Robit Plc
Financial Statements Release

January – December 2020

Robit

ROBIT PLC STOCK EXCHANGE RELEASE 18 FEBRUARY 2021 AT 11:00 AM

ROBIT PLC FINANCIAL STATEMENTS RELEASE 1 JANUARY–31 DECEMBER 2020: NET SALES, PROFITABILITY AND CASH FLOW IMPROVED DESPITE EXCEPTIONAL TIMES

In the text, 'review period' or 'last quarter of the year' refers to 1 October–31 December 2020 (Q4), and 'January–December' refers to 1 January–31 December 2020. Figures from the corresponding time period in 2019 are given in parentheses. Percentages are calculated from thousands of euros.

1 October–31 December 2020 in brief

- Net sales EUR 23.7 million (22.2)
- EBITDA EUR 2.1 million (-0.3)
- Adjusted EBITDA EUR 2.1 million (-0.3)*
- EBITA EUR 0.8 million (-1.1)
- Adjusted EBITA EUR 0.8 million (-1.9)**
- Operating profit as percentage of net sales (EBIT %) 2.6 per cent (-5.7)
- Review period net income EUR 0.5 million (-2.6)
- Operating cash flow EUR 4.1 million (0.7)

1 January–31 December 2020 in brief

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

Key financials	Q4 2020	Q4 2019	Change %	2020	2019	Change %
Net sales, EUR 1,000	23,691	22,157	6.9%	91,631	86,482	6.0%
EBITDA, EUR 1,000	2,052	-308	766.2%	5,116	1,605	218.8%
EBITDA, per cent of sales	8.7%	-1.4%		5.6%	1.9%	
Adjusted EBITDA*, EUR 1,000	2,052	-302	779.4%	5,116	2,707	89.0%
Adjusted EBITDA, per cent of sales	8.7%	-1.4%		5.6%	3.1%	
EBITA, EUR 1,000**	832	-1,061	178.5%	-48	-4,927	99.0%
Adjusted EBITA*, EUR 1,000	832	-1902	143.8%	-48	-3,720	98.7%
Adjusted EBITA, percent of sales	3.5%	-8.6%		-0.1%	-4.3%	
EBIT, EUR 1,000	626	-1,271	149.2%	-868	-5,767	85.0%
EBIT, per cent of sales	2.6%	-5.7%		-0.9%	-6.7%	
Result for the period, EUR 1,000	515	-2,554	120.2%	-2,894	-7,265	60.2%

Items affecting comparability:

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

**EBITA: In addition to the above items, the period Q4/2019 is subject to a EUR 847 thousand depreciation recovery of a right-of-use asset. The entry is based on the company's assessment of the basis for the depreciation when the premises of Halco Brighouse Ltd have been leased to a new operator under a contract concluded at the beginning of February 2020. In the financial year 2019, the effect of the entire depreciation, taking into account exchange rate changes, is EUR 104 thousand.
The company has specified the handling of write-downs in accordance with the nature of the item into either depreciation or amortisation and impairment expenses. In the Q4/2019 result, the positive profit impact of EUR 847 thousand has been presented as a depreciation recovery of a right-of-use asset, which affects EBITA.

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

TREATMENT OF RESULT FOR THE FINANCIAL YEAR

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

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

ROBIT'S OUTLOOK FOR 2021

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

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

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

GUIDANCE FOR 2021

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

CEO TOMMI LEHTONEN

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

Positive development in exceptional times

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

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

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

Robit's profitability developed positively during the financial year. The company's adjusted EBITDA improved to EUR 5.1 million (2.7). The operating cash flow for the financial year totalled EUR 4.3 million (0.4).

In particular, the growth of sales volume and the improved cost structure supported the positive development of profitability. Together, they allowed the company to continue to grow and thereby gradually improve profitability. The company's equity ratio at the end of the year was 45.5 per cent (47.4).

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

Year 2020

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

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

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

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

During the past year, Robit has also achieved significant individual sales successes. The supply contract we won together with Robit's Chilean dealership Full Safety Company Ltda for Codelco's most prominent mines, including El

Teniente and Chuquicamata, was the result of long-term, systematic sales work. Codelco is the world's largest copper producer and the above-mentioned mines play a major role in the industry.

Robit's actions are guided by the company values

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

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

Three main themes towards financial targets

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

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

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

DEVELOPING THE COMPANY'S OFFERING

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

FINANCIAL KEY FIGURES

	Q4 2020	Q4 2019	Change %	2020	2019	Change %
Net sales, EUR 1,000	23,691	22,157	6.9%	91,631	86,482	6.0%
EBITDA, EUR 1,000	2,052	-308	766.2%	5,116	1,605	218.8%
EBITDA, per cent of sales	8.7%	-1.4%		5.6%	1.9%	
Adjusted EBITDA*	2,052	-302	779.4%	5,116	2,707	89.0%
Adjusted EBITDA, per cent of sales	8.7%	-1.4%		5.6%	3.1%	
EBITA, EUR 1,000**	832	-1,061	178.5%	-48	-4,927	99.0%
EBITA, percent of sales	3.5%	-4.8%		-0.1%	-5.7%	
Adjusted EBITA**	832	-1902	143.8%	-48	-3,720	98.7%
Adjusted EBITA, per cent of sales	3.5%	-8.6%		-0.1%	-4.3%	
EBIT, EUR 1,000	626	-1,271	149.2%	-868	-5,767	85.0%
EBIT, per cent of sales	2.6%	-5.7%		-0.9%	-6.7%	
Result for the period, EUR 1,000	515	-2,554	120.2%	-2,894	-7,265	60.2%
Result for the period, per cent of sales	2.2%	-11.5%		-3.2%	-8.4%	
Earnings per share (EPS), EUR	0.02	-0.12		-0.14	-0.35	
Return on equity (ROE), per cent				-5.9%	-13.4%	
Return on capital employed (ROCE), per cent				-6.0%	-8.7%	
Adjusted return on capital employed (ROCE), per cent				-6.0%	-7.4%	
Net interest-bearing debt, EUR 1,000				21,228	22,967	-7.6%
Equity ratio, per cent				45.5%	47.4%	
Equity per share				2.23	2.41	
Net gearing, per cent				45.2%	45.3%	
Investments, EUR 1.000*	947	172	450.3%	1,281	1,375	-6.8%
Investments, percent of sales	4.0%	0.2%		1.4%	1.6%	
Average number of employees				257	274	-6.4%
Number of employees at the end of period				261	252	3.6%
R&D costs, EUR 1,000	62	179		566	569	
R&D costs, per cent of net sales	0.3%	0.8%		0.6%	0.7%	
Share price at the end of the period				3.65	2.90	
Lowest				1.75	1.58	
Highest				3.65	3.97	
Market capitalisation, EUR million				76.9	61.1	

Items affecting comparability:

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

**EBITA: In addition to the above items, the period Q4/2019 is subject to a EUR 847 thousand depreciation recovery of a right-of-use asset. The entry is based on the company's assessment of the basis for the depreciation when the premises of Halco Brighouse Ltd have been leased to a new operator under a contract concluded at the beginning of February 2020. In the financial year 2019, the effect of the entire depreciation, taking into account exchange rate changes, is EUR 104 thousand.
The company has specified the handling of write-downs in accordance with the nature of the item into either depreciation or amortisation and impairment expenses. In the Q4/2019 result, the positive profit impact of EUR 847 thousand has been presented as a depreciation recovery of a right-of-use asset, which affects EBITA.

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

NET SALES AND FINANCIAL PERFORMANCE

October–December 2020

The Group's net sales for the review period totalled EUR 23.7 million (22.2). There was an increase of 6.9% from the comparison period. In constant currencies, the change was 14.1%. The Top Hammer business grew by 19.1 per cent as a result of the good demand in the mining segment.

Net sales by product area, EUR thousand	**Q4 2020**	**Q4 2019**	**Change %**
Top Hammer	11,284	9,475	19.1%
Down the Hole	12,407	12,682	-2.2%
Total	**23,691**	**22,157**	**6.9%**

Net sales by market area, EUR thousand	**Q4 2020**	**Q4 2019**	**Change %**
EMEA	9,289	8,668	7.2%
Americas	4,000	4,191	-4.6%
Asia	2,789	2,092	33.3%
Australasia	3,519	3,782	-6.9%
East	4,094	3,424	19.6%
Total	**23,691**	**22,157**	**6.9%**

Adjusted EBITDA was EUR 2.1 million (-0.3), which was 8.7% (-1.4) of net sales. Adjusted EBITA was EUR 0.8 million (-1.9), which was 3.5% (-8.6) of net sales. In December, the company received a decision not to recover part of the product development loan. This had a positive impact of EUR 0.5 million on the EBITDA and a positive impact of EUR 0.4 on the EBITA. EBIT for the review period was EUR 0.6 million (-1.3). EBIT was 2.6% (-5.7) of the review period net sales. The positive development of profitability was supported by the savings measures taken during the financial year and the improved utilisation rate of the company's factories.

Net financial expenses totalled EUR -0.4 million (-0.1), of which EUR -0.4 million (-0.3) was interest expenses and EUR 0.1 million (0.2) exchange rate losses, most of which results from loans to subsidiaries and are unrealised, and other financial expenses EUR -0.1 million (-0.0). The result before taxes was EUR 0.2 million (-1.4), and taxes totalled EUR 0.3 million (-1.2).

January–December 2020

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

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

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

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

Adjusted EBITDA was EUR 5.1 million (2.7), which was 5.6% (3.1) of net sales. Adjusted EBITA was EUR -0.0 million (-3.7), which was -0.1% (-4.3) of net sales. EBIT for the review period was EUR -0.9 million (-5.8). EBIT was -0.9% (-6.7) of the review period net sales. In December, the company received a decision not to recover part of the product development loan. This had a positive impact of EUR 0.5 million on the EBITDA and a positive impact of EUR 0.4 on the EBITA. The positive development of profitability was supported by the savings measures taken during the financial year and the improved utilisation rate of the company's factories.

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

FINANCIAL TARGETS

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

FINANCING AND INVESTMENTS

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

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

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

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

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

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

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

PERSONNEL AND MANAGEMENT

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

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

SHARE-BASED INCENTIVE PROGRAMMES

Share-based incentive scheme 2018–2021

On 15 June 2018, Robit's Board of Directors decided on a new share-based incentive scheme for the Group's management and key personnel. The scheme has three parts: the key person's own investment in the company, reward shares and a performance-based additional share scheme. Obtaining a reward from the share scheme required the acquisition of Robit Plc's shares by the key person.

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

For shares subject to the share ownership conditions, the key person will receive shares as a reward after a commitment period of around three years. Receiving the shares is dependent on the continuation of the employment or service contract at the time of payment of the reward.

The rewards payable on the basis of the commitment period that started on 1 September 2018 will correspond to the value of a maximum of 24,000 Robit Plc shares, also including the component payable in cash. The targets set for the earning period 2018–2020 of the performance-based additional share scheme were not achieved, and no reward will be paid for the earning period of the performance-based additional share scheme that ended on 31 December 2020. The incentive scheme currently covers 7 individuals.

Share-based incentive scheme 2020–2023

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

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

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

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

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

RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2020

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

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

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

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

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

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

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

SHARES AND SHARE TURNOVER

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

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

RISKS AND BUSINESS UNCERTAINTIES

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

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

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

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

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

CHANGES IN GROUP STRUCTURE

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

OTHER EVENTS DURING THE REVIEW PERIOD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 21 August 2020, the company communicated on the completion of the co-determination negotiations concerning senior employees of Robit Finland Oy Ltd. The negotiations concerned all senior employees of Robit Finland Oy Ltd.

The estimated need for reduction was up to five persons. As a result of the negotiations, the company decided to dismiss four people, taking into account the company's situation and future business needs and objectives. The persons dismissed were freed from their work obligations. The purpose of the co-determination negotiations was to ensure and strengthen the company's profitability and cash flow in the long term.

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

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

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

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

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

On 18 December 2020, the Board of Directors of Robit Plc decided to transfer a total of 19,893 shares of the company as Board fees to the members of the Board of Directors on the basis of the Board's 2020 term of office. The transfer was based on the authorisation given by the Annual General Meeting on 22 April 2020. It was decided to transfer to the CEO a total of 3,226 shares as part of the fixed annual salary. The transfer was based on the CEO agreement. The total value of the shares to be transferred was EUR 12,000.72. It was decided to transfer to the CFO a total of 8,710 shares as part of the fixed annual salary. The transfer was based on the executive employment contract. The total value of the shares to be transferred was EUR 32,401.20. The transfer price per share of the shares to be transferred was EUR 3.72, which was the closing price of Robit Plc's share on 17 December 2020. The total number of shares to be transferred was therefore 31,829 and their total value EUR 118,403.88. The share rewards were paid with Robit Plc's treasury shares held by the company, so the total number of Robit Plc's shares did not change. After the transfers, Robit Plc held 120,964 treasury shares, which was 0.6% of the total number of the company's shares. The share rewards were paid by 23 December 2020.

EVENTS AFTER THE REVIEW PERIOD

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

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

Number of Board members and election of Board members

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

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

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

Remuneration of the Board of Directors

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

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

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

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

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

Lempäälä, 18/02/2021

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, geotechnical engineering and well drilling. The company's offering is divided into three product and service ranges: Top Hammer, Down the Hole and Geotechnical. Robit has sales and service points in 8 countries as well as an active sales network in more than 100 countries. Robit's manufacturing units are located in Finland, South Korea, Australia and the UK. Robit's shares are listed on Nasdaq Helsinki Ltd. Further information is available at www.robitgroup.com.

Distribution:
Nasdaq Helsinki Ltd
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www.robitgroup.com

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CONDENSED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q4 2020	Q4 2019	2020	2019
Net sales	**23,691**	**22,157**	**91,631**	**86,482**
Other operating income	994	32	2,524	1,703
Materials and services**	-15,581	-14,681	-58,773	-55,088
Employee benefit expense	-4,131	-4,110	-15,747	-17,308
Depreciation, amortisation and impairment	-1,426	-963	-5,984	-7,372
Other operating expenses**	-2,922	-3,704	-14,520	-14,184
EBIT (Operating profit/loss)	**626**	**-1,271**	**-868**	**-5,767**
Finance income and costs				
Interest income and finance income	142	229	286	807
Interest cost and finance cost*	-533	-358	-2,936	-1,700
Finance income and costs net	-391	-128	-2,650	-893
Profit/loss before tax	**235**	**-1,399**	**-3,518**	**-6,660**
Taxes				
Income tax	-372	-655	-380	-488
Change in deferred taxes	626	-499	1,004	-116
Income taxes	280	-1,154	624	-604
Result for the period	**515**	**-2,554**	**-2,894**	**-7,265**
Attributable to:				
Parent company shareholders	515	-2,554	-2,894	-7,265
Non-controlling interest	0	0	0	0
	515	**-2,554**	**-2,894**	**-7,265**
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Translation differences	941	431	-1,088	273
Other comprehensive income, net of tax	**941**	**431**	**-1,088**	**273**
Total comprehensive income	**1,456**	**-2,123**	**-3,981**	**-6,992**
Attributable to:				
Parent company shareholders	1,456	-2,123	-3,981	-6,992
Non-controlling interest	0	0	0	0
Consolidated comprehensive income	**1,456**	**-2,123**	**-3,981**	**-6,992**
Earnings per share				
Basic earnings per share	0.02	-0.12	-0.14	-0.35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31/12/2020	31/12/2019
ASSETS		
Non-current assets		
Goodwill	5,134	5,420
Other intangible assets	3,809	5,412
Property, plant and equipment	24,641	26,779
Loan receivables	386	266
Other receivables	3	3
Deferred tax assets	1,528	1,069
Total non-current assets	**35,500**	**38,949**
Current assets		
Inventories	34,857	32,771
Account and other receivables	18,621	20,112
Loan receivables	125	154
Income tax receivable	81	127
Cash and cash equivalents	14,339	15,248
Total current assets	**68,023**	**68,412**
Total assets	**103,523**	**107,361**
EQUITY AND LIABILITIES		
Equity		
Share capital	705	705
Share premium	202	202
Reserve for invested unrestricted equity	82,570	82,269
Translation differences	-2,798	-1,710
Retained earnings	-30,796	-23,480
Profit/loss for the year	-2,894	-7,265
Equity attributable to parent company shareholders, total	**46,989**	**50,721**
Liabilities		
Non-current liabilities		
Borrowings	19,247	18,036
Lease liabilities	5,166	4,070
Deferred tax liabilities	798	1,264
Employee benefit obligations	628	512
Total non-current liabilities	**25,838**	**23,881**
Current liabilities		
Borrowings	9,941	13,409
Lease liabilities	1,213	2,700
Advances received	130	266
Income tax liabilities	283	289
Account payables and other liabilities	19,029	15,921
Other provisions	100	174
Total current liabilities	**30,696**	**32,759**
Total liabilities	**56,534**	**56,640**
Total equity and liabilities	**103,523**	**107,361**

CASH FLOW STATEMENT

EUR thousand	Q4 2020	Q4 2019	2020	2019
Cash flows from operating activities				
Profit before tax	235	-1,399	-3,518	-6,660
Adjustments:				
Depreciation, amortisation and impairment	1,426	491	5,984	5,538
Finance income and costs	421	-12	2,650	479
Share-based payments to employees	50	69	182	197
Loss (+)/Gain (-) on sale of property, plant and equipment	136	-8	158	263
Other non-cash transactions*	115	387	1,704	1,476
Cash flows before changes in working capital	2,382	-472	7,160	1,293
Change in working capital				
Increase (-) in account and other receivables	5,319	-296	1	-1,047
Increase (-)/decrease (+) in inventories	-2,165	-16	-5,000	-695
Increase (+) in account and other payables	-1,135	2,193	3,395	2,251
Cash flows from operating activities before financial items and taxes	4,401	1,410	5,555	1,802
Interest and other finance expenses paid	-314	-464	-1,083	-992
Interest and other finance income received	11	24	28	74
Income taxes paid	9	-233	-238	-444
Net cash inflow (outflow) from operating activities	**4,107**	**737**	**4,263**	**439**
Cash flows from investing activities				
Purchases of property, plant and equipment	-876	-150	-1,204	-1,243
Purchases of intangible assets	-71	-23	-77	-132
Proceeds from the sale of property, plant and equipment	17	149	103	2,133
Proceeds from loan receivables	-61	194	6	131
Net cash inflow (outflow) from investing activities	**-991**	**170**	**-1,173**	**889**
Cash flows from financing activities				
Equity issue	0	0	79	0
Acquisition of treasury shares	0	-328	0	-328
Changes in non-current loans	-1,875	-562	-1,751	-11,278
Change in bank overdrafts	128	41	-179	74
Payment of leasing liabilities*	-437	-557	-1,774	-2,237
Net cash inflow (outflow) from financing activities	**-2,184**	**-1,407**	**-3,626**	**-13,770**
Net increase (+)/decrease (-) in cash and cash equivalents	932	-499	-536	-12,442
Cash and cash equivalents at the beginning of the financial year	13,235	15,696	15,248	27,470
Exchange gains/losses on cash and cash equivalents	174	51	-370	219
Cash and cash equivalents at end of the year	**14,339**	**15,248**	**14,339**	**15,248**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
Equity on 1 January 2019	**705**	**202**	**82,266**	**-1,983**	**-23,426**	**57,764**
Profit for the period					-7,265	-7,265
Other comprehensive income						
Translation differences				273		273
Total comprehensive changes				**273**	**-7,265**	**-6,992**
Acquisition of treasury shares					-328	-328
Share-based payments to employees					197	197
Use of treasury shares in the remuneration of the Board of Directors			3		72	75
Other changes					5	5
Total transactions with shareholders, recognised directly in equity	**0**	**0**	**3**	**0**	**-54**	**-51**
Equity on 31/12/2019	**705**	**202**	**82,269**	**-1,710**	**-30,744**	**50,721**

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
Equity on 31/12/2019	**705**	**202**	**82,269**	**-1,710**	**-30,744**	**50,721**
Other changes*					-223	-223
Equity on 01/01/2020	**705**	**202**	**82,269**	**-1,710**	**-30,968**	**50,498**
Profit for the period					-2,894	-2,894
Other comprehensive income						
Translation differences				-1,088		-1,088
Total comprehensive changes				**-1,088**	**-2,894**	**-3,981**
Equity issue			183			183
Share-based payments to employees			44		172	216
Use of treasury shares in the remuneration of the Board of Directors			74			74
Total transactions with shareholders, recognised directly in equity	**0**	**0**	**301**	**0**	**172**	**473**
Equity on 31/12/2020	**705**	**202**	**82,570**	**-2,798**	**-33,690**	**46,989**

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

NOTES

Contents

1. SCOPE AND PRINCIPLES OF THE INTERIM REPORT

This financial statement release has been prepared in accordance with the IAS 34 standard for interim financial reporting and using the same principles as for the annual financial statement. The financial statement release and interim reports have not been audited. The company's financial statements for 2020 have been audited.

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

2.1 KEY FIGURES

CONSOLIDATED KEY FIGURES	Q4 2020	Q4 2019	2020	2019
Net sales, EUR 1,000	23,691	22,157	91,631	86,482
EBIT, EUR 1,000	626	-1,271	-868	-5,767
EBIT, per cent of sales	2.6%	-5.7%	-0.9%	-6.7%
Earnings per share (EPS), EUR	0.02	-0.12	-0.14	-0.35
Return on equity (ROE), per cent			-5.9%	-13.4%
Return on capital employed (ROCE), per cent			-6.0%	-8.7%
Net interest-bearing debt, EUR 1,000			21,228	22,967
Equity ratio, per cent			45.5%	47.4%
Net gearing, per cent			45.2%	45.3%
Gross investments, EUR 1,000	947	172	1,281	1,375
Gross investments, per cent of sales	4.0%	0.2%	1.4%	1.6%
Number of shares (outstanding shares)			21,058,936	20,935,107
Treasury shares (owned by the Group)			120,964	148,793
Percentage of total shares			0.57%	0.71%

COMPARABLE CONSOLIDATED KEY FIGURES	Q4 2020	Q4 2019	2020	2019
Adjusted EBITDA, EUR 1,000	2,052	-308	5,116	2,707
Adjusted EBITDA, per cent of sales	8.7%	-1.4%	5.6%	3.1%
Adjusted EBITA, EUR 1,000	832	-1,902	-48	-3,720
Adjusted EBITA, per cent of sales	3.5%	-8.6%	-0.1%	-4.3%
Adjusted EBIT, EUR 1,000	626	-2,112	-868	-4,560
Adjusted EBIT, per cent of sales	2.6%	-9.5%	-0.9%	-5.3%
Adjusted return on equity (ROE), per cent			-5.6%	-12.5%
Adjusted return on capital employed (ROCE), per cent			-5.9%	-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, balance sheets and cash flow statements that have been drawn up according to IFRS standards. Robit considers that the alternative figures give significant extra insight into the result of Robit's operations, its financial position and cash flows. These figures are often used by analysts, investors and other parties.

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

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

Adjusted EBITDA and EBITA

EUR thousand	Q4 2020	Q4 2019	2020	2019
EBIT (Operating profit)	**626**	**-1,271**	**-868**	**-5,767**
Depreciation, amortisation and impairment	1,426	963	5,984	7,372
EBITDA	**2,052**	**-308**	**5,116**	**1,605**
Items affecting comparability				
Reorganising expenses	0	6	0	1,102
Adjusted EBITDA	**2,052**	**-302**	**5,116**	**2,707**
EBIT (Operating profit)	**626**	**-1,271**	**-868**	**-5,767**
Amortisation of acquisitions	207	210	820	840
EBITA	**832**	**-1,061**	**-48**	**-4,927**
EBIT (Operating profit)	**626**	**-1,271**	**-868**	**-5,767**
Items affecting comparability				
Reorganising expenses	0	6	0	1,102
Impairment of a right-of-use asset	0	-847	0	104
Adjusted EBIT (Operating profit)	**626**	**-2,112**	**-868**	**-4,560**
Items affecting comparability				
Amortisation of acquisitions	207	210	820	840
Adjusted EBITA	**832**	**-1,902**	**-48**	**-3,720**

Items affecting comparability:

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

EBITA: In addition to the above items, the period Q4/2019 is subject to a EUR 847 thousand depreciation recovery of a right-of-use asset. The entry is based on the company's assessment of the basis for the depreciation when the premises of Halco Brighouse Ltd have been leased to a new operator under a contract concluded at the beginning of February 2020. In the financial year 2019, the effect of the entire depreciation, taking into account exchange rate changes, is EUR 104 thousand.
The company has specified the handling of write-downs in accordance with the nature of the item into either depreciation or amortisation and impairment expenses. In the Q4/2019 result, the positive profit impact of EUR 847 thousand has been presented as a depreciation recovery of a right-of-use asset, which affects EBITA.

2.3 CALCULATION OF KEY FIGURES

EBITDA: =Operating profit (EBIT) + depreciation, amortisation and impairment

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

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	Q4 2020	Q4 2019	Change %	2020	2019	Change %
Top Hammer	11,284	9,475	19.1%	46,348	40,322	14.9%
Down the Hole	12,407	12,682	-2.2%	45,283	46,160	-1.9%
Total	**23,691**	**22,157**	**6.9%**	**91,631**	**86,482**	**6.0%**

Net sales by market area

EUR thousand	Q4 2020	Q4 2019	Change %	2020	2019	Change %
EMEA	9,289	8,668	7.2%	40,028	36,190	10.6%
Americas	4,000	4,191	-4.6%	14,008	15,501	-9.6%
Asia	2,789	2,092	33.3%	11,397	10,482	8.7%
Australasia	3,519	3,782	-6.9%	13,654	15,405	-11.4%
East	4,094	3,424	19.6%	12,544	8,903	40.9%
Total	**23,691**	**22,157**	**6.9%**	**91,631**	**86,482**	**6.0%**

4. FINANCING ARRANGEMENTS

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

The covenant of Robit Plc's financing agreement, net interest-bearing debt/EBITDA, did not meet the terms of the financing agreement on 31 December 2020. The company obtained the consent of its main financier to the breach of the covenant on 18 December 2020.

In December, the company received a decision not to recover part of the product development loan. This reduced the company's loans by EUR 0.5 million.

BORROWINGS/LOANS/INTEREST-BEARING LOANS

EUR thousand	31/12/2020	31/12/2019
Non-current borrowings		
Loans from credit institutions	19,060	17,450
Other loans	41	585
Lease liabilities	5,312	4,070
Total non-current borrowings	**24,413**	**22,106**
Current borrowings		
Loans from credit institutions	5,850	9,414
Other loans	86	76
Bank overdrafts	3,739	3,919
Lease liabilities	1,479	2,700
Total current borrowings	**11,154**	**16,109**
Total borrowings	**35,567**	**38,215**

5. CHANGES TO PROPERTY, PLANT AND EQUIPMENT

EUR thousand	31/12/2020	31/12/2019
Cost at the beginning of period	45,952	39,890
Other changes*	-1,376	0
Additions	4,230	9,832
Disposals	-496	-4,177
Reclassification	0	0
Exchange differences	-1,007	407
Cost at the end of period	47,323	45,952
Accumulated depreciation and impairment at the beginning of period	-19,193	-14,066
Other changes*	349	0
Depreciation	-4,385	-5,957
Disposals	235	949
Reclassification	0	81
Exchange differences	311	-200
Accumulated depreciation and impairment at the end of period	-22,682	-19,193
Net book amount at the beginning of period	**26,759**	**25,824**
Net book amount at the end of period	**24,642**	**26,759**

*Other changes include corrections to IFRS 16 calculations for 2019.

6. GOODWILL IMPAIRMENT TESTING

The amount of goodwill is reviewed at least annually in accordance with the IFRS provisions. The values of the goodwill testing variables are also revised if there have been material changes in business, competition, the market or other assumptions of goodwill testing.

In the situation on 31 December 2020, the company has carried out the annual impairment testing of the Down the Hole and Top Hammer cash-generating units. In connection with the testing, the company has assessed the changes caused by the COVID-19 pandemic in the company's operating environment and their impact on the company's long-term profitability and cash flows. Based on the impairment testing, there is no need for goodwill write-downs.

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

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

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

Assumption	Approach used to determine values
Net sales growth	The cumulative annual growth rate for the net sales is expected to be 10.0% during the three-year forecast period (2019: 16%). Net sales are expected to grow as the company has strengthened its distribution network, won long-term mining contracts and built up its product offering.
EBITDA	The average EBITDA is expected to be 11.5% (2019: 11.6%) during the three-year forecast period. The long-term EBITDA is expected to be 13.6% (2019: 13.6%) of the net sales. This is based on implemented measures and management's expectations for future developments.
Long-term growth rate	The long-term growth rate beyond the 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 13.1% (2019: 14.3%). This reflects the specific risks associated with the Top Hammer business and the countries in which it operates.

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

Assumed values in determining goodwill Top Hammer 2020	From	To
Values used		
Average EBITDA over the three-year forecast period	11.5%	10.7 %
EBITDA beyond the three-year forecast period	13.6%	12.5 %
Pre-tax discount rate	13.1%	14.5%

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

Long-term growth rate beyond the three-year forecast period	Growth 1.5%	Growth 0.5%
Recoverable cash flow in relation to carrying amount	12.0%	7.0%

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

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

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

Assumption	Approach used to determine values
Net sales growth	The cumulative annual growth rate for the net sales is expected to be 8.2% during the three-year forecast period (2019: 5.2%). Net sales are expected to grow as the company has strengthened its distribution network, won long-term mining contracts and built up its product offering.
EBITDA:	The average EBITDA is expected to be 11.2% (2019: 11.5%) during the three-year forecast period. The long-term EBITDA is expected to be 12.6% (2019: 13.6%) of the net sales. This is based on implemented measures and management's expectations for future developments.
Long-term growth rate	The long-term growth rate beyond the 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 12.7% (2019: 13.5%). This reflects the specific risks associated with the Down the Hole business and the countries in which it operates.

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

Assumed values for determining goodwill Down the Hole 2020	From	To
Values used		
Average EBITDA over the three-year forecast period	11.2%	9.3%
EBITDA beyond the three-year forecast period	12.6 %	10.2 %
Pre-tax discount rate	12.7%	16.3%

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

Long-term growth rate beyond the three-year forecast period	Growth 1.5%	Growth 0.5%
Recoverable cash flow in relation to carrying amount	32.6 %	25.6 %

7. GIVEN GUARANTEES

EUR thousand	31/12/2020	31/12/2019
Guarantees and mortgages given on own behalf	45,119	43,868
Other guarantee liabilities	94	83
Total	**45,213**	**43,951**

8. ACQUISITIONS

No acquisitions were made during the review period.

9. 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 impact on the result and there were no open derivatives at the end of the reporting period.