

Robit Plc Interim Report

January–September 2020



Robit

ROBIT PLC INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2020: FOURTH CONSECUTIVE QUARTER OF GROWTH, PROFITABILITY CONTINUED TO DEVELOP POSITIVELY

In the text, 'review period' or 'third quarter of the year' refers to 1 July–30 September 2020 (Q3), and 'January–September' refers to the 1 January–30 September 2020 period. Figures from the corresponding time period in 2019 are given in parentheses. Percentages are calculated from thousands of euros.

1 July–30 September 2020 in brief

- Net sales EUR 24.2 million (22.2)
- EBITDA EUR 1.7 million (0.2)
- Adjusted EBITDA EUR 1.7 million (1.2)*
- EBITA EUR 0.3 million (-1.3)
- Adjusted EBITA EUR 0.3 million (-0.3)*
- Operating profit as percentage of net sales (EBIT %) 0.5% (-6.6)
- Review period net income EUR -0.6 million (-1.1)
- Operating cash flow EUR 0.6 million (1.9)

1 January–30 September 2020 in brief

- Net sales EUR 67.9 million (64.3)
- EBITDA EUR 3.1 million (1.9)
- Adjusted EBITDA EUR 3.1 million (3.0)*
- EBITA EUR -0.9 million (-3.9)**
- Adjusted EBITA EUR -0.9 million (-1.8)**
- Operating profit as percentage of net sales (EBIT %) -2.2% (-7.0)
- Review period net income EUR -3.4 million (-4.7)
- Operating cash flow EUR 0.2 million (-0.3)
- Equity ratio at the end of the review period 45.1% (49.7)

Key financials	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Net sales, EUR 1,000	24 194	22 247	8,8 %	67 940	64 326	5,6 %	86 482
EBITDA, EUR 1,000	1 658	218	660,7 %	3 064	1 913	60,2 %	1 605
EBITDA, per cent of sales	6,9 %	1,0 %		4,5 %	3,0 %		1,9 %
Adjusted EBITDA*, EUR 1,000	1 658	1 153	43,8 %	3 064	3 009	1,8 %	2 707
Adjusted EBITDA, per cent of sales*	6,9 %	5,2 %		4,5 %	4,7 %		3,1 %
EBITA, EUR 1,000**	324	-1 264	125,6 %	-880	-3 865	77,2 %	-4 927
Adjusted EBITA**, EUR 1,000	324	-339	195,5 %	-880	-1 818	51,6 %	-3 720
Adjusted EBITA %**	1,3 %	-1,5 %		-1,3 %	-2,8 %		-4,3 %
EBIT, EUR 1,000	118	-1 471	108,0 %	-1 493	-4 496	66,8 %	-5 767
EBIT, per cent of sales	0,5 %	-6,6 %		-2,2 %	-7,0 %		-6,7 %
Result for the period, EUR 1,000	-568	-1 148	50,5 %	-3 409	-4 711	27,6 %	-7 265

* Items affecting comparability:

EBITDA: Business restructuring costs in the review period Q3 2019 amounted to EUR 935 thousand (EUR 490 thousand related to personnel and EUR 445 thousand related to the realisation of fixed assets), Q1–Q3 2019 EUR 1,096 thousand (EUR 651 thousand related to personnel and EUR 445 thousand related to the realisation of fixed assets).

** EBITA:

In addition to the above items, the review period Q1–Q3 2019 is also subject to a EUR 951 thousand depreciation of rent related to the planned business restructuring.

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

ROBIT'S OUTLOOK FOR 2020

The outlook for Robit's target markets developed positively in the third quarter. The effects of the coronavirus pandemic were mitigated as anticipated, and customer activity returned or is returning to normal levels. The situation still varied significantly across regions and countries. The development of demand was tied to business restrictions imposed by regional authorities and, in general, governments have made it possible for the mining and construction industry to return to normal operations. COVID-19 travel restrictions and customers protecting against the risks posed by the virus continue to limit the implementation of Robit's growth projects to some extent. These restrictions are expected to continue for the time being. In addition, second wave of COVID-19 pandemic may cause restrictions that may have impact on Robit's business.

GUIDANCE FOR 2020

On 24 March 2020, Robit renounced its profit guidance for the financial year 2020 for the time being. The uncertainty of the development of the business and economy caused by coronavirus makes normal forecasting of business outlooks more difficult. The outlook and guidance can be updated again once the market situation offers the normal preconditions for it.

According to the company's previous guidance, in 2020 Robit aimed for net sales growth and increased profitability of the euro-denominated adjusted EBITDA over the previous financial year.

CEO TOMMI LEHTONEN:

Robit continues on a growth path. The company now reports a fourth consecutive quarter of the company's net sales growing. In the third quarter of the year, Robit's business developed as expected. The development of sales was good in many areas, which increased net sales by 8.8%. The increase in net sales at comparable exchange rates was 16.2%. Orders in the review period increased by 7.8%. Robit's profitability developed as planned and the impact of the enhancement measures taken in the spring materialised as improved profitability. EBITDA was 1,7 million euro and improved from 1,2 million euro adjusted EBITDA from the corresponding period in 2019.

The CIS & East region continued to develop strongly in the mining and construction market segments. Net sales developed positively in the EMEA region. In Asia, a positive turn was also seen. In the Americas region, the operating environment remained challenging due to the COVID-19 pandemic. In the Australasia region, Robit was not yet able to achieve the sales development outlined in the company's goals. Taking into account the operating environment and the challenges it created, Robit's market areas developed positively.

The current structure supports the company's short-term growth goals. As Robit has previously communicated, the company continues its development towards its financial goals under three key themes – growth, profitability, and business processes.

For growth, Robit's business developed positively, although the operating environment in some markets delayed the implementation of the company's growth projects and influenced demand. Robit has a good number of growth projects in implementation and thus has great chances to grow further in the company's key markets.

The company's second development theme, profitability, also developed as expected. In particular, the development of sales and the improved cost structure supported the positive development of profitability. Thanks to the current structure and resources, Robit is able to take the next growth step without significant investments or increases in resources. During the review period, the company also launched a project that optimises the material and subcontracting structure. The company has also created a culture of continuous improvement to develop competitiveness.

The development of digitalisation is an essential part of Robit's business process development. With the development plan, the company develops digital tools that will automate certain routine work stages and make use of modern data analytics. With this development work, the company ensures faster and higher quality customer service. The size of the company and focus only on drilling consumables enables fast and effective implementation.

DEVELOPING THE COMPANY'S OFFERING

The development of Robit's offering remained active in all key product groups. The company will launch new Top Hammer and Down the Hole products at the turn of the year.

The Down the Hole offering, which is in the commercialisation phase, for well drilling customers has received positive feedback on the market, and the commercialisation of the new offering is proceeding apace in Finland and Sweden, especially.

Diamond button bits are attracting increasing attention in underground mining operations. The adoption of automated drill rigs is increasing in the segment and diamond button bits support this development.

KEY FIGURES

	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Net sales, EUR 1,000	24 194	22 247	8,8 %	67 940	64 326	5,6 %	86 482
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Result for the period, EUR 1,000	-568	-1 148	50,5 %	-3 409	-4 711	27,6 %	-7 265
Result for the period, per cent of sales	-2,3 %	-5,2 %		-5,0 %	-7,3 %		-8,4 %
Earnings per share (EPS), EUR	-0,03	-0,05		-0,16	-0,22		-0,35
Return on equity (ROE), per cent				-7,1 %	-8,5 %		-13,4 %
Return on capital employed (ROCE), per cent				-5,7 %	-6,7 %		-8,7 %
Adjusted return on capital employed (ROCE), per cent				-5,7 %	-4,5 %		-7,4 %
Net interest-bearing debt, EUR 1,000				23 883	23 035	3,7 %	22 967
Equity ratio, per cent				45,1 %	49,7 %		47,4 %
Net gearing, per cent				52,2 %	43,5 %		45,3 %
Gross investments, EUR 1,000	133	518	-74,3 %	335	1 203	-72,2 %	1 375
Gross investments, per cent of sales	0,6 %	0,8 %		0,5 %	1,9 %		1,6 %
Average number of employees				256	271	-5,5 %	274
Number of employees at the end of period				260	255	2,0 %	252

* Items affecting comparability:

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

NET SALES AND FINANCIAL PERFORMANCE:

July–September 2020

The Group's net sales for the review period totalled EUR 24.2 million (22.2). There was an increase of 8.8% over the comparison period. In constant currencies, the change was 16.2%.

Of net sales, EUR 12.2 million (10.8) came from the Top Hammer business and EUR 12.0 million (11.4) from the Down the Hole (DTH) business.

Net sales by product area, EUR thousand	Q3 2020	Q3 2019	Change %
Top Hammer	12 235	10 849	12,8 %
Down the Hole	11 959	11 399	4,9 %
Total	24 194	22 247	8,8 %

Of consolidated net sales, EUR 11.0 million (9.6) came from the EMEA region, EUR 3.4 million (4.2) from the Americas, EUR 2.6 million (2.3) from Asia, EUR 3.7 million (4.1) from Australasia and EUR 3.5 million (2.0) from the East.

Net sales by market area, EUR thousand	Q3 2020	Q3 2019	Change %
EMEA	10 982	9 629	14,1 %
Americas	3 389	4 182	-19,0 %
Asia	2 605	2 291	13,7 %
Australasia	3 712	4 115	-9,8 %
East	3 507	2 031	72,7 %
Total	24 194	22 247	8,8 %

EBITA was EUR 0.3 million (-1.3). Adjusted EBITA was EUR 0.3 million (-0.3), or 1.3% (-1.5) of net sales.

EBIT for the review period was EUR 0.1 million (-1.5). This represented 0.5% (-6.6) of the review period net sales.

Net financial expenses totalled EUR -0.9 million (0.0), of which EUR -0.2 million (-0.3) were interest expenses and EUR -0.7 million (0.3) exchange rate losses, most of which result from loans to subsidiaries and are unrealised. Result before taxes was EUR -0.8 million (-1.4), and taxes totalled EUR 0.2 million (0.3).

January–September 2020

Consolidated net sales for the review period totalled EUR 67.9 million (64.3), an increase of 5.6% over the comparison period. In constant currencies, the change was 9.7%.

Of net sales, EUR 35.1 million (30.8) came from the Top Hammer business and EUR 32.9 million (33.5) from the Down the Hole (DTH) business. The growth in TH business came mainly from the mining business. The decrease in the DTH business from the comparison period was mainly due to decreased net sales in Australia.

Net sales by product area, EUR thousand	1–9/2020	1–9/2019	Change %
Top Hammer	35 065	30 847	13,7 %
Down the Hole	32 876	33 479	-1,8 %
Total	67 940	64 326	5,6 %

Of consolidated net sales, EUR 30.7 million (27.5) came from the EMEA region, EUR 10.0 million (11.3) from the Americas, EUR 8.6 million (8.4) from Asia, EUR 10.1 million (11.6) from Australasia and EUR 8.5 million (5.5) from the East.

Net sales by market area, EUR thousand	1–9/2020	1–9/2019	Change %
EMEA	30 739	27 522	11,7 %
Americas	10 008	11 311	-11,5 %
Asia	8 608	8 390	2,6 %
Australasia	10 135	11 624	-12,8 %
East	8 450	5 479	54,2 %
Total	67 940	64 326	5,6 %

EBITA was EUR -0.9 million (-3.9). Adjusted EBITA was EUR -0.9 million (-1.8), or -1.3% (-2.8) of net sales.

EBIT for the review period was EUR -1.5 million (-4.5). This represented -2.2% (-7.0) of the review period net sales.

Net financial expenses totalled EUR -2.3 million (-0.8), of which EUR -0.2 million (-1.0) were interest expenses and EUR -1.3 million (0.3) exchange rate losses, most of which result from loans to subsidiaries and are unrealised, and EUR -0.1 million other financial expenses (-0.0). Result before taxes was EUR -3.8 million (-5.3), and taxes totalled EUR 0.3 million (0.6).

FINANCING AND INVESTMENTS

The Group's net cash flow from operations in 1–9/2020 totalled EUR 0.2 million (-0.3). Changes in working capital had an impact of EUR -3.6 million (-1.4). The change in working capital was mainly due to an increase in receivables of EUR 5.3 million and an increase in inventories of EUR 2.9 million.

Net working capital was EUR 37.5 million (38.6) at the end of the review period.

Net cash flow from investment activities was EUR -0.2 million (0.8). Gross investments in production during the review period totalled EUR -0.3 million (1.2).

Net cash flow from financing activities was EUR -1.4 million (-12.4). Net changes in loans totalled EUR 0.1 million (-10.7). The repayment of lease liabilities reported in net cash flow from financing activities under IFRS 16 totalled EUR -1.3 million (-1.7).

The Group had interest-bearing debt amounting to EUR 37.1 million (38.7), of which EUR 5.8 million (6.8) was interest-bearing debt under IFRS 16. The Group's liquid assets totalled EUR 13.2 million (15.7). Interest-bearing net debt was EUR 23.9 million (23.0), and interest-bearing net bank debt without IFRS 16 debt impact was EUR 18.0 million (16.2).

The Group's equity at the end of the review period was EUR 45.8 million (53.0).

The Group's equity ratio was 45.1% (49.7) and its net debt to equity ratio (gearing) was 52.2% (43.5).

Depreciation, amortisation, and write-downs totalled EUR 4.6 million (6.4). Of this, EUR 0.6 million related to amortisation of customer relationships and brand value from business acquisitions.

PERSONNEL AND MANAGEMENT

The number of personnel increased by 5 from the end of the comparison period, and at the end of the review period it was 260 (255). At the end of the review period, 75% of the company's personnel were located outside Finland.

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

RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2020

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

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

The General Meeting resolved to discharge the members of the Board of Directors and the managing directors from liability for the financial year ending 31 December 2019.

The General Meeting resolved that the Board of Directors consists of six (6) members. Harri Sjöholm, Mammu Kaario, Mikko Kuitunen and Kalle Reponen were re-elected as members of the Board of Directors. Kim Gran and Anne Leskelä were elected as new members of the Board.

Ernst & Young Oy, an Authorised Public Accounting firm, was re-elected as the company's auditor for a term that will continue until the end of the next Annual General Meeting. Ernst & Young Oy has notified the company that Authorised Public Accountant Toni Halonen will serve as the company's principal responsible auditor. The General Meeting resolved to pay the auditor's remuneration in accordance with an invoice approved by the company.

The General Meeting resolved to authorise the Board of Directors to resolve on the acquisition of a maximum of 2,108,390 shares of the company and/or accepting the same number of the company's shares as a pledge, in one or several tranches by using funds in the unrestricted shareholders' equity. The maximum total of shares that will be acquired and/or accepted as a pledge corresponds to 10% of all shares in the company as of the date of the summons to the Annual General Meeting. However, the company cannot, together with its subsidiary companies, own or accept as a pledge altogether more than 10% of its own shares at any point in time. The company's shares may be purchased under this authorisation solely by using unrestricted shareholders' equity. The shares will be acquired otherwise than in proportion to the share ownership of the shareholders via public trading arranged by Nasdaq Helsinki Ltd at the market price on the date on which the acquisition is made or otherwise at a price formed on the market. The authorisation shall be used e.g. for the purposes of implementing the company's share-based incentive schemes or for other purposes as decided by the Board of Directors. It was resolved that the authorisation revokes the authorisation granted by the General Meeting on 27 March 2019 to decide on the acquisition of treasury shares. The authorisation is valid until the closing of the next Annual General Meeting, however no longer than until 30 June 2021.

The Annual General Meeting resolved to authorise the Board of Directors to resolve on a share issue and on the issuance of special rights entitling to shares as referred to in Section 1 of Chapter 10 of the Finnish Limited Liability Companies Act, in one or more tranches, either against or without consideration. The number of shares to be issued, including shares to be issued on the basis of special rights, may not exceed 2,108,390, which amounts to 10% of all shares in the company as of the date of the summons to the Annual General Meeting. The Board of Directors may decide to either issue new shares or to transfer any treasury shares held by the company. The authorisation entitles the Board of Directors to decide on all terms that apply to the share issue and to the issuance of special rights entitling to shares, including the right to derogate from the shareholders' pre-emptive right. The authorisation shall be used e.g. for the purposes of strengthening the company's balance sheet and improving its financial status, implementing the company's share-based incentive schemes or for other purposes as decided by the Board of Directors. The authorisation is valid until the closing of the next Annual General Meeting, however no longer than until 30 June 2021. The authorisation will revoke all previously granted, unused authorisations to decide on a share issue and the issuance of options or other special rights entitling to shares.

SHARES AND SHARE TURNOVER

On 30 September 2020, the company had 21,179,900 shares and 3,664 shareholders. Trading volume in January–September was 4,963,639 shares (6,250,513).

The company holds 152,793 treasury shares (0.7% of total shares). On 30 September 2020, the market value of the company's shares was EUR 43,630,594. The closing price of the share was EUR 2.06, and the highest price in January–September was EUR 3.18 and the lowest EUR 1.70.

RISKS AND BUSINESS UNCERTAINTIES

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

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

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

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

CHANGES IN GROUP STRUCTURE

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

OTHER EVENTS DURING THE REVIEW PERIOD

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

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

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

On 20 February 2020, the company announced that it was updating its financial targets and guidance for 2020. The company's long-term target is to achieve organic net sales growth of 15% annually and adjusted EBITDA profitability of

13%. Robit gives guidance that in 2020 it seeks net sales growth and increased profitability of euro-denominated adjusted EBITDA from the previous financial year.

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

On 24 March 2020, the company announced that it was renouncing its profit guidance for 2020 for the time being. The uncertainty of the development of business and the economy caused by the coronavirus makes normal forecasting of business outlook more difficult. The outlook and guidance can be updated again once the market situation offers the normal preconditions for it. The company's previous guidance was: In 2020, Robit Plc seeks net sales growth and increased profitability of the euro-denominated adjusted EBITDA from the previous financial year.

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

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

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

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

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

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

On 11 June 2020, Robit Plc's Board of Directors resolved on a directed share issue to implement the long-term incentive scheme for the company's key personnel. The issuance of shares was based on the authorisation given to the Board of Directors by the company's Annual General Meeting held on 22 April 2020 and on the share-based incentive scheme for key personnel of the company resolved by the Board of Directors on 25 March 2020. A maximum of 96,500 new shares, in deviation from the shareholders' pre-emptive right, were offered in the share issue for subscription to the key personnel participating in the share-based incentive scheme. The company had a weighty financial reason for deviating from the shareholders' pre-emptive right, since the purpose of the share issue was to engage its key personnel with the long-term incentive scheme. The share subscription period was 11–18 June 2020, during which period the shares had to be paid into the account specified by the company. The share subscription price was EUR 1.91 per share, equal to the trade volume-weighted average price of the share on Nasdaq Helsinki Ltd during 1–31 May 2020. Each subscription had to be 500 shares or more and not exceeding 10,000 shares. The incentive scheme covers calendar years 2020–2022. The scheme has three elements: own investment of the key personnel in Robit shares (base share plan), reward shares by the company (matching share plan) and performance-based additional share plan (performance matching plan). In the matching share plan, the key person will receive one matching share for each invested share. In the performance matching share plan, the key person will receive a maximum of three performance matching shares, provided that the performance targets set by the Board of Directors for the plan are achieved. Matching shares and performance matching shares will be paid by the end of April 2023. The shares will be subject to the transfer restriction for a period of one year following the date of share payment. Information about the launch and the terms and conditions of the long-term incentive scheme for Robit Plc's key personnel were published in a stock exchange release on 25 March 2020.

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

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

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

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

On 4 August 2020, the company announced that it would start co-determination negotiations at Robit Finland Oy Ltd on potential changes and measures aimed at ensuring and strengthening the company's profitability and cash flow in the long term. Robit announced layoffs in Finnish units in a press release on 2 April 2020 due to preparations for the COVID-19 situation. The negotiations concerned all senior employees of Robit Finland Oy Ltd. The company announced that the negotiations could lead to a permanent reduction of up to 5 employees based on financial or production-related reasons. The company announced that the negotiations would start on 10 August 2020, taking up to two weeks.

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

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

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

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

EVENTS AFTER THE REVIEW PERIOD

Based on the authorization of the Annual General Meeting 2020, the Board of Directors of Robit Plc decided on 27 October 2020 that the company will not distribute funds from the company's invested unrestricted equity fund to the shareholders. With this decision, Robit Plc prepares for the possible second wave of COVID-19 pandemic, as well as near future investments to increase automation and capacity.

The Annual General Meeting resolved to authorize the Board of Directors to resolve that the maximum of EUR 0.03 per outstanding share, if any, would be paid from the company's distributable funds to the shareholders if the financial position of the company is favorable to such distribution. The possible distribution of funds would be executed as repayment of capital from the company's invested unrestricted equity fund. The Board of Directors has the right to decide on all other terms regarding the afore-mentioned distribution of funds. The authorization remains in force until 31 December 2020.

Lempäälä, 27 October 2020

ROBIT PLC
Board of Directors

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Robit is a strongly internationalised growth company servicing global customers and selling drilling consumables for applications in mining, construction and contracting, tunnelling and well drilling. The company's offering is divided into two product and service ranges: Top Hammer and Down-the-Hole. Robit has 13 of its own sales and service points throughout the world as well as an active sales network in 100 countries. Robit's manufacturing units are located in Finland, South Korea, Australia and the UK. Robit's shares are listed on Nasdaq Helsinki Ltd. Further information is available at www.robitgroup.com.

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

CONDENSED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q2 2020	Q2 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Net sales	24 194	22 247	67 940	64 326	86 482
Other operating income	858	474	1 530	1 671	1 703
Materials and services*	-15 725	-14 048	-43 191	-40 407	-55 088
Employee benefit expense	-3 694	-4 542	-11 616	-13 199	-17 308
Depreciation, amortization and impairment	-1 541	-1 689	-4 558	-6 409	-7 372
Other operating expenses*	-3 975	-3 914	-11 598	-10 479	-14 184
EBIT (Operating profit/loss)	118	-1 471	-1 493	-4 496	-5 767
Finance income and costs					
Interest income and finance income	24	407	358	577	807
Interest cost and finance cost	-902	-342	-2 618	-1 342	-1 700
Finance income and costs net	-878	64	-2 259	-765	-893
Profit/loss before tax	-760	-1 407	-3 752	-5 261	-6 660
Taxes					
Income tax	-6	84	-8	167	-488
Change in deferred taxes	198	175	352	383	-116
Income taxes	192	259	343	550	-604
Result for the period	-568	-1 148	-3 409	-4 711	-7 265
Attributable to:					
Parent company shareholders	-568	-1 148	-3 409	-4 711	-7 265
Non-controlling interest	0	0	0	0	0
	-568	-1 148	-3 409	-4 711	-7 265
Other comprehensive income					
	Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	-257	75	-2 029	-158	273
Other comprehensive income, net of tax	-257	75	-2 029	-158	273
Total comprehensive income	-826	-1 073	-5 438	-4 869	-6 992
Attributable to:					
Owners of the parent	-826	-1 073	-5 438	-4 869	-6 992
Non-controlling interest	0	0	0	0	0
Consolidated comprehensive income	-826	-1 073	-5 438	-4 869	-6 992
Earnings per share:					
Basic earnings per share	-0,03	-0,05	-0,16	-0,22	-0,35

*In the summarised income statement, changes in inventories are presented in Materials and services, and manufacture for own use in Other operating expenses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.9.2020	30.9.2019	31.12.2019
ASSETS			
Non-current assets			
Goodwill	5 060	5 210	5 420
Other intangible assets	4 096	5 777	5 412
Property, plant and equipment	24 109	26 846	26 779
Loan receivables	127	313	266
Other receivables	235	3	3
Deferred tax assets	1 230	1 472	1 069
Total non-current assets	34 857	39 620	38 949
Current assets			
Inventories	32 886	32 100	32 771
Account and other receivables	21 508	19 682	20 112
Loan receivables	123	356	154
Income tax receivable	81	104	127
Cash and cash equivalents	13 235	15 696	15 248
Total current assets	67 832	67 939	68 412
Total assets	102 689	107 559	107 361
EQUITY AND LIABILITIES			
Equity			
Share capital	705	705	705
Share premium	202	202	202
Reserve for invested unrestricted equity	82 452	82 266	82 269
Translation differences	-3 739	-2 141	-1 710
Retained earnings	-30 432	-23 291	-23 480
Profit/loss for the year	-3 409	-4 711	-7 265
Equity attributable to parent company shareholders, total	45 779	53 030	50 721
Liabilities			
Non-current liabilities			
Borrowings	21 564	25 347	18 035
Lease liabilities	4 571	4 077	4 070
Deferred tax liabilities	1 052	1 239	1 264
Employee benefit obligations	592	625	512
Total non-current liabilities	27 779	31 288	23 881
Current liabilities			
Loans and credit limits used	9 714	6 555	13 409
Lease liabilities	1 270	2 757	2 700
Advances received	1 169	790	266
Income tax liabilities	12	-237	289
Account payables and other liabilities	16 884	13 181	15 921
Other provisions	83	90	174
Total current liabilities	29 131	23 130	32 759
Total liabilities	56 910	54 419	56 640
Total equity and liabilities	102 689	107 559	107 361

CASH FLOW STATEMENT

EUR thousand	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Cash flows from operating activities					
Profit before tax	-390	-1 397	-3 752	-5 134	-6 660
Adjustments:					
Depreciation, amortisation and impairment	1 541	1 315	4 558	5 047	5 538
Finance income and costs	-6	-131	2 229	491	479
Share-based payments to employees	48	39	132	128	197
Loss (+)/Gain (-) on sale of property, plant and equipment	30	378	22	271	263
Other non-cash transactions	699	308	1 589	962	1 476
Cash flows before changes in working capital	1 921	512	4 777	1 765	1 293
Change in working capital					
Increase (-) in account and other receivables	-2 369	1 580	-5 318	-751	-1 047
Increase (-)/decrease (+) in inventories	-725	654	-2 835	-679	-695
Increase (+)/decrease (-) in account and other payables	1 932	-840	4 530	58	2 251
Cash flows from operating activities before financial items and taxes	759	1 906	1 154	393	1 802
Interest and other finance expenses paid	-220	31	-768	-529	-992
Interest and other finance income received	3	23	17	50	74
Income taxes paid	12	-15	-247	-211	-444
Net cash inflow (outflow) from operating activities	554	1 945	156	-297	439
Cash flows from investing activities					
Purchases of property, plant and equipment	-130	-477	-328	-1 094	-1 243
Purchases of intangible assets	-3	-41	-7	-110	-132
Proceeds from the sale of property, plant and equipment	32	908	86	1 984	2 133
Proceeds from loan receivables	496	73	67	-63	131
Net cash inflow (outflow) from investing activities	395	463	-182	719	889
Cash flows from financing activities					
Proceeds from share issue	0	0	79	0	0
Acquisition of treasury shares	0	0	0	0	-328
Changes in loans	437	-291	124	-10 716	-11 278
Change in bank overdrafts	-293	-63	-307	33	74
Payment of leasing liabilities	-351	-484	-1 338	-1 681	-2 237
Net cash inflow (outflow) from financing activities	-207	-837	-1 442	-12 364	-13 770
Net increase (+)/decrease (-) in cash and cash equivalents	741	1 571	-1 468	-11 942	-12 442
Cash and cash equivalents at the beginning of the period	12 689	14 046	15 248	27 470	27 470
Exchange gains/losses on cash and cash equivalents	-197	79	-544	169	219
Cash and cash equivalents at end of the period	13 235	15 696	13 235	15 696	15 248

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	EUR thousand	Share capital	EUR thousand	Share capital	EUR thousand
Equity on 1 January 2019	705	202	82 266	-1 983	-23 426	57 764
Profit for the period					-4 711	-4 711
Other comprehensive income						
Translation differences				-158		-158
Total comprehensive changes				-158	-4 711	-4 869
Share-based payments to employees					128	128
Total transactions with shareholders, recognised directly in equity	0	0	0	0	128	128
Equity on 30 June 2019	705	202	82 266	-2 141	-28 008	53 024

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
Equity on 31 December 2019	705	202	82 269	-1 710	-30 744	50 721
Other changes*					191	191
Equity on 1 January 2020	705	202	82 269	-1 710	-30 553	50 912
Profit for the period					-3 409	-3 409
Other comprehensive income						
Translation differences				-2 029		-2 029
Total comprehensive changes				-2 029	-3 409	-5 438
Equity issue			183			183
Share-based payments to employees					122	122
Total transactions with shareholders, recognised directly in equity	0	0	183	0	122	305
Equity on 30 June 2020	705	202	82 452	-3 739	-33 840	45 779

*Other changes include corrections related to IFRS 16 calculations targeted at financial year 2019.

NOTES

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3. Breakdown of net sales
4. Financing arrangements
5. Changes to property, plant and equipment
6. Given guarantees
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1. SCOPE AND PRINCIPLES OF THE INTERIM REPORT

This interim report has been prepared in accordance with the IAS 34 standard for interim financial reporting and using the same principles as for the annual financial statements. The interim report has not been audited.

All figures in the condensed interim financial statements and in the Notes have been rounded to the nearest figure, which is why the sum of reported individual figures may not match the sum presented exactly.

2.1 KEY FIGURES

CONSOLIDATED KEY FIGURES	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Net sales, EUR 1,000	24 194	22 247	67 940	64 326	86 482
EBIT, EUR 1,000	118	-1 471	-1 493	-4 496	-5 767
EBIT, per cent of sales	0,5 %	-6,6 %	-2,2 %	-7,0 %	-6,7 %
Earnings per share (EPS), EUR	-0,03	-0,05	-0,16	-0,22	-0,35
Return on equity (ROE), per cent			-7,1 %	-8,5 %	-13,4 %
Return on capital employed (ROCE), per cent			-5,7 %	-6,7 %	-8,7 %
Net interest-bearing debt, EUR 1,000			23 883		22 967
Equity ratio, per cent			45,1 %	49,7 %	47,4 %
Net gearing, per cent			52,2 %	43,5 %	45,3 %
Gross investments, EUR 1,000	133	518	335	1 203	1 375
Gross investments, per cent of sales	0,6 %	0,8 %	0,5 %	1,9 %	1,6 %
Number of shares (outstanding shares)			21 027 107	21 029 679	20 935 107
Treasury shares (owned by the Group)			152 793	54 222	148 793
Percentage of total shares			0,7 %	0,3 %	0,7 %

ADJUSTED CONSOLIDATED KEY FIGURES	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Adjusted EBITDA, EUR 1,000	1 658	1 153	3 064	3 009	2 707
Adjusted EBITDA, per cent of sales	6,9 %	5,2 %	4,5 %	4,7 %	3,1 %
Adjusted EBITA, EUR 1,000	324	-339	-880	-1 818	-3 720
Adjusted EBITA, per cent of sales	1,3 %	-1,5 %	-1,3 %	-2,8 %	-4,3 %
Adjusted EBIT, EUR 1,000	118	-547	-1 493	-2 449	-4 560
Adjusted EBIT, per cent of sales	0,5 %	-2,5 %	-2,2 %	-3,8 %	-5,3 %
Adjusted return on equity (ROE), per cent			-7,0 %	-4,6 %	-12,5 %
Adjusted return on capital employed (ROCE), per cent			-5,7 %	-4,5 %	-7,4 %

2.2 CONSOLIDATING ALTERNATIVE KEY FIGURES

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

Alternative key figures should not be studied as separate from the key figures under the IFRS or as replacing the key figures defined under the IFRS. Not all companies calculate their alternative key figures in the same way, which is why Robit's alternative figures may not be directly comparable to those presented by other companies, even if they carry the same headings.

The following events affect comparability: acquisition costs and business restructuring costs.

Adjusted EBITDA and EBITA					
EUR thousand	Q3 2020	Q3 2019	Q1 - Q3 2020	Q1 - Q3 2019	2019
EBIT (Operating profit)	118	-1 471	-1 493	-4 496	-5 767
Depreciation, amortisation and impairment	1 541	1 689	4 558	6 409	7 372
EBITDA	1 658	218	3 064	1 913	1 605
Items affecting comparability					
Reorganising expenses	0	935	0	1 096	1 102
Adjusted EBITDA	1 658	1 153	3 064	3 009	2 707
EBIT (Operating profit)	118	-1 471	-1 493	-4 496	-5 767
Amortisation of acquisitions	206	208	613	631	840
EBITA	324	-1 264	-880	-3 865	-4 927
EBIT (Operating profit)	118	-1 471	-1 493	-4 496	-5 767
Items affecting comparability					
Reorganising expenses	0	935	0	1 096	1 102
Impairment	0	-10	0	951	104
Adjusted EBIT (Operating profit)	118	-547	-1 493	-2 449	-4 560
Items affecting comparability					
Amortisation of acquisitions	206	208	613	631	840
Adjusted EBITA	324	-339	-880	-1 818	-3 720

2.3 CALCULATION OF KEY FIGURES

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

3. BREAKDOWN OF NET SALES

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

NET SALES

Net sales by product area

EUR thousand	Q3 2020	Q3 2019	Change %	Q1 - Q3 2020	Q1 - Q3 2019	Change %	2019
Top Hammer	12 235	10 849	12,8 %	35 065	30 847	13,7 %	40 322
Down the Hole	11 959	11 399	4,9 %	32 876	33 479	-1,8 %	46 160
Total	24 194	22 247	8,8 %	67 940	64 326	5,6 %	86 482

Net sales by market area

EUR thousand	Q3 2020	Q3 2019	Change %	Q1 - Q3 2020	Q1 - Q3 2019	Change %	2019
EMEA	10 982	9 629	14,1 %	30 739	27 522	11,7 %	36 190
Americas	3 389	4 182	-19,0 %	10 008	11 311	-11,5 %	15 501
Asia	2 605	2 291	13,7 %	8 608	8 390	2,6 %	10 482
Australasia	3 712	4 115	-9,8 %	10 135	11 624	-12,8 %	15 405
East	3 507	2 031	72,7 %	8 450	5 479	54,2 %	8 903
Total	24 194	22 247	8,8 %	67 940	64 326	5,6 %	86 482

4. FINANCING ARRANGEMENTS

In the second quarter of the year, Robit Plc agreed on the restructuring of EUR 24.5 million in loans with its main financing bank. The net debt/EBITDA ratio according to the new financing agreement at the next covenant review date on 31 December 2020 must not exceed 4.0. Financial year 2021 will return to the original covenant on the net debt/EBITDA ratio, which must not exceed 2.5.

The company has available EUR 13.2 million in liquid assets on 30 September 2020 and thus it is able to take care of its debt repayments and liquidity.

BORROWINGS/LOANS/INTEREST-BEARING LOANS

EUR thousand	30 September 2020	30 September 2019	31 December 2019
Non-current borrowings			
Loans from credit institutions	20 760	24 762	17 450
Other loans	584	584	585
Lease liabilities	4 791	4 077	4 070
Total non-current borrowings	26 135	29 424	22 106
Current borrowings			
Loans from credit institutions	5 870	2 601	9 414
Other loans	0	76	76
Bank overdrafts	3 612	3 878	3 919
Lease liabilities	1 502	2 752	2 700
Total current borrowings	10 983	9 307	16 109
Total borrowings	37 118	38 731	38 215

5. CHANGES TO PROPERTY, PLANT AND EQUIPMENT

EUR thousand	30 September 2020	30 September 2019	31 December 2019
Cost at the beginning of period	45 952	39 890	39 890
Additions	1 756	9 657	9 832
Disposals	-485	-4 567	-4 177
Reclassification	0	-210	0
Exchange differences	-1 769	-136	407
Cost at the end of period	45 454	44 634	45 952
Accumulated depreciation and impairment at the beginning of period	-19 193	-14 066	-14 066
Depreciation	-3 392	-4 725	-5 957
Disposals	223	929	949
Reclassification	350	81	81
Exchange differences	667	-6	-200
Accumulated depreciation and impairment at the end of period	-21 345	-17 788	-19 193
Net book amount at the beginning of period	26 759	25 824	25 824
Net book amount at the end of period	24 110	26 846	26 759

6. GIVEN GUARANTEES

EUR thousand	30 September 2020	30 September 2019	31 December 2019
Guarantees and mortgages given on own behalf	43 868	43 868	43 868
Other guarantee liabilities	83	83	83
Total	43 951	43 951	43 951

7. ACQUISITIONS

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

8. DERIVATIVES

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