
Robit

**Robit Plc**
**Half year financial report**
**January - June 2019**

# ROBIT PLC INTERIM REPORT 1 JANUARY – 30 JUNE 2019: EFFICIENCY PROGRAMME ADVANCING

In text comparison period refers to period 1 April – 30 June 2019 (Q2) and H1 refers to period 1 January – 30 June 2019. Figures from the corresponding period in 2018 are presented in brackets. Percentages are calculated from thousands of euros.

In accordance with IFRS 16, leases have been reported in the balance sheet as of 1 January 2019 in assets and liabilities, which also impacts the comparability of the income statement for 2018. At EBITDA level, the impact is a EUR 1,0 million improvement on earnings, and at EBITA level the change has no material impact. The impact on financial expenses is EUR 0,2 million. Further information about IFRS 16 standard is given in Notes paragraph 2.

## 1 April – 30 June 2019 in brief

- Net sales EUR 22.0 million (22.2)
- EBITDA EUR 0.6 million (-0.4)
- Comparable EBITDA EUR 0.7 million (-0.1)
- EBITA EUR -1.1 million (-1.6)
- Comparable EBITA EUR -0.9 million (-1.3)*
- Operating profit as percentage of net sales (EBIT%) was -10.2 (-8.2)
- EBIT includes an impairment expense of EUR 1,0 million
- Review period net income EUR -3.2 million (-1.2)

## 1 January – 30 June 2019 in brief

- Net sales EUR 42.1 million (43.1)
- EBITDA EUR 1.7 million (-0,9)
- Comparable EBITDA EUR 1.9 million (0.1)
- EBITA EUR -1.6 million (-3.2)
- Comparable EBITA EUR -1.5 million (-2.2)*
- Operating profit as percentage of net sales (EBIT%) was -7.2 (-8.4)
- EBIT includes an impairment expense of EUR 1,0 million
- Review period net income EUR -3.6 million (-4.4)
- Operating cash flow EUR -2.2 million (1.1)
- Equity ratio at the end of the review period 49.5% (55.2)

| Key financials | Q2 2019 | Q2 2018 | Change % | H1 2019 | H1 2018 | Change % | 2018 |
|---|---|---|---|---|---|---|---|
| Net sales, EUR 1.000 | 22 012 | 21 985 | 0,1 % | 42 078 | 43 100 | -2,4 % | 82 683 |
| EBITDA, EUR 1.000 | 556 | -436 | | 1 695 | -948 | | -4 782 |
| Adjusted EBITDA*, EUR 1.000 | 718 | -124 | | 1 856 | 69 | 2583,7 % | -3 529 |
| EBITA, EUR 1.000 | -1 062 | -1 593 | 33,3 % | -1 640 | -3 186 | 48,5 % | -9 658 |
| Adjusted EBITA*, EUR 1.000 | -901 | -1 280 | 29,6 % | -1 479 | -2 169 | 31,8 % | -8 405 |
| Adjusted EBITA, percent of sales | -4,1 % | -5,8 % | | -3,5 % | -5,0 % | | -10,2 % |
| EBIT, EUR 1.000 ** | -2 234 | -1 807 | -23,7 % | -3 025 | -3 616 | 16,3 % | -29 800 |
| EBIT, percent of sales | -10,2 % | -8,2 % | | -7,2 % | -8,4 % | | -36,0 % |
| Result for the period, EUR 1.000 | -3 183 | -1 222 | -160,5 % | -3 563 | -4 370 | 18,5 % | -31 384 |

Further information about IFRS 16 effects is given in Notes paragraph 2.

*Items affecting comparability: restructuring costs of EUR 161 thousand in H1 2019 and EUR 1 017 thousand in H1 2018. Further information about comparable items is given in Notes paragraph 3.2.

** EBIT includes an impairment expense of EUR 962 thousand, which is due to planned re-organisation of the business

## ROBIT'S OUTLOOK FOR 2019

Overall, the outlook for Robit's target markets in 2019 is positive, although there are regional differences in the demand of market segments. Mining industry demand for consumables is stable and the market is expected to grow. The construction industry and underground construction are more cyclical, and regional variations are greater. The well drilling market is also expected to remain active. The typically stable demand for consumables as well as growth in sales made possible by current market share provide Robit with good opportunities to increase market share in 2019**.**

## GUIDANCE FOR 2019

Robit revised the guidance for 2019 on 2 August 2019. According to new guidance EBITA profitability for the year 2019 will be negative and the release of capital tied up in the business will be less than original target.

According to earlier guidance in 2019, the company's goal is to achieve positive EBITA profitability and a significant release of capital tied up in the business.

## CEO TOMMI LEHTONEN:

"Robit's efficiency program is progressing and implementation will continue throughout the year 2019. The programme is focused on four areas: developing the distributor network and the company's own sales, better management of working capital, more effective use of factory network capacity and resources, and ensuring the motivation and performance of personnel.

This year, we have made significant decisions on cost efficiency and delivery chain management. The company's new structure provides us with opportunities to increase sales without significant investment or cost growth, which will enable the company to return to a path of profitable growth.

In the second quarter, net sales were at the level of the comparison period, and nearly 10% up on the first quarter. Changes in exchange rates had no material effect on net sales.

The operating result was negatively impacted by a EUR 1.0 million write-down related to lease liabilities at the Halco Brighouse production plant.

The second quarter order intake of EUR 22 million was approximately 3% higher than in the comparison period. The order intake for the first half of the year was EUR 46 million, also up approximately 3% year-on-year.

Management of working capital has been further developed. Trade receivables are approximately EUR 4.0 million and inventories approximately EUR 0.7 million lower than at the end of H1/2018.  A simultaneous significant decline in trade payables relative to the comparison period nullifies, in practice, the positive development achieved in the management of working capital. The decline in trade payables was mainly due to the completion of factory investments in Korea during 2018. Even so, operating cash flow did not reach a satisfactory level in first half of the year. Cash flow for the early part of the year was burdened by, among other things, higher trade receivables due to increased invoicing. In addition, more capital was committed to inventories, although this trend was reversing at the end of the review period.

As part of the efficiency programme, the production strategy of the DTH business was sharpened. In connection with this, we decided in March to transfer manufacturing of DTH products at the Sherman factory in the USA to the companies' other plants and to discontinue production operations at Sherman. After the review period, we announced the restructuring of the DTH business and the transfer of manufacturing of Halco products from Brighouse (UK) to the company's production units at Chesterfield (UK) and Perth (AU). This reorganisation will further sharpen the DTH strategy, particularly in terms of the Halco brand.

The non-recurring costs of these measures communicated after the review period will be approximately EUR 0.6 million in terms of personnel reductions, which will be recognised in the H2/2019 result. In the first half of the year, a write-down of EUR 1.0 million was recognised in relation to Halco lease liabilities. The cost savings obtained from these measures are expected to be at least EUR 2 million on an annual basis. The cost savings will be realised in full from financial year 2020.

During the review period, we completed a round of strategy workshops, arranged for personnel at all Robit units. The workshops generated valuable development ideas and concrete action plans to be implemented locally. We also continued to conduct weekly pulse surveys to measure personnel well-being and employee experience."

## ROBIT'S MARKETS AND MARKET DEVELOPMENT

The mining industry market is expected to remain stable in line with the sector's long-term trend and to grow at an annual rate of around 2–3%. Demand in construction industry market areas that are important for Robit are expected to remain good, although the construction industry is regionally cyclical.

In the review period, there was a clear pick-up in demand in the northern EMEA market. Positive development is expected to continue in the latter half of the year. The mining industry is expected to boost demand in the southern EMEA region.

Market development in the EAST region was largely in line with the comparison period. Sales were boosted by orders from large mining companies and by an increase in the number of piling projects. The market outlook will also remain favourable in the latter part of 2019.

In Asia, the market situation is expected to develop as at present. Robit's market share is projected to grow through tunnel construction and new customer relationships in mining.

In the Americas region, the market was stable in the review period. Net sales development in North America continued to be challenging due to restructuring related to development of the distribution network. In South America, demand was at a good level due to an increase in the number of tunnel projects.

The Australasian market was stable. Investments in the Australian sales organisation are expected to return net sales development to growth during the second half of the year.

## DEVELOPING THE OFFERING

Robit's Top Hammer offering was further developed by expanding the diamond bit product range for deep hole drilling. Diamond bits facilitate longer and automated drilling periods in production drilling.
In the well drilling segment, a new DTH drilling machine and suitable drilling bits were developed.

With regard to DTH hammers, the piling products segment launched large 18- and 24-inch hammers for horizontal drilling use, which is a special market within DTH drilling.

Product development of digital services also continued. The usability and operating system of the Sense product range, used in drill hole measurement, were improved based on customer experience.

## REVENUE AND FINANCIAL PERFORMANCE

| | Q2 2019 | Q2 2018 | Change % | H1 2019 | H1 2018 | Change % | 2018 |
|---|---|---|---|---|---|---|---|
| Net Sales, EUR 1.000 | 22 012 | 21 985 | 0,1 % | 42 078 | 43 100 | -2,4 % | 82 683 |
| Net Sales growth, percent | 0,1 % | | | -2,4 % | 1,1 % | | -6,3 % |
| EBITDA, EUR 1.000 | 556 | -436 | | 1 695 | -948 | | -4 782 |
| EBITDA, percent of sales | 2,5 % | -2,0 % | | 4,0 % | -2,2 % | | -5,8 % |
| Adjusted EBITDA, EUR 1.000* | 718 | -124 | | 1 856 | 69 | 2583,7 % | -3 529 |
| Adjusted EBITDA, percent of sales | 3,3 % | -0,6 % | | 4,4 % | 0,2 % | | -4,3 % |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| EBITA, EUR 1.000 | -1 062 | -1 593 | 33,3 % | -1 640 | -3 186 | 48,5 % | -9 658 |
| EBITA, percent of sales | -4,8 % | -7,2 % | | -3,9 % | -7,4 % | | -11,7 % |
| Adjusted EBITA, EUR 1.000* | -901 | -1 280 | 29,6 % | -1 479 | -2 169 | 31,8 % | -8 405 |
| Adjusted EBITA, percent of sales | -4,1 % | -5,8 % | | -3,5 % | -5,0 % | | -10,2 % |
| EBIT, EUR 1.000 ** | -2 234 | -1 807 | -23,7 % | -3 025 | -3 616 | 16,3 % | -29 800 |
| EBIT, percent of sales | -10,2 % | -8,2 % | | -7,2 % | -8,4 % | | -36,0 % |
| Result for the period, EUR 1.000 ** | -3 183 | -1 222 | -160,5 % | -3 563 | -4 370 | 18,5 % | -31 384 |
| Result for the period, percent of sales | -14,5 % | -5,6 % | | -8,5 % | -10,1 % | | -38,0 % |
| Earnings per share (EPS), EUR | -0,15 | -0,06 | | -0,17 | -0,21 | | -1,49 |
| Return on equity (ROE), percent | | | | -6,4 % | -4,9 % | | -41,9 % |
| Return on capital employed (ROCE), percent | | | | -4,9 % | -3,7 % | | -27,5 % |
| Adjusted return on capital employed (ROCE), percent* | | | | -3,7 % | -2,9 % | | -26,4 % |
| Net interest-bearing debt, EUR 1.000 | | | | 24 922 | 12 881 | 86,2 % | 15 810 |
| Equity ratio, percent | | | | 49,5 % | 55,2 % | | 49,3 % |
| Net gearing, percent | | | | 46,1 % | 15,2 % | | 27,4 % |
| Investments, EUR 1.000 | 392 | 953 | -58,9 % | 685 | 4 102 | -83,3 % | 4 630 |
| Investments, percent of sales | 1,8 % | 4,3 % | | 1,6 % | 9,5 % | | 5,6 % |
| Average number of employees | | | | 278 | 310 | -10,5 % | 308 |
| Number of employees at the end of period | | | | 269 | 290 | -7,2 % | 286 |

Further information about IFRS 16 effects is given in Notes paragraph 2.

*Items affecting comparability: restructuring costs of EUR 161 thousand in H1 2019 and EUR 1 017 thousand in H1 2018. Further information about comparable items is given in Notes paragraph 3.2.

** EBIT includes an impairment expense of EUR 962 thousand, which is due to planned re-organisation of the business

## NET SALES AND FINANCIAL PERFORMANCE:

### April - June 2019

The Group's net sales for the review period totalled EUR 22.0 million (22.0).

EUR 10.7 million (9.5) of net sales in the review period came from the Top Hammer business and EUR 11.3 million (12.5) from the Down the Hole (DTH) business.

EUR 9.4 million (8.2) of net sales came from the EMEA region, EUR 3.9 million (5.7) from Australasia, EUR 3.0 million (2.8) from Asia, EUR 3.9 million (3.2) from the Americas, and EUR 1.9 million (2.0) from the East.

EBITA was EUR -1.1 million (-1.6). Comparable EBITA was EUR -0.9 million (-1.3), which is -4.1 % (-5.8) of net sales. Items affecting comparability EUR 0.2 million (0.3) were restructuring costs due to structural and business model change.

EBIT for the review period was EUR -2.2 million (-1.8). This was -10.2 (-8.2) per cent of the review period net sales. EBIT Q2/2019 includes EUR 1.0 million impairment expense of the Halco facilities leases. This relates to the restructuring of the business and will improve cost efficiency in DTH production.

Net financial expenses totalled EUR -1.0 million (0.4), and EUR -0.3 million of this was interest expenses and EUR -0.7 million exchange rate changes. The result before taxes was EUR -3.3 million (-1.4) and taxes were EUR 0.1 million (0.2).

### January - June 2019

The Group's net sales for the review period totalled EUR 42.1 million (43.1), a decrease of -2.4% compared to the corresponding period the previous year. In constant currencies, the change was -0.4 %.

EUR 20.0 million (18.9) of net sales in the review period came from the Top Hammer business and EUR 22.1 million (24.2) from the Down the Hole (DTH) business which supports Robit's target of drilling technologies balance. The decline in DTH net sales was due to drop in net sales in Australia.

EUR 17.9 million (16.7) of net sales came from the EMEA region, EUR 7.5 million (11.3) from Australia, EUR 6.1 million (5.6) from Asia, EUR 7.2 million (6.6) from the Americas, and EUR 3.4 million (2.9) from the East.

EBITA was EUR -1.6 million (-3.2). Comparable EBITA was EUR -1.5 million (-2.2), which is -3.5 % (-5.0) of net sales. Items affecting comparability EUR 0.2 million (1.0) were restructuring costs due to structural and business model changes.

EBIT for the review period was EUR -3.0 million (-3.6). This was -7.2 (-8.4) per cent of the review period net sales. EBIT H1/2019 includes EUR 1.0 million impairment expense of the Halco facilities leases. This relates to the restructuring of the business and will improve cost efficiency in DTH production.

Net financial expenses totalled EUR -0.8 million (-0.9), and EUR -0.7 million of this was interest expenses and EUR -0.1 million exchange rate changes (-0.6). The result before taxes was EUR -3.9 million (-4.5) and taxes were EUR 0.3 million (0.2).

## FINANCING AND INVESTMENTS

The Group's net cash flow from operations totalled EUR -2.2 million (1.1). Changes in working capital had an impact of EUR -2.8 million (2.2). The change in working capital during the first half-year were caused by the EUR -2.3 million increase in receivables, increase in inventories by EUR -1.3 million and increase in non-interest-bearing debts by the EUR 0,9 million.

Net working capital was EUR 39.5 million (39.2) at the end of the review period.

The net cash flow for investment activities was EUR 0.3 million (-4.1). Gross investments in production during the review period totalled EUR 0.6 million (4.1).

The net cash flow from financing activities was EUR -11.5 million (-5.5), comprising net changes in loans. The company repaid its loans by EUR 10.4 million during the first two quarters. In addition, the net cash flow from investing activities includes EUR 0.1 million of changes in bank overdrafts and EUR -1.2 million in rental liabilities reported under IFRS 16.

At the end of the review period the Group had financing loans totalling EUR 39.0 million (46.5), which included EUR 6,2 million according to IFRS 16 and other interest bearing debts EUR 32,8 million. Liquid assets totalled to EUR 14.0 million (33.6). Interest-bearing net debt according to IFRS 16 was EUR 24.9 million (12.9) and without IFRS 16 defined interest bearing net debt was EUR 18.8 million.

The Group's equity at the end of the review period was EUR 54.1 million (85.0).

The Group's equity ratio was 49.5 (55.2%) and its net debt to equity ratio (gearing) was 46.1 % (15.2) and without IFRS 16 impact 34.8%.

Depreciation and amortisations totalled EUR 4.7 million (2.7). EUR 0.4 million of this related to amortisations of customer relationships and brand value from business acquisitions and EUR 1.0 million of this related to Down the hole-business renewal.

## PERSONNEL AND MANAGEMENT

The number of personnel decreased by 21 at the end of the comparison period and at the end of the review period the company's personnel numbered 269 (290) of which 76% were located outside Finland.

Tommi Lehtonen (b.1970), MSc. (Eng.) has been appointed Group CEO. He started in his position 1 May, 2019.

## RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2019

The General Meeting adopted the financial statements and consolidated financial statements for the financial period 1 January - 31 December 2018 and resolved that no dividend is paid based on the adopted balance sheet for the financial year 2018.

The General Meeting resolved to discharge the members of the board of directors and the managing directors from liability for the financial period ending 31 December 2018.

The General Meeting resolved that the Board of Directors consists of five (5) members. Harri Sjöholm, Mammu Kaario, Mikko Kuitunen, Kai Seikku and Kalle Reponen were re-elected as members of the Board.

Ernst & Young Oy, an Authorized 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 Authorized Public Accountant Mikko Järventausta will serve as the company's principal responsible auditor. The General Meeting resolved to pay the auditor's remuneration in accordance with the reasonable invoice approved by the company.

The General Meeting resolved to authorize the Board of Directors to resolve on the acquisition of a maximum of 2,108,390 shares of the company's own shares and/or accepting the same number of the company's own 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. The authorization to repurchase own shares granted by the General Meeting on 28 March 2018 was revoked. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2020.

The Annual General Meeting resolved to authorize 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 or for other purposes as decided by the Board of Directors. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2020. 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.

The General Meeting resolved that a shareholders' nomination board shall be established in order to prepare proposals concerning the election and remuneration of the Board Members as well as the remuneration of the members of the various Board committees that will be submitted to future Annual General Meetings and to any Extraordinary General Meetings where necessary. In addition, the General Meeting resolved that the work schedule of the shareholders' nomination board, which is appended as an Appendix 1 of the Board's proposal, is approved. The work schedule of the shareholders' nomination board is available on the company's website at https://www.robitgroup.com/?investor=corporate-governance/general-meeting. The shareholders' nomination board shall be comprised of representatives appointed by the company's four largest shareholders.

## SHARES AND SHARE TURNOVER

On 30 June 2019 the company had 21,083,900 shares and 2,965 shareholders. Trading volume was 3,045,972 shares (1,104,854).

The company holds 28,633 of its own shares (0.14% of total shares). On 30 June 2019 the market value of the company's shares was EUR 55 million (share price EUR 2.61).

## RISKS AND BUSINESS UNCERTAINTIES

The risks and uncertainties to which the company is exposed relate to any changes in the company's business environment, and to global economic and political developments.

Other uncertainties include fluctuations in currency exchange rates, the functioning and commissioning of new information systems, successful integration of acquisitions, risks relating to delivery reliability and logistics, and IPR risks. Changes in the tax and customs regulations of export countries can hamper the company's export sales or affect its profitability. Risks relating to data security and cyber threats may also have a harmful impact on Robit's business operations. Any changes in the business environment may have a negative impact on our customers' payment behaviour and may increase the risk of legal procedures and demands as well as disputes relating 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 3 Jan 2019, Robit Plc announced that it renegotiated on the restructuring of EUR 35.0 million in loans with its main financing bank. In the new agreement, the 2019 financial year covenants will be monitored for EBITDA between 1 January-30 June 2019 and 1 January -31 December 2019, after which we will return to the old covenant condition. According to the agreement, the loan margin will be raised by an average of 1.1 percentage points. The loan margin will return to the normal level when the covenant condition interest-bearing net debt/EBITDA meets the terms of the original financing agreement.

Robit Plc has on 9 Jan 2019 received a notification from i Athanase Industrial Partner Ltd. in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the total number of Robit shares owned by Athanase Industrial Partner Ltd. increased above five (5) per cent of the shares of Robit Plc on 8 Jan,2019.

On 5 March 2009, the company announced that it would reorganize Halco's business in the USA. Group has decided to centralize the manufacturing of DTH bits from Robit Sherman factory, USA to other manufacturing units of the company and the production in Sherman ends. Halco business in North and South-America continues active and Halco continues to be able to serve its distributors and direct customers. This re-organizing has no impact on Robit branded business nor products in Americas region.  This re-organizing reduces four persons from the production of the Sherman unit. The arrangement has no impact on Robit's guidance for the 2019.

The Board of Directors appointed at Robit Plc's Annual General Meeting held on 27 March 2019 elected a Chairman of the Board, a Vice Chairman of the Board, board members to serve on Robit Plc's remuneration committee, working committee and audit committee at its initial board meeting. The Board of Directorselected Harri Sjöholm as a 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. Harri Sjöholm (Chairman), Mammu Kaario and Mikko Kuitunen were elected as members of the remuneration committee. Kalle Reponen (Chairman), Harri Sjöholm and Mikko Kuitunen were elected as members of the working committee. Mammu Kaario (Chairman), Kalle Reponen and Kai Seikku were elected as members of the audit committee.

On April 29, 2019, the company announced that Tommi Lehtonen (b. 1970), M.Sc. (Econ.), Has been appointed Managing Director of Robit Plc.

Robit Plc has on 4th June 2019 received a notification from OP- Finland Mutual Fund (business code 187493-1) in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the total number of Robit shares owned by OP-Finland Mutual Fund decreased below five (5) per cent of the shares of Robit Plc on 4 June, 2019.

On 26 June, 2019, the company announced that it will sharpen its Down the hole-business strategy. To develop the company's DTH business Robit is planning to sharpen it's Down the Hole manufacturing strategy and to reorganize the DTH production. In March 2019 the company decided to centralize the manufacturing of DTH bits from Robit Sherman factory to company's factory in Perth, Australia.Now Robit is considering actions that would primarily concern manufacturing of Halco products and their manufacturing locations. The target of possible reorganization is to sharpen the company's Halco-strategy further under the parallel brand. The measures have no impact on the business of Robit branded products.

## EVENTS AFTER THE REVIEW PERIOD

On 3 July 2019, the company announced that it will renew its Down the hole-business. Robit Plc has decided to sharpen the manufacturing operations of its DTH business segment and has decided to unify the production of the Brighouse products (UK) to the other manufacturing units in Chesterfield (UK) and Perth (AU).

DTH business segment represents over 50% of Robit Plc's net sales. The reorganization will further sharpen the company's DTH- strategy especially for the Halco brand. Halco will be strengthened as a Sales-Service & Engineering company in selected market segments in the global market under the known Halco-brand.

As a result of these measures, the impact on personnel will be at maximum 25 persons. The transfer of production is planned to take place by the end of September 2019. The new structure creates better conditions to meet the global competition thanks to the improved cost structure. Thanks to these renewals also the volumes and utilization will increase in the mentioned two DTH- manufacturing units in Chesterfield (UK) and Perth (AU). With these decisions Robit targets an improvement in its profitability and efficiency. The company also prepares itself simultaneously for the potential Brexit in UK.

Robit will record costs relating to these decisions and report these as adjustment items in the H1/2019 and full year report when they materialize according to IFRS standards. The savings originated from these measures cover on annual level the reorganizing costs.

Robit revised the guidance for 2019 on 2 August 2019. According to new guidance EBITA profitability for the year 2019 will be negative and the release of capital tied up in the business will be less than original target.

According to earlier guidance in 2019, the company's goal is to achieve positive EBITA profitability and a significant release of capital tied up in the business.

Lempäälä, 7 August 2019

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*Robit is a global growth company that sells drilling consumables globally to its customers in the following market segments: mining, construction and contracting, tunnelling and well drilling. The company's offering is divided into three product and service areas: Top Hammer, Down The Hole and Digital Services. The company has 16 own sales and warehousing facilities around the world and an active sales network across 115 countries. Robit has production facilities in Finland, South Korea, Australia, England and the USA.*

Distribution:
Nasdaq Helsinki Oy
Key media
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.

## SUMMARY OF FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR thousand | 4-6/2019 | 4-6/2018 | 1-6 /2019 | 1-6 /2018 | 1-12/2018 |
|---|---|---|---|---|---|
| **Net sales** | **22 012** | **21 985** | **42 078** | **43 100** | **82 683** |
| Other operating income | 391 | 356 | 1 197 | 364 | 1 187 |
| Materials and services** | -13 974 | -13 616 | -26 358 | -25 454 | -50 248 |
| Employee benefit expense | -4 314 | -5 119 | -8 657 | -10 841 | -19 168 |
| Depreciation, amortization and impairment* | -2 791 | -1 371 | -4 720 | -2 668 | -25 018 |
| Other operating expenses** | -3 559 | -4 043 | -6 565 | -8 117 | -19 236 |
| **EBIT (Operating profit)** | **-2 234** | **-1 807** | **-3 025** | **-3 616** | **-29 800** |
| Finance income and costs | | | | | |
| Finance income | -448 | 1 083 | 170 | 1 283 | 1 630 |
| Finance cost* | -596 | -714 | -1 000 | -2 197 | -3 253 |
| Finance income and costs net | -1 044 | 369 | -829 | -915 | -1 623 |
| **Profit before income tax** | **-3 279** | **-1 438** | **-3 854** | **-4 530** | **-31 423** |
| Income taxes | | | | | |
| Current taxes | 3 | 249 | 83 | 0 | -385 |
| Change in deferred taxes | 93 | -32 | 208 | 161 | 424 |
| Income taxes | 96 | 216 | 291 | 160 | 39 |
| **Result for the period** | **-3 183** | **-1 222** | **-3 563** | **-4 370** | **-31 384** |
| Attributable to: | | | | | |
| Owners of the parent | -3 183 | -1 222 | -3 563 | -4 370 | -31 384 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| | **-3 183** | **-1 222** | **-3 563** | **-4 370** | **-31 384** |
| **Other comprehensive income** | | | | | |
| Items that may be reclassified to profit or loss in subsequent periods: | | | | | |
| Translation differences | -822 | 191 | -233 | -670 | -814 |
| **Other comprehensive income, net of tax** | **-822** | **191** | **-233** | **-670** | **-814** |
| **Total comprehensive income** | **-4 004** | **-1 031** | **-3 796** | **-5 040** | **-32 198** |
| Attributable to: | | | | | |
| Owners of the parent | -4 004 | -1 031 | -3 796 | -5 040 | -32 198 |
| Non-controlling interest | 0 | 0 | 0 | 0 | 0 |
| | **-4 004** | **-1 031** | **-3 796** | **-5 040** | **-32 198** |
| **Earnings per share attributable to the owners of the parent during the year:** | | | | | |
| Basic and diluted earnings per share | -0,15 | -0,06 | -0,17 | -0,21 | -1,49 |

* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. In Consolidated Statement of Comprehensive income leases are reported as depreciation costs and interest costs. More information about IFRS 16 standard in notes section 2.

** Changes in inventories of finished goods and work in progress are included in Materials and services- figures and Work performed by the Group and capitalised are included in Other operating expenses.

## CONSOLIDATED BALANCE SHEET

| EUR thousand | 30-Jun-19 | 30-Jun-18 | 31-Dec-18 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 5 148 | 24 509 | 5 159 |
| Other intangible assets | 6 127 | 7 593 | 6 923 |
| Property, plant and equipment* | 28 265 | 27 750 | 25 824 |
| Loan receivables | 317 | 567 | 334 |
| Other receivables | 3 | 3 | 3 |
| Deferred tax assets | 1 480 | 2 285 | 1 443 |
| **Total non-current assets** | **41 339** | **62 707** | **39 686** |
| | | | |
| **Current assets** | | | |
| Inventories | 32 584 | 33 223 | 30 808 |
| Account and other receivables | 20 916 | 24 949 | 18 640 |
| Loan receivables | 354 | 14 | 222 |
| Income tax receivable | 108 | 172 | 170 |
| Cash and cash equivalents | 14 046 | 33 589 | 27 470 |
| **Total current asset** | **68 008** | **91 948** | **77 310** |
| **Total assets** | **109 347** | **154 655** | **116 996** |

| | | | |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 705 | 705 | 705 |
| Share premium | 202 | 202 | 202 |
| Reserve for invested unrestricted equity | 82 266 | 82 502 | 82 266 |
| Cumulative translation difference | -2 216 | -1 827 | -1 983 |
| Retained earnings | -23 330 | 7 800 | 7 958 |
| Profit for the year | -3 563 | -4 370 | -31 384 |
| **Total equity** | **54 064** | **85 011** | **57 763** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings* | 30 436 | 6 602 | 25 862 |
| Deferred tax liabilities | 1 406 | 2 464 | 1 551 |
| Employee benefit obligations | 761 | 1 223 | 1 123 |
| **Total non-current liabilities** | **32 603** | **10 289** | **28 535** |
| | | | |
| **Current liabilities** | | | |
| Borrowings* | 8 532 | 39 869 | 17 419 |
| Advances received | 143 | 574 | 142 |
| Income tax liabilities | -117 | -59 | 240 |
| Account payables and other liabilities | 14 029 | 18 941 | 12 740 |
| Other provisions | 67 | 30 | 156 |
| **Total current liabilities** | **22 655** | **59 355** | **30 697** |
| **Total liabilities** | **55 258** | **69 643** | **59 233** |
| | | | |
| **Total equity and liabilities** | **109 347** | **154 655** | **116 996** |

* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. More information about changes IFRS 16 standard caused in notes section 2.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR thousand | 4-6 /2019 | 4-6 /2018 | 1-6 /2019 | 1-6 /2018 | 1-12 /2018 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit before income tax | -3 250 | -1 438 | -3 737 | -4 530 | -31 423 |
| Adjustments | | | | | |
| Depreciation, amortization and impairment charges | 2 329 | 1 371 | 3 732 | 2 668 | 25 018 |
| Finance income and finance costs | 940 | -348 | 622 | 936 | 1 623 |
| Share-based payments to employees | 46 | 17 | 89 | 33 | 85 |
| Loss (+) / Gain (-) on sale of property, plant and equipment | 69 | 39 | -107 | 36 | 95 |
| Other non-cash transactions* | 598 | -40 | 654 | 264 | 3 014 |
| Cash flows before changes in working capital | 732 | -400 | 1 253 | -594 | -1 588 |
| Change in working capital | | | | | |
| Increase (-) in account and other receivables | -3 213 | 855 | -2 331 | 411 | 5 341 |
| Increase (-) / decrease (+) in inventories | -384 | -2 428 | -1 333 | -3 683 | -2 370 |
| Increase (+) / decrease (-) in account and other payables | 1 594 | 4 618 | 897 | 5 453 | -2 582 |
| Cash flows from operating activities before financial items and taxes | -1 271 | 2 638 | -1 514 | 1 587 | -1 199 |
| Interest and other finance expenses paid | -298 | -252 | -560 | -397 | -887 |
| Interest and other finance income received | 13 | 19 | 27 | 35 | 64 |
| Income taxes paid | -90 | 67 | -196 | -155 | -188 |
| **Net cash inflow (outflow) from operating activities** | **-1 647** | **2 472** | **-2 243** | **1 069** | **-2 210** |
| **Cash flows from investing activities** | | | | | |
| Purchases of property, plant and equipment | -362 | -752 | -617 | -3 522 | -4 082 |
| Purchases of intangible assets | -30 | -276 | -68 | -460 | -555 |
| Proceeds from the sale of property, plant and equipment | 822 | 16 | 1 076 | 27 | 243 |
| Proceeds from loan receivables | -217 | 59 | -136 | -146 | -236 |
| **Net cash inflow (outflow) from investing activities** | **213** | **-953** | **256** | **-4 102** | **-4 630** |
| **Cash flows from financing activities** | | | | | |
| Proceeds from loans | 0 | -170 | 0 | 0 | 1 112 |
| Repayments of loans | -2 889 | -2 344 | -10 425 | -3 100 | -5 445 |
| Change in bank overdrafts | 1 123 | 1 553 | 96 | -125 | -803 |
| Payment of lease liabilities* | -587 | -198 | -1 197 | -211 | -356 |
| Distribution of dividend | 0 | -2 100 | 0 | -2 100 | -2 100 |
| **Net cash inflow (outflow) from financing activities** | **-2 352** | **-3 260** | **-11 527** | **-5 538** | **-7 592** |
| **Net increase (+) / decrease (-) in cash and cash equivalents** | -3 786 | -1 740 | -13 514 | -8 571 | -14 432 |
| Cash and cash equivalents at the beginning of the reporting period | 17 959 | 35 221 | 27 470 | 42 172 | 42 172 |
| Exchange gains/losses on cash and cash equivalents | -127 | 105 | 90 | -15 | -270 |
| **Cash and cash equivalents at end of the reporting period** | **14 046** | **33 589** | **14 046** | **33 589** | **27 470** |

* According to IFRS 16 standard lease payments are deducted from operating activities and added to financing activities in cash flow calculation. EUR 1 072 thousand from lease payments relates to IFRS 16 lease payments. More information about IFRS 16 standard in notes section 2.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR thousand | Share capital | Share premium | Reserve for invested unrestricted equity | Cumulative translation difference | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **Equity at 1 January 2018** | **705** | **202** | **82 502** | **-1 157** | **9 868** | **92 120** |
| Profit for the period | | | | | -4 370 | -4 370 |
| Other comprehensive income | | | | | | |
| Translation differences | | | | -670 | | -670 |
| **Total comprehensive changes** | | | | **-670** | **-4 370** | **-5 040** |
| Dividend paid | | | | | -2 100 | -2 100 |
| Share-based payments to employees | | | | | 33 | 33 |
| **Total transactions with owners, recognized directly in equity** | **0** | **0** | **0** | **0** | **-2 067** | **-2 067** |
| **Equity at 30 June 2018** | **705** | **202** | **82 502** | **-1 827** | **3 431** | **85 013** |

| EUR thousand | Share capital | Share premium | Reserve for invested unrestricted equity | Cumulative translation difference | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **Equity at 1 January 2019** | **705** | **202** | **82 266** | **-1 983** | **-23 426** | **57 764** |
| Profit for the period | | | | | -3 563 | -3 563 |
| Other comprehensive income | | | | | | |
| Translation differences | | | | -233 | | -233 |
| **Total comprehensive changes** | | | | **-233** | **-3 563** | **-3 796** |
| Share-based payments to employees | | | | | 89 | 89 |
| **Total transactions with owners, recognized directly in equity** | **0** | **0** | **0** | **0** | **89** | **89** |
| **Equity at 30 June 2019** | **705** | **202** | **82 266** | **-2 216** | **-26 899** | **54 058** |

*The implementation of IFRS 16 had no effect on shareholders' equity as of 1 January 2019, as the assets and liabilities entered in the balance sheet due to the new standard were equal.

## NOTES

**Contents**



### 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 statement. This interim report has not 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. IMPLEMENTATION OF NEW IFRS STANDARDS

As of 1 January 2018, the Group has applied the IFRS 16 standard which replaces old IAS 17 Leases-standard. Robit adopted the IFRS 16 standard from 1 January 2019, using the modified retrospective approach whereby comparative financial information is not restated.

**Impact of the adoption of IFRS 16 standard**

IFRS 16 specifies the principles by which leases are recorded and measured, how they are presented in the financial statements and what information about them is presented. As a result, almost all rental or leasing agreements are recorded in the balance sheet, as there is no longer differentiation between operating leases and finance leases. According to the new standard, an asset (the right to use the asset that has been leased) is recognised, as is a financial debt corresponding to the lease or rental payment. The only exceptions will be rental agreements relating to short-term rental of low value assets.

At the balance sheet date, the Group has non-cancellable operating leases amounting to EUR 5,538 thousand. A total of EUR 8 073 thousand of leasing liabilities and leasing assets were recognized on 1 January 2019 in accordance with the standard.

| EUR thousand | 1-Jan-19 |
|---|---|
| **Assets** | |
| Right-of-use assets | 9 262 |
| Assets prior reported as finance leases | -1 179 |
| Prepayments | -10 |
| **Total assets** | 8 073 |
| **Liabilities** | |
| Interest-bearing loans | 8 073 |
| **Total liabilities** | 8 073 |

The Group has leases for various premises, equipment, machinery, vehicles and other equipment. Prior to the adoption of IFRS 16, the Group classified all leases as either finance leases or operating leases. A lease was classified as a finance lease if it transferred all the risks and rewards of ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Financial leases were capitalised at the inception of the lease at the fair value of the leased asset. In an operating lease, the leased asset was not capitalised and the leases were recognised as rental expenses in profit or loss over the lease term.

With the adoption of IFRS 16, the Group applies a uniform recognition and valuation method for all leases, except for short-term leases and leases of low-value assets.

*Leases previously classified as finance leases*

The Group did not change the original carrying amounts of the recognised assets and liabilities (i.e. the right-of-use assets and lease liabilities are equal to the lease payments and liabilities recognised in accordance with IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

*Leases previously classified as operating leases*

The Group recognised right-of-use assets and lease liabilities for those leases that were previously classified as operating leases, except for short-term leases and leases of low value assets.

*Bridge calculation from operating lease commitments to lease liabilities according to the standard:*

| **EUR thousand** | |
|---|---|
| **Operating lease commitments as at 31 December 2018** | **5 538** |
| Weighted average rate as at 1 January 2019 | 5.6% |
| **Discounted operating lease commitments as at 1 January 2019** | 4 534 |
| **Less:** | |
| Commitments relating to short-term and low-value assets | -87 |
| **Add:** | |
| Commitments relating to leases previously classified as finance leases | 775 |
| Extensions at management's discretion not recognized at 31 December 2018 | 3 625 |
| **Lease liabilities as at 1 January 2019** | **8 847** |

**Accounting principles**

*Right-of-use assets:*

The Group records right-of-use assets on the date of adoption of the standard on 1 January 2019. Right-of-use assets are valued at acquisition cost less accumulated depreciation and impairment and are restated through reassessments of the leases.

*Leases*

On the date of adoption of the standard, 1 January 2019, the Group recognised lease commitments valued at the contractual or estimated present value of the lease term. Lease payments include fixed payments less any income from re-leasing.

When calculating the present value of lease payments, the Group uses the estimated discount rate of the property investor’s yield requirement for buildings and land. In machinery and equipment as well as vehicles are used the interest rates specified in the financing agreements or the local estimated additional financing interest rate.

*Short-term leases and leases of low-value assets*

The Group applies the exemption for short-term leases. This is also applied to leases of low-value assets. Short-term leases and leases of low-value assets are recognised as an expense.

*Special consideration in determining the lease term*

The Group defines leases as non-cancellable. If a lease includes the possibility to extend or terminate the lease, the extension is taken into account at management's discretion in significant lease items such as premises, land, plant and machinery.

**Changes in reporting period in the balance sheet**

| | Right-of-use assets | | | | | |
|---|---|---|---|---|---|---|
| **EUR thousand** | **Land** | **Buildings and constructions** | **Machinery and equipment** | **Other tangible assets** | **Total** | **Lease liabilities** |
| As at 1 January 2019 | 1 092 | 6 545 | 1 559 | 65 | 9 262 | 8 847 |
| Net changes | 46 | -1 840 | -297 | 333 | -1 756 | -988 |
| Depreciation | -117 | -775 | -72 | -87 | -1 051 | |
| Interest expense | | | | | | -208 |
| Payments | | | | | | -865 |
| **As at 30 June 2019** | **1 021** | **3 930** | **1 191** | **313** | **6 455** | **6 787** |

## 3.1 KEY FIGURES

| CONSOLIDATED KEY FIGURES | 4-6 2019 | 4-6 2018 | 1-6 2019 | 1-6 2018 | 2018 |
|---|---|---|---|---|---|
| Net sales, EUR 1.000 | 22 012 | 21 985 | 42 078 | 43 100 | 82 683 |
| EBIT, EUR 1.000 | -2 234 | -1 807 | -3 025 | -3 616 | -29 800 |
| EBIT, percent of sales | -10,2 % | -8,2 % | -7,2 % | -8,4 % | -36,0 % |
| Earnings per share (EPS), EUR | -0,15 | -0,06 | -0,17 | -0,21 | -1,49 |
| Return on equity (ROE), percent | | | -6,4 % | -4,9 % | -41,9 % |
| Return on capital employed (ROCE), percent | | | -4,9 % | -3,7 % | -27,5 % |
| Equity ratio, percent | | | 49,5 % | 55,2 % | 49,3 % |
| Net gearing, percent | | | 46,1 % | 15,2 % | 27,4 % |
| Gross investments, EUR 1.000 | 392 | 953 | 685 | 4 102 | 4 630 |
| Gross investments, percent of sales | 0,93 % | 2,26 % | 1,63 % | 9,5 % | 5,6 % |
| Number of shares | 21 083 900 | 21 083 900 | 21 083 900 | 21 083 900 | 21 083 900 |
| Own shares | 28 634 | 86 320 | 28 634 | 86 320 | 27 507 |
| Percentage of total shares | 0,14 % | 0,41 % | 0,14 % | 0,41 % | 0,13 % |

| ADJUSTED CONSOLIDATED KEY FIGURES | 4-6 2019 | 4-6 2018 | 1-6 2019 | 1-6 2018 | 2018 |
|---|---|---|---|---|---|
| Adjusted EBITDA, EUR 1.000 | 718 | -124 | 1 856 | 69 | -3 529 |
| Adjusted EBITDA, percent of sales | 3,3 % | -0,6 % | 4,4 % | 0,2 % | -4,3 % |
| Adjusted EBITA, EUR 1.000 | -901 | -1 280 | -1 479 | -2 169 | -8 405 |
| Adjusted EBITA, percent of sales | -4,1 % | -5,8 % | -3,5 % | -5,0 % | -10,2 % |
| Adjusted EBIT, EUR 1.000 | -1 111 | -1 494 | -1 901 | -2 599 | -28 547 |
| Adjusted EBIT, percent of sales | -5,0 % | -6,8 % | -4,5 % | -6,0 % | -34,5 % |
| Adjusted return on equity (ROE), percent | | | -4,4 % | -3,8 % | -40,2 % |
| Adjusted return on capital employed (ROCE), percent | | | -3,7 % | -2,9 % | -26,4 % |

### 3.2 CONSOLIDATING ALTERNATIVE KEY FIGURES

Robit presents alternative key figures to supplement the key figures given in the Group's financial 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: costs relating to being listed on the stock exchange and share issue, acquisition costs and business restructuring costs.

**Comparable EBITDA and EBITA**

| EUR thousand | 4-6/2019 | 4-6/2018 | 1-6 /2019 | 1-6 /2018 | 1-12/2018 |
|---|---|---|---|---|---|
| **EBIT / Operating profit** | **-2 234** | **-1 807** | **-3 025** | **-3 616** | **-29 800** |
| Depreciation and amortisation | 2 791 | 1 371 | 4 720 | 2 668 | 25 018 |
| **EBITDA** | **556** | **-436** | **1 695** | **-948** | **-4 782** |
| **Items affecting comparability** | | | | | |
| Reorganising expenses | 161 | 313 | 161 | 1 017 | 1 253 |
| **Comparable EBITDA** | **718** | **-124** | **1 856** | **69** | **-3 529** |
| | | | | | |
| **EBIT /Operating profit** | **-2 234** | **-1 807** | **-3 025** | **-3 616** | **-29 800** |
| Amortizations of acqusitions | 211 | 214 | 423 | 429 | 853 |
| Impairment | 962 | 0 | 962 | | 19 289 |
| **EBITA** | **-1 062** | **-1 593** | **-1 640** | **-3 186** | **-9 658** |
| | | | | | |
| **EBIT /Operating profit** | **-2 234** | **-1 807** | **-3 025** | **-3 616** | **-29 800** |
| **Items affecting comparability** | | | | | |
| Reorganising expenses | 161 | 313 | 161 | 1 017 | 1 253 |
| Impairment | 962 | 0 | 962 | 0 | 0 |
| **Comparable EBIT** | **-1 111** | **-1 494** | **-1 901** | **-2 599** | **-28 547** |
| **Items affecting comparability** | | | | | |
| Amortizations of acqusitions | 211 | 214 | 423 | 429 | 853 |
| Impairment | 962 | 0 | 962 | 0 | 19 289 |
| **Comparable EBITA** | **-901** | **-1 280** | **-1 479** | **-2 169** | **-8 405** |

### 3.3 CALCULATION OF KEY FIGURES

EBITDA* =Operating profit + depreciation and amortisation

EBITA =Operating profit + amortisation of goodwill

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

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

Return on equity,% = $\frac{\text{Profit (loss) for the financial year}}{\text{Equity (average during the financial year)}} \times 100$

| | | |
|---|---|---|
| Return on capital employed (ROCE),% | = $\frac{\text{Profit before appropriations and taxes + interest expenses and other financing expenses}}{\text{Equity (average during the financial year) + interest-bearing financial liabilities (long-term and short-term loans from financial institutions, average during the financial period)}}$ | x 100 |
| Net interest-bearing debt | = Long-term and short-term loans from financial institutions – cash and cash equivalents – short-term financial securities | |
| Equity ratio,% | = $\frac{\text{Equity}}{\text{Balance sheet total – advances received}}$ | x 100 |
| Gearing,% | = $\frac{\text{Net interest-bearing financial liabilities}}{\text{Equity}}$ | x 100 |

## 4. BREAKDOWN OF TURNOVER

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

**NET SALES**

**Net sales by product area**

| EUR thousand | 4-6 /2019 | 4-6 /2018 | Change % | 1-6 /2019 | 1-6 /2018 | Change % | 1-12 /2018 |
|---|---|---|---|---|---|---|---|
| Top Hammer | 10 736 | 9 501 | 13 % | 19 999 | 18 940 | 6 % | 36 598 |
| Down the Hole | 11 276 | 12 477 | -10 % | 22 080 | 24 151 | -9 % | 46 074 |
| Digital services | 0 | 8 | -100 % | 0 | 9 | -100 % | 10 |
| **Total** | **22 012** | **21 985** | **0 %** | **42 078** | **43 100** | **-2 %** | **82 683** |

**Net sales by market area**

| EUR thousand | 4-6 /2019 | 4-6 /2018 | Change % | 1-6 /2019 | 1-6 /2018 | Change % | 1-12 /2018 |
|---|---|---|---|---|---|---|---|
| Europe, Middle East and Africa | 9 434 | 8 224 | 15 % | 17 894 | 16 656 | 7 % | 31 919 |
| North and South America | 3 862 | 3 165 | 22 % | 7 129 | 6 617 | 8 % | 12 941 |
| Asia | 3 032 | 2 826 | 7 % | 6 099 | 5 635 | 8 % | 11 593 |
| Australasia | 3 834 | 5 729 | -33 % | 7 509 | 11 250 | -33 % | 19 884 |
| Russia and CIS countries | 1 849 | 2 041 | -9 % | 3 448 | 2 941 | 17 % | 6 346 |
| **Total** | **22 012** | **21 985** | **0 %** | **42 078** | **43 100** | **-2 %** | **82 683** |

## 5. FINANCING ARRANGEMENTS

Robit Plc and its main financing bank have agreed that in financial year 2019 the covenant condition will be absolute EBITDA at 30 June 2019 and at 31 December 2019. The interest rate margin on loans is increased by 1.1% (new margin of 2.75%) until Robit Corporation's covenant interest-bearing net debt / EBITDA reaches the value specified in the financing agreement.

In the situation on June 30, 2019, the company complied with the covenant terms. EBITDA was EUR 1.7 million and equity ratio was 49.5% thus exceeding agreed levels.

**Borrowings/Loans/Interest-bearing loans**

| EUR thousand | 30-Jun-19 | 30-Jun-18 | 31-Dec-18 |
|---|---|---|---|
| Non-current borrowings | | | |
| Loans from credit institutions | 24 760 | 4 949 | 24 678 |
| Other loans | 584 | 736 | 660 |
| Lease liabilities | 5 092 | 916 | 524 |
| **Total non-current borrowings** | **30 436** | **6 602** | **25 862** |

| | | | |
|---|---|---|---|
| Current borrowings | | | |
| Loans from credit institutions | 2 821 | 35 269 | 13 246 |
| Other loans | 76 | 68 | 76 |
| Bank overdrafts | 3 941 | 4 522 | 3 845 |
| Lease liabilities | 1 694 | 10 | 251 |
| **Total current borrowings** | **8 532** | **39 869** | **17 419** |
| | | | |
| **Total borrowings** | **38 968** | **46 470** | **43 280** |

* According to IFRS 16, leases have been reported as of 1 January 2019 in fixed assets and loans. Of the lease liabilities in H1 2019 EUR 6 134 thousand are IFRS 16 rents and EUR 653 thousand are former finance lease liabilities. For more information on IFRS 16, see Note 2.

## 6. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

| EUR thousand | 30-Jun-19 | 30-Jun-18 | 31-Dec-18 |
|---|---|---|---|
| Cost at the beginning of period | 39 890 | 37 482 | 37 482 |
| IFRS 16 additions and disposals net | 6 197 | 0 | 0 |
| Additions | 617 | 3 531 | 4 082 |
| Disposals | -1 334 | -944 | -1 368 |
| Reclassifications | -169 | -8 | 0 |
| Exchange differences | -493 | -301 | -306 |
| Cost at the end of period | 44 707 | 39 760 | 39 890 |
| | | | |
| Accumulated depreciation and impairment at the beginning of period | -14 066 | -11 202 | -11 202 |
| Depreciation | -2 894 | -1 826 | -4 055 |
| Disposals | 348 | 912 | 1 029 |
| Reclassifications | 62 | 0 | 0 |
| Exchange differences | 108 | 106 | 161 |
| Accumulated depreciation and impairment at the end of period | -16 442 | -12 010 | -14 066 |
| | | | |
| **Net book amount at the beginning of period** | **25 824** | **26 280** | **26 280** |
| **Net book amount at the end of period** | **28 265** | **27 750** | **25 824** |

* According to IFRS 16 standard lease commitments are reported from 1.1.2019 onwards in balance sheet in fixed assets and borrowings. More information about changes IFRS 16 standard caused in notes section 2.

## 7. IMPAIRMENT TESTING

The amount of goodwill is reviewed at least annually in accordance with IFRS. 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. Company has decided to reorganize Down the Hole business in order to get considerable efficiency and cost benefits in the supply chain. In this respect Down the Hole and Halco, which have been reported as separate cash generating units, will be treated as one CGU. After this change company will have two cash generating units (Top Hammer and Down the Hole). As the business will be transformed the changes in profitability, net working capital and in investment requirements have been considered.

As of 30 June 2019, the company has reviewed the assumptions used in goodwill testing, such as forecasts for the current and future years and changes in interest rates. In the impairment testing of first quarter the margins of goodwill items were small. Planned changes are assumed to improve the performance of cash generating units. Based on the management's assessment, there is no need to make changes, but the margin involved in goodwill items is small.

## 8. GUARANTEES GIVEN

| EUR thousand | 30-Jun-19 | 30-Jun-18 | 31-Dec-18 |
|---|---|---|---|
| Guarantees and mortgages given on own behalf | 46 025 | 46 025 | 46 025 |
| Other guarantee liabilities | 261 | 517 | 261 |
| **Total** | **46 286** | **46 542** | **46 286** |

*Lease liabilities are reported with in accordance with IFRS 16 and further information on IFRS 16 liabilities can be found in note section 2.

## 9. ACQUISITIONS

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

## 10. DERIVATIVES

The company hedges the most significant net and foreign 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.