financial statements.

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 2023 with related parties.

More details of related party transactions in the Consolidated financial statements of the Group.

Notes concerning the Cash flow statement

The Cash flow statement has been prepared in accordance with The Accounting Board's general instructions (January 30, 2007). The operating cash flow is presented according to the indirect method.

The board's presentation on the use of unrestricted equity

The board of directors proposes to the annual general meeting that no dividend be distributed for the financial year 2023.

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

Robit Plc

Business ID: 0825627-0

Date and place

Helsinki, March 6th, 2024

Markku Teräsvasara
Chairman of the Board

Mikko Kuitunen
Board member

Anne Koutonen
Board member

Lasse Aho
Board member

Eeva-Liisa Virkkunen
Board member

Harri Sjöholm
Board member

Arto Halonen
CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki

PricewaterhouseCoopers Oy
Authorized Public Accountants

Markku Katajisto
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	Electronically (Netsuite)
Projects	Electronically (Netsuite)
Sampo USD	Electronically (Netsuite)
Nordea	Electronically (Netsuite)
Cash vouchers	Electronically (Netsuite)
Nordea USD -193	Electronically (Netsuite)
Nordea -211	Electronically (Netsuite)
Nordea -823	Electronically (Netsuite)
Sampo	Electronically (Netsuite)
Sampo CAD	Electronically (Netsuite)
Handelsbanken	Electronically (Netsuite)
Osuuspankki	Electronically (Netsuite)
VAT vouchers	Electronically (Netsuite)
Sales invoices	Electronically (Netsuite)
Account sales, non-ledger	Electronically (Netsuite)
Account sales, payments	Electronically (Netsuite)
Purchasing invoices, WF	Electronically (Netsuite)
Salaries	Wage slips and pay sheets on CD
Financial statement receipts	Electronically (Netsuite)
Note vouchers	As a separate file

Storage of accounting documentation

Accounting books are kept for 10 years and supporting documents for 6 years at the company's premises in Lempäälä.



Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Robit Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards 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 the financial statements in Finland and comply with statutory requirements.

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

What we have audited

We have audited the financial statements of Robit Oyj (business identity code 0825627-0) for the year ended 31 December 2023. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, statement of cash flows and notes.

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

Independence

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.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.4 to the Financial Statements.



Our Audit Approach

Overview



- Overall group materiality: 0,9 million euros, which represents approximately 1 % of the group's total revenue.
- In addition to the parent company, the scope of the audit of the consolidated financial statements included all significant companies with production facilities and specified audit procedures in selected sales companies, covering the majority of the group's revenue, assets and liabilities.
- Revenue recognition cut-off
- Valuation of goodwill
- Inventory existence

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	0,9 million euros
How we determined it	Approximately 1 % of the group's total revenue
Rationale for the materiality benchmark applied	We chose total revenue as the benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users and is a generally accepted benchmark. Revenue, in our opinion, provides a more stable basis for defining materiality.



How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

In addition to the parent company, the scope of the audit of the consolidated financial statements included all significant companies with production facilities and specified audit procedures in selected sales companies, covering the majority of the group's revenue, assets and liabilities. Through the audit procedures performed in the above-mentioned reporting units, as well as the additional audit procedures we performed at the group level, we have acquired a sufficient amount of appropriate audit evidence from the group's financial information as a whole to form the basis of our opinion on the consolidated financial statements.

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.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p>Revenue recognition cut-off</p> <p><i>Refer to accounting principles and note 2.1 of the consolidated financial statements</i></p> <p>The group's net sales mainly consist of the sale of consumable parts for drilling equipment worldwide. The most important products of the drilling equipment are drill bits and casing systems.</p> <p>The time of recording revenue is determined based on the conditions related to the sales contracts. From the point of view of the recording date, the key conditions are the delivery condition and the customer's approval procedure. Revenue is recorded when control over the products has been transferred to the customer.</p> <p>We believe that business transactions that take place near the end of the financial year include the risk associated with a cut-off in revenue recognition, so that business transactions would be prematurely recorded in an earlier financial year.</p>	<p>Our audit procedures included, for example, the following procedures:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the accounting principles applied to revenue recognition and compared them against the applicable accounting standards. • We audited the cut-off in sales by auditing the sales transactions recorded before and after the balance sheet date. • Based on the terms and conditions of sales contracts and delivery documents, or reports generated from the system, we obtained evidence to support that revenue recognition has taken place in a timely manner. • We audited individual accrued sales transactions and accounts receivable balances included in the balance sheet at the financial statement date.



Valuation of goodwill

Refer to accounting principles and note 3.1 of the consolidated financial statements

On 31 December 2023 the Group's goodwill balance amounted to EUR 5,3 million. Goodwill and intangible rights with indefinite lives are allocated to the cash-generating units.

The Company tests goodwill for potential impairment whenever there is an indication that the carrying value may be impaired and at least once a year.

The recoverable amounts are determined using the value-in-use model. Value in use calculations are subject to significant management judgement with respect to cash flows forecasts and discount rates.

Valuation of goodwill is a key audit matter due to the significance of the balance sheet amount and the high degree of management judgement involved.

Our audit procedures included, for example, the following procedures:

- We assessed the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and testing the mathematical accuracy of calculations.
- We evaluated the process by which the future cash flow forecasts were determined for the value in use model and compared the forecasts to the budgets approved by the Board of Directors.
- We assessed the reasonableness of cash flow forecasts, for example, by comparing the accuracy of prior period revenue growth and operating profit forecasts to actual outcomes.
- We considered whether the sensitivity analysis performed by the management around key assumptions was appropriate.
- The discount rates applied within the model were assessed by PwC business valuation specialists.
- We assessed the adequacy and the appropriateness of the disclosures in the financial statements.

Inventory existence

Refer to accounting principles and note 5.2 of the consolidated financial statements

The group's inventory is EUR 36.1 million.

Inventories mainly consist of raw materials and finished products, such as drill bits, drill rods and casing systems, as well as hammer components and assembled hammers.

In the audit, we focused on the risk that the inventory's existence would include a material misstatement.

Our audit procedures included, for example, the following procedures:

- We assessed the appropriateness of the inventory processes of the group's inventory.
- We participated in inventory calculations of inventory locations calculated at once.
- In terms of cycle count inventories:
 - we participated in inventory calculations,
 - we examined the calculation documentation of the cycle count inventory, as well as
 - we evaluated the coverage of the company's own cycle count calculations.
- We also performed physical inventory calculations for the inventory balances at the closing date.
- We requested confirmations of inventory quantities from warehouses maintained by external operators.
- We compared the calculated quantities of inventory lists and from the received inventory confirmations with the quantities of inventory accounting and evaluated inventory differences.



We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

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 IFRS Accounting Standards 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 a 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 to 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 about 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists



6 (7)

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 15 March 2023. Our appointment represents a total period of uninterrupted engagement of 1 year.

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 the 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
- 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 7 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Katajisto
Authorised Public Accountant (KHT)

Definitions of Key Figures

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

