

Robit

Interim Report

January – September 2023



ROBIT PLC STOCK EXCHANGE RELEASE 23 OCTOBER 2023 AT 11.00 EEST

ROBIT PLC INTERIM REPORT 1 JANUARY–30 SEPTEMBER 2023: PROFITABILITY IMPROVED FROM THE BEGINNING OF THE YEAR

In the text, 'review period' or 'third quarter of the year' refers to 1 July–30 September 2023 (Q3), and 'January–September' refers to 1 January–30 September 2023. Figures from the corresponding time period in 2022 are given in parentheses. All the figures presented are in euros. Percentages are calculated from thousands of euros.

1 July–30 September 2023 in brief

- Net sales EUR 23.7 million (28.4), change –16.6 per cent
- EBITDA EUR 1.4 million (3.5); 5.8 per cent of net sales (12.3)
- Comparable EBITDA EUR 1.5 million (3.5); 6.4 per cent of net sales (12.3)
- EBITA EUR 0.3 million (2.2); 1.3 per cent of net sales (7.8)
- Comparable EBITA EUR 0.4 million (2.2); 1.9 per cent of net sales (7.8)
- EBIT EUR 0.3 million (2.0); 1.1 per cent of net sales (7.0)
- Review period net income EUR -0.3 million (1.7); -1.2 per cent of net sales (6.0)
- Net cash flow for operating activities EUR -0.7 million (2.9)

1 January–30 September 2023 in brief

- Net sales EUR 70.0 million (85.8); change –18.4 per cent
- EBITDA EUR 2.8 million (8.5); 3.9 per cent of net sales (9.9)
- Comparable EBITDA EUR 3.0 million (8.5); 4.3 per cent of net sales (9.9)
- EBITA EUR -0.6 million (4.8); -0.9 per cent of net sales (5.6)
- Comparable EBITA EUR -0.3 million (4.8); -0.5 per cent of net sales (5.6)
- EBIT EUR -1.1 million (4.1); -1.5 per cent of net sales (4.8)
- Review period net income EUR -2.7 million (3.1); -3.8 per cent of net sales (3.6)
- Net cash flow for operating activities EUR 1.3 million (4.0)
- Equity ratio at the end of the review period 46.3 per cent (48.2)

Key financials	Q3 2023	Q3 2022	Change %	Q1–Q3 2023	Q1–Q3 2022	Change %	2022
Net sales, EUR 1,000	23,706	28,424	-16.6%	70,016	85,751	-18.4%	111,962
EBITDA, EUR 1,000	1,370	3,488	-60.7%	2,763	8,472	-67.4%	8,851
EBITDA, % of net sales	5.8%	12.3%		3.9%	9.9%		7.9%
Adjusted EBITDA, EUR 1,000	1,520	3,488	-56.4%	3,042	8,472	-64.5%	8,851
Comparable EBITDA, %	6.4%	12.3%		4.3%	9.9%		7.9%
EBITA, EUR 1,000	296	2,211	-86.6%	-623	4,781	-113.0%	3,959
EBITA, % of sales	1.3%	7.8%		-0.9%	5.6%		3.5%
Adjusted EBITA, EUR 1,000	446	2,211	-79.8%	-343	4,781	-107.2%	2,940
Adjusted EBITA, percent of sales	1.9%	7.8%		-0.5%	5.6%		2.6%
EBIT, EUR 1,000	265	1,984	-86.6%	-1,076	4,111	-126.2%	3,071
EBIT, per cent of sales	1.1%	7.0%		-1.5%	4.8%		2.7%
Result for the period, EUR 1,000	-277	1,718	-116.1%	-2,687	3,051	-188.1%	885
Result for the period, % of sales	-1.2%	6.0%		-3.8%	3.6%		0.8%
Earnings per share (EPS), EUR 1,000	-0.02	0.08		-0.13	0.13		0.04
Return on equity (ROE), %				-7.7%	7.2%		1.6%
Return on capital employed (ROCE), %				-2.2%	5.8%		3.5%

MARKET OUTLOOK

Robit expects the global mining industry demand to remain at the current level. Demand in the construction industry has weakened during 2023, especially in Europe and Asia, and the company does not see a significant change in the short term.

GUIDANCE FOR 2023

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

CEO ARTO HALONEN:

Market demand remained at the level of the second quarter, but lower than in the comparison period. The weakening of market demand particularly affected the construction industry in Europe and Asia. Demand in the mining industry remained at a good level. Orders received totalled EUR 24.9 million, down by 9.7 per cent from the comparison period. Orders received were at a higher level compared to the first two quarters of the year.

Robit net sales for the third quarter were EUR 23.7 million (28.4), down 16.6 per cent on the very strong comparison period. In constant currencies, there was a decrease of 11.6 per cent. The company's net sales grew in the Australasia and EMEA regions. In Australasia, growth came mainly from the Top Hammer business. In EMEA, it came from both the Top Hammer and Down the Hole businesses.

Net sales in the Asia region fell by 21.5 per cent due to low demand in the construction industry. Net sales in the Americas region also decreased as a result of lower deliveries to certain customers. The effect of ceasing sales to Russia on the review period was EUR 2.4 million compared to the comparison period. During the quarter, the company's order backlog increased, especially in the mining segment.

Net sales in the Top Hammer business decreased by 16.2 per cent in the third quarter compared to the comparison period. Top Hammer sales increased in Australasia and EMEA, driven by new customer accounts and high customer testing activity. The decline in sales in the East region was mainly attributable to Top Hammer and was the main reason for the decline in sales. Net sales in the Down the Hole business decreased by 9.4 per cent. The decline came particularly from the Americas region. In the Geotechnical business, sales in the Americas increased, but sales in Europe, Geotechnical's other main market, declined due to weaker demand in the construction industry.

Comparable EBITDA for the third quarter was EUR 1.5 million (3.5), clearly below the strong comparison period. However, thanks to the savings measures already implemented, the company's profitability continued to improve compared to the first two quarters of the year. The company shut down production at its Australian plant at the end of the quarter. This will strengthen the company's competitiveness in the Down the Hole business. The Australian unit will focus on sales, maintenance and distribution in the local market. The Geotechnical business' profitability was burdened by the increased price competition for fewer construction projects.

The company's measures are now focusing in particular on clarifying operations, improving profitability and competitiveness. The closure of manufacturing in Australia is part of this restructuring. In addition, the company will in future sell products only under Robit brand. Previously, the company has been active in the Down the Hole business under both the Robit and Halco brands. This brand change makes it possible to clarify both the organization, the company structure and the product offering.

The implementation of the Fit for Service programme, which focuses on developing working capital management, progressed in the third quarter. As a result of the measures taken, the company's inventories decreased by EUR 2.4 million during the quarter. The decline in inventory levels is expected to continue in the last quarter of the year.

NET SALES

Net sales by product area

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

EUR thousand	Q3 2023	Q3 2022	Change %	Q1–Q3 2023	Q1–Q3 2022	Change %	2022
Top Hammer	13,829	16,492	-16.2%	40,862	50,086	-18.4%	66,834
Down the Hole	5,635	6,218	-9.4%	15,998	19,488	-17.9%	22,141
Geotechnical	4,243	5,713	-25.7%	13,156	16,177	-18.7%	22,987
Total	23,706	28,424	-16.6%	70,016	85,751	-18.4%	111,962

The Group's net sales in the third quarter of the year period totalled EUR 23.7 million (28.4). Down 16.6 per cent from the comparison period. In constant currencies, net sales decreased by 11.6 per cent.

The Group's net sales in January–September totalled EUR 70.0 million (85.8). Down 18.4 per cent from the comparison period. In constant currencies, net sales decreased by 15.0 per cent.

Top Hammer business net sales decreased by 16.2 per cent, net sales for the review period being EUR 13.8 million (16.5). The decrease in net sales was particularly affected by the discontinuation of sales to Russia and weaker demand in the Asia region. The Australasia and EMEA regions showed a positive development in net sales.

Down the Hole business net sales decreased by 9.4 per cent, net sales for the review period being EUR 5.6 million (6.2). Net sales decreased particularly in the Americas region due to reduced delivery volumes to certain distributors.

Geotechnical business net sales decreased by 25.7 per cent, net sales for the review period being EUR 4.2 million (5.7). The decline in net sales was mainly due to weaker demand in the construction industry in Europe but, in the Americas, the other main market, net sales increased.

Net sales by market area

EUR thousand	Q3 2023	Q3 2022	Change %	Q1–Q3 2023	Q1–Q3 2022	Change %	2022
EMEA	12,539	12,199	2.8%	36,459	36,105	1.0%	48,651
Americas	4,859	6,933	-29.9%	15,407	20,192	-23.7%	26,349
Asia	2,228	2,836	-21.5%	6,657	8,919	-25.4%	11,686
Australasia	3,920	3,671	6.8%	10,804	10,665	1.3%	13,892
East	160	2,785	-94.2%	688	9,870	-93.0%	11,384
Total	23,706	28,424	-16.6%	70,016	85,751	-18.4%	111,962

PROFITABILITY

Key figures

EUR thousand	Q3 2023	Q3 2022	Change %	Q1–Q3 2023	Q1–Q3 2022	Change %	2022
EBITDA, EUR 1,000	1,370	3,488	-60.7%	2,763	8,472	-67.4%	8,851
EBITDA, % of net sales	5.8%	12.3%		3.9%	9.9%		7.9%
Adjusted EBITDA, EUR 1,000	1,520	3,488	-56.4%	3,042	8,472	-64.5%	8,851
Adjusted EBITDA, percent of sales	6.4%	12.3%		4.3%	9.9%		7.9%
EBIT, EUR 1,000	265	1,984	-86.6%	-1,076	4,111	-126.2%	3,071
EBIT, per cent of sales	1.1%	7.0%		-1.5%	4.8%		2.7%
Result for the period, EUR 1,000	-277	1,718	-116.1%	-2,687	3,051	-188.1%	885
Result for the period, % of sales	-1.2%	6.0%		-3.8%	3.6%		0.8%

Comparable EBITDA for the third quarter was EUR 1.5 million (3.5). Comparable EBITDA's share of net sales was 6.4 per cent (12.3). The company's EBIT was EUR 0.3 million (2.0). The EBIT was 1.1 per cent (7.0) of the review period net sales.

In January–September, comparable EBITDA was EUR 3.0 million (8.5). Comparable EBITDA's share of net sales was 4.3 per cent (9.9). The company's EBIT was EUR -1.1 million (4.1). EBIT was -1.5 per cent (4.8) of the review period's net sales.

The decline in profitability was mainly due to lower sales during the review period. In addition, the company was not able to transfer the increased costs in full to the sales prices. The company continues to invest in sales development and is accelerating its cost-savings programme to support the strengthening of profitability.

Financial income and expenses in the third quarter of the year totalled EUR -0.6 million (-0.2), of which EUR -0.6 million (-0.3) was interest expenses and EUR 0.1 million (0.1) exchange rate changes. Net income for the quarter was EUR -0.3 million (1.7).

In January–September, financial income and expenses totalled EUR -1.8 million (-1.2), of which EUR -1.6 million (-0.9) was interest expenses and EUR 0.0 million (-0.1) exchange rate changes. Review period net income was EUR -2.7 million (3.1).

CASH FLOW AND INVESTMENTS

Consolidated cash flow statement

EUR thousand	Q3 2023	Q3 2022	Q1–Q3 2023	Q1–Q3 2022	2022
Net cash flows from operating activities					
Cash flows before changes in working capital	1,196	3,323	2,330	8,904	10,014
Cash flows from operating activities before financial items and taxes	-465	3,197	2,791	5,267	7,277
Net cash inflow (outflow) from operating activities	-695	2,934	1,332	3,981	5,556
Net cash inflow (outflow) from investing activities	-23	-177	-410	-982	-1,057
Net cash inflow (outflow) from financing activities	-587	-2,697	-1,098	-5,809	-6,421
Net increase (+)/decrease (-) in cash and cash equivalents	-1,305	59	-175	-2,810	-1,921
Cash and cash equivalents at the beginning of the period	8,616	7,079	7,688	9,525	9,525
Exchange gains/losses on cash and cash equivalents	42	-122	-159	300	84
Cash and cash equivalents at end of the period	7,353	7,016	7,353	7,016	7,688

The Group's cash flow before changes in working capital during the third quarter was EUR 1.2 million (3.3). Net cash flow for operating activities was EUR -0.7 million (2.9). The changes in working capital had an impact of EUR -1.7 million (-0.1). The change in working capital was affected by the EUR 3.9 million decrease in accounts payable due to lower purchases as part of the company's goal to reduce inventories. The growth in sales and other receivables had a negative impact of EUR 0.4 million on cash flow, and the decline of inventories a positive impact of EUR 2.6 million.

The net cash flow from investing activities for the third quarter was EUR -0.0 million (-0.2). Gross investments in production during the review period totalled EUR 0.0 million (0.2). The share of investments in net sales was 0.2 per cent (0.8).

The net cash flow from financing activities for the third quarter was EUR -0.6 million (-2.7). Net changes in loans totalled EUR -0.0 million (0.1). The change in bank overdrafts was EUR 0.1 million (-2.4). Returns on equity were EUR -0.4 million. The repayment of lease liabilities reported in net cash flow from financing activities under IFRS 16 totalled EUR 0.3 million (0.4).

Depreciation, amortization, and write-downs totalled EUR 1.1 million (1.5).

FINANCIAL POSITION

	30 September 2023	30 September 2022	31 December 2022
Cash and cash equivalents, EUR thousand	7,353	7,016	7,688
Interest-bearing liabilities, EUR thousand	34,903	36,366	36,345
of which short-term interest-bearing financial liabilities:	5,102	5,480	8,922
Net interest-bearing liabilities, EUR thousand	27,549	29,350	28,657
Undrawn credit facility, EUR thousand	3,888	5,807	4,218
Gearing, %	58.9%	54.6%	56.4%
Equity ratio, %	46.3%	48.2%	46.5%

The Group had interest-bearing debt amounting to EUR 34.9 million (36.4), of which EUR 5.9 million (7.3) was interest-bearing debt under IFRS 16. The company had liquid assets of EUR 7.4 million (7.0) and an undrawn credit facility of EUR 3.9 million (5.8). Interest-bearing net liabilities were EUR 27.5 million (29.4), and interest-bearing net bank debt without IFRS 16 debt impact was EUR 21.7 million (22.1).

The Group's equity at the end of the review period was EUR 46.7 million (53.6). The Group's equity ratio was 46.3 per cent (48.2). Gearing was 58.9 per cent (54.6).

PERSONNEL AND MANAGEMENT

The number of employees decreased by 28 persons compared to the end of the comparison period and stood at 238 (266) at the end of the period, mainly due to the closure of the Australian factory and other organisational changes. At the end of the review period, 69.1 per cent of the company's personnel were located outside Finland.

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

FINANCIAL TARGETS

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

	Long-term target	2021	2022	1–9 2023
Net sales growth, p.a.	15%	10.0%	11.1%	-8.2%
Comparable EBITDA, % of net sales	13%	7.5%	7.9%	5.3%

RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2023

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

SHARES AND SHARE TURNOVER

On 30 September 2023, the company had 21,179,900 shares and 5,601 shareholders. Trading volume in January–September was 7,001,449 shares (4,254,349).

On 30 September 2023, the company held 24,273 treasury shares (0.11 per cent of total shares). On 30 September 2023, the market value of the company's shares was EUR 31.8 million. The closing price of the share was EUR 1.50. The highest price in January–September was EUR 3.48 and the lowest price EUR 1.31.

RISKS AND BUSINESS UNCERTAINTIES

The covenant of the Robit parent company's financing agreement, net interest-bearing debt/EBITDA, did not meet the terms of the financing agreement on 30 September 2023. The company obtained the consent of its main financier to the breach of the covenant on 26 September 2023. This led to a higher financial cost and risk for the company. The company has hedged against interest rate risk with an EUR 10 million interest rate swap agreement, which entered into force on 30 June 2023 and expires on 30 June 2026.

The geopolitical situation, which is growing tenser, poses a risk to the company's business. The war in Ukraine and the sanctions imposed on Russia affect the development of net sales and profitability especially in Russia, Belarus and Ukraine, which accounted for approximately 8 per cent of the company's sales in the 2022 financial year. The company has no business operations in Russia in 2023.

Other uncertainty factors include the exchange rate development, functioning of information systems, risks related to the security of supply and logistics as well as IPR risks. Fully transferring the increase in raw material costs to customer prices may pose a financial risk. Changes in export countries' tax and customs legislation may adversely impact the company's export trade or its profitability. Risks related to information security and cyber threats may also have a detrimental effect on Robit's business. Potential changes in the business environment may adversely impact the payment behaviour of the Group's customers and increase the risk of litigation, legal claims and disputes related to Robit's products and other operations.

CHANGES IN GROUP STRUCTURE

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

OTHER EVENTS IN JULY–SEPTEMBER 2023

Half-year Report

On 1 August 2023, Robit Plc published its financial reporting for 1 January–30 June 2023.

Shareholders' Nomination Committee

On 4 September 2023, the four largest shareholders of the company elected their representatives to the Shareholders' Nomination Committee on the basis of the list of shareholders dated 1 September 2023:

- Harri Sjöholm, Chairman of the Board, Five Alliance Oy
- Timo Sallinen, Senior Vice President, Investments, Varma Mutual Pension Insurance Company
- Jukka Vähäpesola, Head of Equities, Mutual Employment Pension Insurance Company Elo
- Markus Lindqvist, Director, Sustainability, Aktia Bank Plc

The Nomination Committee will submit its proposal regarding the members of the Board of Directors and the remuneration to the Board of Directors by 31 January 2024.

Acquisition of treasury shares

Based on the authorisation given to the Board of Directors by the Annual General Meeting on 15 March 2023, Robit Plc decided on 18 September 2023 to repurchase a maximum of 100 000 shares, corresponding to approximately 0.5 per cent of the company's share capital. The acquisition of shares was announced to start on 20 September 2023 at the earliest and to end on 30 November 2023 at the latest.

Change in number of treasury shares

Robit Plc announced on 29 September 2023 that on 27 September 2023 a total of 2,500 of its treasury shares were returned to the company free of charge in accordance with the terms of the share-based compensation plan 2020 due to the termination of the employment of a key employee. After this transaction, the company held 24,273 treasury shares.

EVENTS AFTER THE REVIEW PERIOD

No events after the review period.

Lempäälä, 23 October 2023

ROBIT PLC
Board of Directors

For more information, contact:

Arto Halonen, CEO
+358 40 028 0717
arto.halonen@robitgroup.com

Ville Peltonen, CFO
+358 40 759 9142
ville.peltonen@robitgroup.com

Distribution:
Nasdaq Helsinki Ltd
Key media
www.robitgroup.com

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

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

CONDENSED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	7–9/2023	7–9/2022	1–9/2023	1–9/2022	2022
Net sales	23,706	28,424	70,016	85,751	111,962
Other operating income	319	1211	1,092	3,817	4,117
Materials and services*	-15,849	-18,860	-46,672	-56,120	-73,729
Employee benefit expense	-3,724	-3,749	-11,694	-12,538	-17,075
Depreciation, amortisation and impairment	-1,105	-1,504	-3,838	-4,361	-5,779
Other operating expenses*	-3,083	-3,538	-9,979	-12,438	-16,425
EBIT (Operating profit/loss)	265	1,984	-1,076	4,111	3,071
Finance income and costs					
Interest income and finance income	1	711	205	2272	2,277
Interest cost and finance cost	-603	-954	-1,986	-3,477	-4,010
Finance income and costs net	-602	-243	-1,781	-1,205	-1,733
Profit/loss before tax	-337	1,741	-2,857	2,906	1,338
Taxes					
Income tax	14	-15	7	-158	-533
Change in deferred taxes	46	-7	163	303	80
Income taxes	60	-22	170	145	-453
Result for the period	-277	1,718	-2,687	3,051	885
Attributable to:					
Parent company shareholders	-354	1,647	-2,823	2,788	819
Non-controlling interest**	77	71	136	264	66
	-277	1,718	-2,687	3,051	885
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Cash flow hedges	5	221	75	587	633
Translation differences**	218	-1,019	-1,045	763	41
Other comprehensive income, net of tax	224	-798	-970	1,351	674
Total comprehensive income	-53	920	-3,657	4,402	1,560
Attributable to:					
Parent company shareholders	-143	849	-3,747	4,165	1,501
Non-controlling interest**	90	71	90	268	58
Consolidated comprehensive income	-53	920	-3,657	4,402	1,560

Earnings per share

Basic earnings per share	-0.02	0.08	-0.13	0.13	0.04
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*In the condensed income statement, changes in inventories are presented in Materials and services, and manufacture for own use in Other operating expenses.

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

*** The Group has internal loans that are treated as net investments in foreign entities in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	5,335	5,225	5,203
Other intangible assets	915	1,770	1,498
Property, plant and equipment	21,519	25,375	24,929
Loan receivables	377	264	248
Other receivables	0	0	6
Derivatives	941	790	848
Deferred tax assets	2,188	2,203	1,859
Total non-current assets	31,274	35,628	34,590
Current assets			
Inventories	40,347	45,847	44,311
Account and other receivables	21,768	23,471	22,342
Loan receivables	74	92	80
Current tax assets	178	200	108
Cash and cash equivalents	7,353	7,016	7,688
Total current assets	69,720	76,627	74,529
Total assets	100,994	112,255	109,119
EQUITY AND LIABILITIES			
Equity			
Share capital	705	705	705
Share premium	202	202	202
Reserve for invested unrestricted equity	82,178	82,570	82,570
Translation differences	-2,744	-1,026	-1,744
Fair value reserve	753	632	678
Retained earnings	-31,957	-32,794	-32,748
Profit/loss for the year	-2,823	2,788	819
Equity attributable to parent company shareholders in total	46,313	53,077	50,482
Non-controlling interests*	429	541	339
Capital and reserves in total	46,743	53,618	50,822
Liabilities			
Non-current liabilities			
Borrowings	25,372	25,270	22,085
Lease liabilities	4,429	5,617	5,338
Deferred tax liabilities	926	683	690
Employee benefit obligations	540	754	732
Total non-current liabilities	31,267	32,323	28,846
Current liabilities			
Borrowings	3,680	3,813	7,278
Lease liabilities	1,421	1,667	1,644
Advances received	40	763	145
Income tax liabilities	27	3	321
Account payables and other liabilities	17,661	19,796	19,916
Other provisions	154	273	147
Total current liabilities	22,984	26,314	29,451
Total liabilities	54,251	58,637	58,297
Total equity and liabilities	100,994	112,255	109,119

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

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Cash flows from operating activities					
Profit before tax	-337	1,741	-2,857	2,906	1,338
Adjustments:					
Depreciation, amortisation and impairment	1,105	1,504	3,838	4,361	5,779
Finance income and costs	602	243	1,781	1,205	1,733
Share-based payments to employees	-2	4	-67	93	115
Loss (+)/Gain (-) on sale of property, plant and equipment	7	0	-260	-24	-74
Other non-cash transactions	-178	-169	-105	363	1,122
Cash flows before changes in working capital	1,196	3,323	2,330	8,904	10,014
Change in working capital					
Increase (-) in account and other receivables	-364	2,694	-864	3,455	2,975
Increase (-)/decrease (+) in inventories	2,615	844	2,943	-1,345	-606
Increase (+) in account and other payables	-3,912	-3,664	-1,619	-5,747	-5,107
Cash flows from operating activities before financial items and taxes	-465	3,197	2,791	5,267	7,277
Interest and other finance expenses paid	-197	-121	-1,166	-722	-1,250
Interest and other finance income received	19	4	48	4	20
Income taxes paid	-52	-146	-340	-569	-490
Net cash inflow (outflow) from operating activities	-695	2,934	1,332	3,981	5,556
Cash flows from investing activities					
Purchases of property, plant and equipment	-36	-183	-450	-1,009	-1,194
Purchases of intangible assets	-5	-42	-59	-80	-131
Proceeds from the sale of property, plant and equipment	-3	48	229	81	150
Proceeds from loan receivables	22	-1	-130	27	119
Net cash inflow (outflow) from investing activities	-23	-177	-410	-982	-1,057
Cash flows from financing activities					
Dividend payment	-393	0	-393	0	-30
Changes in non-current loans	-45	134	1,785	-1,416	-3,187
Change in bank overdrafts	112	-2,409	-1,669	-3,068	-1,480
Payment of leasing liabilities	-253	-423	-811	-1,325	-1,723
Net cash inflow (outflow) from financing activities	-587	-2,698	-1,098	-5,809	-6,421
Net increase (+)/decrease (-) in cash and cash equivalents	-1,305	59	-175	-2,810	-1,921
Cash and cash equivalents at the beginning of the financial year	8,616	7,079	7,688	9,525	9,525
Exchange gains/losses on cash and cash equivalents	42	-122	-159	300	84
Cash and cash equivalents at end of the year	7,353	7,016	7,353	7,016	7,688

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
 B = Share premium
 C = Reserve for invested unrestricted equity
 D = Cumulative translation difference
 E = Fair value reserve
 F = Retained earnings
 G = Equity attributable to parent company shareholders
 H = Non-controlling interests
 I = Capital and reserves in total

EUR thousand	A	B	C	D	E	F	G	H	I
Equity as at 1 January 2022	705	202	82,570	-1,793	45	-32,846	48,883	281	49,114
Profit for the period						2,788	2,788	264	3,051
Other comprehensive income									
Cash flow hedges					587		587		587
Translation differences				767			767	-4	763
Total comprehensive changes				767	587	2,788	4,142	260	4,402
Share-based payments to employees						52	52		52
Total transactions with owners, recognised directly in equity						52	52		52
Equity as at 30 September 2022	705	202	82,570	-1,026	632	-30,006	53,077	541	53,618
EUR thousand	A	B	C	D	E	F	G	H	I
Equity as at 1 January 2023	705	202	82,570	-1744	678	-31,928	50,483	339	50,822
Profit for the period						-2,823	-2,823	135	-2,688
Other comprehensive income									
Cash flow hedges					75		75		75
Translation differences				-999			-1,207	-45	-1,045
Total comprehensive changes				-999	75	-2,823	-3,748	90	-3,658
Share-based payments to employees						-20	-20		-20
Acquisition of treasury shares						-9	-9		-9
Distribution of dividends			-393				-393		-393
Total transactions with owners, recognised directly in equity						-29	-422		-422
Equity as at 30 September 2023	705	202	82,178	-2,744	753	-34,780	46,313	429	46,743

NOTES

Contents

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4. Financing arrangements
5. Changes to property, plant and equipment
6. Given guarantees
7. Business acquisitions
8. Goodwill impairment testing
9. Derivatives

1. SCOPE AND PRINCIPLES OF THE INTERIM REPORT

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

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

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

2.1 KEY FIGURES

Consolidated key figures	Q3 2023	Q3 2022	Q1-Q3 2023	Q1-Q3 2022	2022
Net sales, EUR 1,000	23,706	28,424	70,016	85,751	111,962
EBIT, EUR 1000	265	1,984	-1,076	4,111	3,071
EBIT, per cent of sales	1.1%	7.0%	-1.5%	4.8%	2.7%
Earnings per share (EPS), EUR	-0.02	0.08	-0.13	0.13	0.04
Return on equity (ROE), %			-7.7%	1.8%	1.6%
Return on capital employed (ROCE), %			-2.2%	2.5%	3.5%
Equity ratio, %			46.3%	48.1%	46.5%
Net gearing, %			58.9%	54.6%	56.4%
Gross investments, EUR 1,000	41	188	509	1,089	1,326
Gross investments, % of net sales	0.2%	0.7%	0.7%	1.3%	1.2%
Number of shares (outstanding shares)			21,153,331	21,091,436	21,127,592
Treasury shares (owned by the Group)			26,569	88,464	52,308
Percentage of votes/shares			0.13%	0.42%	0.24%

2.2 CONSOLIDATING ALTERNATIVE KEY FIGURES

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

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

Adjusted EBITDA and EBITA

EUR thousand	7–9/2023	7–9/2022	1–9/2023	1–9/2022	2022
EBIT (Operating profit)	265	1,984	-1,076	4,111	2,080
Depreciation, amortization and impairment	1,105	1,504	3,838	4,361	5,514
EBITDA	1,370	3,488	2,763	8,472	7,595
Items affecting comparability					
Reorganising expenses	150	0	280	0	0
Adjusted EBITDA	1,520	3,488	3,042	8,472	7,595
EBIT (Operating profit)	265	1,984	-1,076	4,111	2,080
Amortisation of acquisitions	32	227	453	671	859
EBITA	296	2,211	-623	4,781	2,940
EBIT (Operating profit)	265	1,984	-1,076	4,111	2,080
Items affecting comparability					
Reorganising expenses	150	0	280	0	0
Adjusted EBIT (Operating profit)	415	1,984	-796	4,111	2,080
Items affecting comparability					
Amortization of acquisitions	32	0	453	0	859
Adjusted EBITA	446	2,211	-343	4,781	2,940

2.3 CALCULATION OF KEY FIGURES

EBITDA:

EBIT + Depreciation, amortization and impairment

EBITA

EBIT + Amortisation of customer relationships

Net working capital

Inventory + Accounts receivables and other receivables – Accounts payables and other liabilities

Earnings per share (EPS), EUR

Profit (loss) for the financial year

Amount of shares adjusted with the share issue (average during the financial year)

Return on equity (ROE), %

Profit (loss) for the financial year

Equity (average during the financial year) x 100

Return on capital employed (ROCE), %

Profit before appropriations and taxes + Interest expenses and other financing expenses

Equity (average during the financial year) + Interest-bearing financial liabilities (long-term and short-term loans from financial institutions, average during the financial year) x 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, %

Equity
Balance sheet total – Advances received x 100

Gearing, %

Net interest-bearing financial liabilities
Equity x 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	7–9/2023	7–9/2022	Change %	1–9/2023	1–9/2022	Change %	2022
Top Hammer	13,829	16,492	-16.2%	40,862	50,086	-18.4%	66,834
Down the Hole	5,635	6,218	-9.4%	15,998	19,488	-17.9%	22,141
Geotechnical	4,243	5,713	-25.7%	13,156	16,177	-18.7%	22,987
Total	23,706	28,424	-16.6%	70,016	85,751	-18.4%	111,962

Net sales by market area

EUR thousand	7–9/2023	7–9/2022	Change %	1–9/2023	1–9/2022	Change %	2022
EMEA	12,539	12,199	2.8%	36,459	36,105	1.0%	48,651
Americas	4,859	6,933	-29.9%	15,407	20,192	-23.7%	26,349
Asia	2,228	2,836	-21.5%	6,657	8,919	-25.4%	11,686
Australasia	3,920	3,671	6.8%	10,804	10,665	1.3%	13,892
East	160	2,785	-94.2%	688	9,870	-93.0%	11,384
Total	23,706	28,424	-16.6%	70,016	85,751	-18.4%	111,962

4. FINANCING ARRANGEMENTS

The company's cash and cash equivalents were EUR 7.4 million on 30 September 2023. The company has sufficient liquidity to take care of its debt management and liquidity.

The parent company's covenants are based on the company's net debt/EBITDA ratio and the company's equity ratio. The covenants are tested on a quarterly basis. The ratio of net debt to EBITDA on 30 September 2023 was 8.8.

The covenant of Robit Plc's financing agreement, net interest-bearing debt/EBITDA, did not meet the terms of the financing agreement on 30 June 2023. The company obtained the consent of its main financier to the breach of the covenant on 26 September 2023.

BORROWINGS/LOANS/INTEREST-BEARING LOANS

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current borrowings			
Loans from credit institutions	25,360	25,259	22,073
Other loans	12	11	11
Lease liabilities	4,429	5,616	5,338
Total non-current borrowings	29,801	30,886	27,423
Current borrowings			
Loans from credit institutions	3,568	3,563	5,462
Other loans	0	0	10
Bank overdrafts	112	193	1,782
Lease liabilities	1,422	1,724	1,669
Total current borrowings	5,102	5,480	8,922
Total borrowings	34,903	36,366	36,345

5. CHANGES TO PROPERTY, PLANT AND EQUIPMENT

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Cost at the beginning of period	55,562	53,794	53,794
Additions	600	961	2,251
Disposals	-537	-43	-195
Reclassification	0	0	0
Exchange differences	-1,268	124	-288
Cost at the end of period	54,357	54,836	55,562
Accumulated depreciation and impairment at the beginning of period	-30,634	-26,398	-26,398
Depreciation	-3,054	-2,176	-4,477
Disposals	375	34	131
Reclassification	0	-44	0
Exchange differences	567	-116	110
Accumulated depreciation and impairment at the end of period	-32,746	-28,700	-30,634
Net book amount at the beginning of period	24,928	27,396	27,396
Net book amount at the end of period	21,611	26,135	24,928

6. GIVEN GUARANTEES

EUR thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Guarantees and mortgages given on own behalf	48,166	47,839	48,425
Other guarantee liabilities	49	48	49
Total	48,214	47,888	48,474

7. BUSINESS ACQUISITIONS

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

8. GOODWILL IMPAIRMENT TESTING

The amount of goodwill is reviewed at least annually in accordance with the IFRS provisions. The values of the goodwill testing variables are also revised if there have been material changes in business, competition, the market or other assumptions of goodwill testing. The company has three cash flow-generating units (Top Hammer, Down the Hole and Geotechnical). The company weakened its guidance on 27 June 2023, as a result of which the company has performed goodwill testing in the 31 August situation. Based on the impairment testing, there is no need for write-downs, but the sensitivity for impairment is highest in the Geotechnical business unit. The factors affecting goodwill items will be reviewed during the fourth quarter.

9. DERIVATIVES

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

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

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

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

Interest derivatives

EUR thousand	30 September 2023	30 September 2022	31 December 2022
Interest rate swaps			
Nominal value	10,000	10,000	10,000
Fair value	941	790	848

Robit

Robit Plc • Vikkiniityntie 9, FI-33880 Lempäälä (Tampere)
Tel. +358 (0)3 3140 3400 • investors@robitgroup.com • Business ID: 0825627-0 • robitgroup.com
If You have any feedback or comments on Robit's Interim Report, please contact:
investors@robitgroup.com

