

Robit

HALF-YEAR REPORT

January – June 2020



ROBIT PLC HALF-YEAR REPORT 1 JANUARY–30 JUNE 2020: GROWTH CONTINUED DESPITE THE CHALLENGING MARKET SITUATION

In the text, 'review period' refers to 1 April–30 June 2020 (Q2), and 'H1' refers to 1 January–30 June 2020. Figures from the corresponding time period in 2019 are given in parentheses. Percentages are calculated from thousands of euros.

1 April–30 June 2020 in brief

- Net sales EUR 22.3 million (22.0)
- EBITDA EUR 1.0 million (0.6)
- Adjusted EBITDA EUR 1.0 million (0.7)*
- EBITA EUR -0.3 million (-2.0)**
- Adjusted EBITA EUR -0.3 million (-0.9)**
- Operating profit as percentage of net sales (EBIT %) -2.3% (-10.2)
- Review period net income EUR -2.2 million (-3.2)

1 January–30 June 2020 in brief

- Net sales EUR 43.7 million (42.1)
- EBITDA EUR 2.0 million (1.7)
- Adjusted EBITDA EUR 2.0 million (1.9)*
- EBITA EUR -0.6 million (-2.6)**
- Adjusted EBITA EUR -0.6 million (-1.5)**
- Operating profit as percentage of net sales (EBIT %) -2.3% (-7.2)
- Review period net income EUR -3.1 million (-3.6)
- Operating cash flow EUR -0.4 million (-2.2)
- Equity ratio at the end of the review period 45.5% (49.5)

Key financials	Q2 2020	Q2 2019	Change %	H1 2020	H1 2019	Change %	2019
Net sales, EUR 1,000	22,256	22,012	1.1%	43,746	42,078	4.0%	86,482
EBITDA, EUR 1,000	1,001	556	79.9%	1,998	1,695	17.9%	1,605
Adjusted EBITDA*, EUR 1,000	1,001	718	39.5%	1,998	1,856	7.6%	2,707
EBITA, EUR 1,000**	-314	-2,024	84.5%	-612	-2,602	76.5%	-4,927
Adjusted EBITA**, EUR 1,000	-314	-901	65.1%	-612	-1,479	58.6%	-3,720
Adjusted EBITA %**	-1.4%	-4.1%		-1.4%	-3.5%		-4.3%
EBIT, EUR 1,000	-517	-2,234	76.9%	-1,019	-3,025	66.3%	-5,767
EBIT, per cent of sales	-2.3%	-10.2%		-2.3%	-7.2%		-6.7%
Result for the period, EUR 1,000	-2,201	-3,183	30.9%	-3,103	-3,563	12.9%	-7,265

* Items affecting comparability: Business restructuring costs Q2 2019 and H1 2019, EUR 161 thousand. Further information about comparable items is given in the principles in Notes paragraph 3.2.

** The company has specified the handling of Q3/2019 write-downs in accordance with the nature of the item into either depreciation or amortisation and impairment expenses. A lease liability write-down of EUR 962 thousand was presented in the H1 2019 interim report as an impairment expense related to business reorganisation, and it affected EBIT but not EBITA. In the H1 2020 interim report, the item was adjusted and presented as a depreciation of tangible assets, which affects EBITA.

ROBIT'S OUTLOOK FOR 2020

The outlook for Robit's target markets for 2020 is satisfactory. The effects of the coronavirus pandemic were reflected in demand, especially during the second quarter of the year. The situation varied significantly across regions and countries. The development of demand was tied to business restrictions imposed by local authorities and ranged from situations of close-to-normal demand – for example, in the Nordic countries, Australia and Russia – to decreased demand, including in North America, ending with, at its worst, a total collapse of demand – for example, in the Philippines and Peru. The most significant impacts for Robit were in Peru and South Africa, where the restrictions imposed by local authorities resulted in most of Robit's customers suspending their operations completely during April

and May. Operations are starting up again in both countries, but development in June remained at a low level compared to the normal market situation. Generally, the effects of the coronavirus pandemic eased in June, and similar development is also expected to continue in the coming months.

GUIDANCE FOR 2020

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

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

CEO TOMMI LEHTONEN

Robit's invoicing and earnings developed well during the first half of the year, considering the challenging market situation. Net sales increased by 4.0% from the comparison period, the order intake increased by 1.8% and EBITDA improved by 17.9%. Steered by a Coronavirus work group comprised of key personnel, the Group reacted quickly to regionally changing market situations in the COVID-19 environment while simultaneously continuing development work under the three themes updated in 2020 – growth, profitability and business processes. The development in the second quarter is a good indication that Robit's focus purely on the mining and construction industry consumables business shields the Group from rapid changes in the market situation. I am also proud of Robit's personnel, who demonstrated extreme tenacity and ability to adapt to changing operating environments in these unusual times.

COVID-19 affected the company's net sales negatively in the second quarter, especially in certain mining countries important for the company. The company was able to grow in markets that were not as strongly affected by the COVID-19 situation, and thereby compensate for the drop in sales in more strongly affected mining countries. The company was able to keep improving its result by reacting quickly to the COVID-19 situation and adjusting its cost level in the new market situation.

Utilisation rate of Robit's production facilities improved during the review period. For example, Robit's plant in South Korea broke production records for several consecutive months. Due to an increased demand for Down the Hole products, the company increased capacity in Australia through shift arrangements. The company is preparing for increased demand by evaluating shift arrangements at other production facilities too.

Regional changes in demand in the first half of the year caused a momentary increase in Robit's inventory value, but rapid action turned this development in the right direction. The business operations of customers experienced difficulties as a result of the COVID-19 epidemic. Despite this, Robit managed the development of receivables well in the unusual environment.

Sales in the CIS & East region developed well, the growth coming mainly from the mining segment, which is of strategic importance to the Group. The Australia region experienced some growth, considering the low first quarter. In the EMEA region, Nordic sales developed in a stable manner, similarly sales in the Middle East developed positively. The situation in southern Africa was challenging, leaving invoicing significantly below normal levels. Demand in the Americas and Asia decreased due to the coronavirus pandemic.

The geotechnical section of the Down the Hole business developed well in the Nordic countries, while geotechnical demand in North America remained at a low level. In the mining and excavation segment, the Down the Hole business developed positively in new market areas, where the Group won a few significant new supply agreements. The Top Hammer business developed well in the CIS & East region, in South Africa and Peru, which are important regions for the company, business restrictions related to the coronavirus pandemic undermined the overall development of the regions.

In the review period, Robit agreed on the restructuring of EUR 24.5 million in loans with its main financing bank. In the new agreement, starting from 31 December 2020, the company will repay its loans semi-annually in instalments of

EUR 2.0 million, and the debt left over after the instalments (EUR 18.5 million) will expire on 30 June 2022. This arrangement makes it possible for the company to strengthen its liquidity.

As a whole, the net income for the first half of the year is a clear step in a positive direction. We were able to improve financial performance in many key segments of the Group in a challenging operating environment. The profitability of Robit's business improved, and the Group produced a positive cash flow before the changes in working capital during the second quarter. Robit's current situation makes growth and improvement in profitability possible as outlined in the strategy, once the operating environment normalises.

ROBIT'S MARKETS AND MARKET DEVELOPMENT

During the second quarter, the effects of the coronavirus pandemic varied significantly across countries and regions, ranging from small changes in demand to extreme cases where mining and construction operations were suspended in an individual country. Overall, demand remained at a reasonable level in the countries important for Robit. At the end of the review period, in many areas mines were still operating at partial capacity.

In the EMEA region, especially in the Nordic countries and Middle East, demand remained at a good level. In South Africa, most mines and construction companies suspended their operations in April and gradually restarted them in late May.

In the Americas region, market demand in South America decreased significantly in April and May. Robit's customers began to restart operations in June. In North America, demand was significantly below normal levels. All in all, there were significant regional differences in the Americas region.

In the Australasia region, demand remained very close to normal levels.

In the Asia region, there were significant national differences in demand. Demand fell most radically in the Philippines, while the operations of customers in, for example, Thailand remained at a good level.

In the CIS & East region, most customers continued operations normally despite the exceptional situation, and demand remained at a good level, especially in the mining segment.

DEVELOPING THE COMPANY'S OFFERING

The development of Robit's offering stayed active in all key product groups. The Group will launch new Top Hammer and Down the Hole products in the second half of the year.

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

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

REVENUE AND FINANCIAL PERFORMANCE

	Q2 2020	Q2 2019	Change %	H1 2020	H1 2019	Change %	2019
Net sales, EUR 1,000	22,256	22,012	1.1%	43,746	42,078	4.0%	86,482
EBITDA, EUR 1,000	1,001	556	79.9%	1,998	1,695	17.9%	1,605
EBITDA, per cent of sales	4.5%	2.5%		4.6%	4.0%		1.9%
Adjusted EBITDA*	1,001	718	39.5%	1,998	1,856	7.6%	2,707
Adjusted EBITDA, per cent of sales*	4.5%	3.3%		4.6%	4.4%		3.1%
EBITA, EUR 1,000**	-314	-2,024	84.5%	-612	-2,602	76.5%	-4,927
EBITA, per cent of sales**	-1.4%	-9.1%		-1.4%	-6.2%		-5.7%
Adjusted EBITA**	-314	-901	65.1%	-612	-1,479	58.6%	-3,720
Adjusted EBITA, per cent of sales**	-1.4%	-4.1%		-1.4%	-3.5%		-4.3%
EBIT, EUR 1,000	-517	-2,234	76.9%	-1,019	-3,025	66.3%	-5,767
EBIT, per cent of sales	-2.3%	-10.2%		-2.3%	-7.2%		-6.7%
Result for the period, EUR 1,000	-2,201	-3,183	30.9%	-3,103	-3,563	12.9%	-7,265
Result for the period, per cent of sales	-9.9%	-14.5%		-7.1%	-8.5%		-8.4%
Earnings per share (EPS), EUR	-0.11	-0.15		-0.15	-0.17		-0.35
Return on equity (ROE), per cent				-6.4%	-6.4%		-13.4%
Return on capital employed (ROCE), per cent				-4.8%	-4.9%		-8.7%
Adjusted return on capital employed (ROCE), per cent				-4.8%	-3.7%		-7.4%
Net interest-bearing debt, EUR 1,000				25,231	24,922	0.7%	22,967
Equity ratio, per cent				45.5%	49.5%		47.4%
Net gearing, per cent				54.2%	46.1%		45.3%
Gross investments, EUR 1,000	-111	-392	-71.7%	-202	-685	-70.6%	1,375
Gross investments, per cent of sales	-0.5%	-1.8%		-0.5%	-3.1%		1.6%
Average number of employees				259	278	-6.7%	274
Number of employees at the end of period				266	269	-1.1%	252

* Items affecting comparability: Business restructuring measures Q2 2019 and H1 2019, EUR 161 thousand. Further information about comparable items is given in the principles in Notes paragraph 3.2.

** The company has specified the handling of write-downs in accordance with the nature of the item into either depreciation or amortisation and impairment expenses. A lease liability write-down of EUR 962 thousand was presented in the H1 2019 interim report as an impairment expense related to business reorganisation, and it affected EBIT but not EBITA. In the H1 2020 interim report, the item was adjusted and presented as a depreciation of tangible assets, which affects EBITA.

NET SALES AND FINANCIAL PERFORMANCE

April–June 2020

The Group's net sales for the review period totalled EUR 22.3 million (22.0). There was an increase of 1.1% from the comparison period. In constant currencies, there was an increase of 5.0%.

EUR 11.4 million (10.7) of net sales came from the Top Hammer business and EUR 10.9 million (11.3) from the Down the Hole (DTH) business.

Net sales by product area, EUR thousand	Q2 2020	Q2 2019	Change %
Top Hammer	11,355	10,736	5.8%
Down the Hole	10,901	11,276	-3.3%
Total	22,256	22,012	1.1%

EUR 10.0 million (9.4) of the Group's net sales came from the EMEA region, EUR 2.7 million (3.9) from the Americas, EUR 2.8 million (3.0) from Asia, EUR 3.4 million (3.8) from Australasia and EUR 3.3 million (1.9) from the East.

Net sales by market area, EUR thousand	Q2 2020	Q2 2019	Change %
EMEA	10,026	9,434	6.3%
Americas	2,711	3,862	-29.8%
Asia	2,791	3,032	-8.0%
Australasia	3,423	3,834	-10.7%
East	3,305	1,849	78.7%
Total	22,256	22,012	1.1%

EBITA was EUR -0.3 million (-2.0) Adjusted EBITA was EUR -0.3 million (-0.9), which was -1.4% of sales (-4.1). There were no items affecting comparability (EUR 1.1 million) in the review period.

EBIT for the review period was EUR -0.5 million (-2.2). This was -2.3% (-10.2) of the review period net sales.

Net financial expenses totalled EUR -1.8 million (-1.0). EUR -0.3 million (-0.3) of this was interest expenses and EUR -1.4 million (-0.7) exchange rate losses, major part consisting of unrealized subsidiary loans. The result before taxes was EUR -2.3 million (-3.3) and taxes were EUR 0.1 million (0.1).

January–June 2020

The Group's net sales for the review period totalled EUR 43.7 million (42.1). There was an increase of 4.0% from the comparison period. In constant currencies, the change was 6.7%.

EUR 22.8 million (20.0) of net sales came from the Top Hammer business and EUR 20.9 million (22.1) from the Down the Hole (DTH) business. The decrease in DTH business from the comparison period was due to decreased net sales in Australia and North America.

Net sales by product area, EUR thousand	H1 2020	H1 2019	Change %
Top Hammer	22,830	19,999	14.2%
Down the Hole	20,916	22,080	-5.3%
Total	43,746	42,078	4.0%

EUR 19.8 million (17.9) of the Group's net sales came from the EMEA region, EUR 6.6 million (7.1) from the Americas, EUR 6.0 million (6.1) from Asia, EUR 6.4 million (7.5) from Australasia and EUR 4.9 million (3.4) from the East.

Net sales by market area, EUR thousand	H1 2020	H1 2019	Change %
EMEA	19,757	17,894	10.4%
Americas	6,620	7,129	-7.1%
Asia	6,004	6,099	-1.6%
Australasia	6,423	7,509	-14.5%
East	4,943	3,448	43.3%
Total	43,746	42,078	4.0%

EBITA was EUR -0.6 million (-2.6) Adjusted EBITA was EUR -0.6 million (-1.5), which was -1.4% of sales (-3.5). There were no items affecting comparability (EUR 1.1 million) in the review period.

EBIT for the review period was EUR -1.0 million (-3.0). This was -2.3% (-7.2) of the review period net sales.

Net financial expenses totalled EUR -2.2 million (-0.8). EUR -0.6 million (-0.7) of this was interest expenses and EUR -1.5 million (-0.1) exchange rate losses, major part consisting of unrealized subsidiary loans. The result before taxes was EUR -3.1 million (-3.9) and taxes were EUR 0.2 million (0.3).

FINANCING AND INVESTMENTS

The Group's net cash flow from operations totalled EUR -0.4 million (-2.2). Changes in working capital had an impact of EUR -2.5 million (-2.8). The company was able to turn the net cash flow from operations positive in the second quarter, where the net cash flow from operations was EUR 0.8 million.

Net working capital was EUR 37.6 million (39.5) at the end of the review period.

The net cash flow for investment activities was EUR -0.6 million (0.3). Gross investments in production during the review period totalled EUR 0.2 million (0.6).

The net cash flow from financing activities was EUR -1.2 million (-11.5), comprising net changes in loans of EUR 0.3 million and repayment of leasing liabilities of EUR 1.0 million, including repayment of lease liabilities reported under IFRS 16.

The Group had interest-bearing debt amounting to EUR 37.9 million (39.0), of which EUR 6.3 (6.2) was interest-bearing debt under IFRS 16. The Group's liquid assets totalled EUR 12.7 million (14.0). Interest-bearing net debt was EUR 25.2 million (24.9), and interest-bearing net bank debt without IFRS 16 debt impact was EUR 18.9 million (18.8).

The Group's equity at the end of the review period was EUR 46.6 million (54.1).

The Group's equity ratio was 45.5% (49.5) and its net debt to equity ratio (gearing) was 54.2% (46.1).

Depreciation, amortisation and write-downs totalled EUR 3.0 million (4.7). EUR 0.4 million (0.4) of this related to amortisation of customer relationships and brand value from business acquisitions.

PERSONNEL AND MANAGEMENT

The number of personnel decreased by three from the end of the comparison period, and at the end of the review period numbered 266 (269). At the end of the review period, 70.1% of personnel were located outside Finland.

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

RESOLUTIONS OF THE ANNUAL GENERAL MEETING 2020

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

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

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

Ernst & Young Oy, an Authorised Public Accounting firm, was re-elected as the company's auditor for a term that will continue until the end of the next Annual General Meeting. Ernst & Young Oy has notified the company that

Authorised Public Accountant Toni Halonen will serve as the company's principal responsible auditor. The General Meeting resolved to pay the auditor's remuneration in accordance with an invoice approved by the company.

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

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

SHARES AND SHARE TURNOVER

On 30 June 2020, the company had 21,179,900 shares and 3,563 shareholders. Trading volume in January–June was 2,813,652 shares (3,045,972).

The company holds 152,793 treasury shares (0.7% of total shares). On 30 June 2020, the market value of the company's shares was EUR 43.0 million. The closing price of the share was EUR 2.03. The share price was at its highest level EUR 3.18 and at its lowest level EUR 1.70 in January–June.

RISKS AND BUSINESS UNCERTAINTIES

Coronavirus continues to cause uncertainty in the market situation in the short term. Although the effects of the coronavirus pandemic generally eased in June, and similar development is also expected to continue in the coming months, the number of cases worldwide remains high, and restrictions placed on the business operations of customers and thereby on Robit's demand remain possible. The company's Coronavirus work group, which started in March, continues its work and analyses business risks widely in the current situation.

Robit will continue actions to protect the health of personnel and business continuity. At the time of reporting, all of the company's factories are operating at planned capacity, and no disruptions in the supply chain have been identified that could not be compensated for with current inventory levels or alternative suppliers.

A continuation of the pandemic will also be reflected in the Group's financial risks. According to the company's assessment, risks in the short term will be connected to unfavourable changes in foreign exchange rates. To date, most of the exchange differences have been unrealised, and the Group can partially manage exchange differences through organisation of Group-internal payments. The reorganisation of debt that the company negotiated in the review period significantly reduced the financial risk in the short term.

The development of the pandemic and the restrictions imposed by states may affect the level of working capital due to slower inventory turnover and reception of accounts receivable. According to current knowledge and understanding, inventories are not subject to higher than normal material obsolescence risks. However, if the pandemic is prolonged, the liquidity of some distributors may deteriorate. With regard to trade receivables, the collection of doubtful receivables has been further improved. The credit loss reserve was adjusted at need in conjunction with the Q2 2020 interim report.

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

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

CHANGES IN GROUP STRUCTURE

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

OTHER EVENTS DURING THE REVIEW PERIOD

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

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

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

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

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

On 24 March 2020, the company announced that it was renouncing its profit guidance for 2020 for the time being. The uncertainty of the development of the business and economy caused by coronavirus makes normal forecasting of business outlooks more difficult. The outlooks and guidance can be updated again once the market situation offers

the normal preconditions for it. The company's previous guidance was: In 2020, Robit Plc seeks net sales growth and increased profitability of the euro-denominated adjusted EBITDA from the previous financial year.

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

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

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

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

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

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

On 11 June 2020, the Board of Directors of Robit Plc resolved on a directed share issue to implement the long-term incentive scheme for the company's key personnel. The issuance of shares was based on the authorisation given to

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

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

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

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

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

EVENTS AFTER THE REVIEW PERIOD

Robit Plc will hold an analyst and press conference today Thursday 6 August 2020 at 14:00–15:00 in the Mansku conference room at Scandic Simonkenttä, at the address Simonkatu 9, 00100 Helsinki, Finland. The review will be

presented by CEO Tommi Lehtonen and CFO Arto Halonen. A live webcast will be available at <https://www.enchant.fi/robit/h1-2020>. Presentation materials and a video recording will be available on the company's website after the end of the conference.

Lempäälä, 6 August 2020

ROBIT PLC
Board of Directors

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

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

CONDENSED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Q2 2020	Q2 2019	H1 2020	H1 2019	1–12 2019
Net sales	22,256	22,012	43,746	42,078	86,482
Other operating income	-332	391	672	1,197	1,703
Materials and services*	-14,483	-13,974	-27,467	-26,358	-55,088
Employee benefit expense	-4,022	-4,314	-7,922	-8,657	-17,308
Depreciation, amortisation and impairment	-1,518	-2,791	-3,017	-4,720	-7,372
Other operating expenses*	-2,418	-3,559	-7,031	-6,565	-14,184
EBIT (Operating profit/loss)	-517	-2,234	-1,019	-3,025	-5,767
Finance income and costs					
Interest income and finance income	240	-448	334	170	807
Interest cost and finance cost*	-2,035	-596	-2,570	-1,000	-1,700
Finance income and costs net	-1,794	-1,044	-2,236	-829	-893
Profit/loss before tax	-2,311	-3,279	-3,254	-3,854	-6,660
Taxes					
Income tax	6	3	-2	83	-488
Change in deferred taxes	105	93	153	208	-116
Income taxes	111	96	152	291	-604
Result for the period	-2,201	-3,183	-3,103	-3,563	-7,265
Attributable to:					
Parent company shareholders	-2,201	-3,183	-3,103	-3,563	-7,265
Non-controlling interest	0	0	0	0	0
	-2,201	-3,183	-3,103	-3,563	-7,265
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods:					
Translation differences	643	-822	-1,509	-233	273
Other comprehensive income, net of tax	643	-822	-1,509	-233	273
Total comprehensive income	-1,558	-4,004	-4,612	-3,796	-6,992
Attributable to:					
Parent company shareholders	-1,558	-4,004	-4,612	-3,796	-6,992
Non-controlling interest	0	0	0	0	0
Consolidated comprehensive income	-1,558	-4,004	-4,612	-3,796	-6,992
Earnings per share:					
Basic earnings per share	-0.11	-0.15	-0.15	-0.17	-0.35

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30 June 2020	30 June 2019	31 December 2019
ASSETS			
Non-current assets			
Goodwill	5,060	5,148	5,420
Other intangible assets	4,575	6,127	5,412
Property, plant and equipment	25,099	28,265	26,779
Loan receivables	365	317	266
Other receivables	3	3	3
Deferred tax assets	1,065	1,480	1,069
Total non-current assets	36,167	41,339	38,949
Current assets			
Inventories	32,934	32,584	32,771
Account and other receivables	20,857	20,916	20,112
Loan receivables	130	354	154
Income tax receivable	81	108	127
Cash and cash equivalents	12,691	14,046	15,248
Total current assets	66,694	68,008	68,412
Total assets	102,860	109,347	107,361
EQUITY AND LIABILITIES			
Equity			
Share capital	705	705	705
Share premium	202	202	202
Reserve for invested unrestricted equity	82,452	82,266	82,269
Translation differences	-3,220	-2,216	-1,710
Retained earnings	-30,467	-23,330	-23,480
Profit/loss for the year	-3,103	-3,563	-7,265
Equity attributable to parent company shareholders, total	46,569	54,064	50,721
Liabilities			
Non-current liabilities			
Borrowings	21,346	25,344	18,035
Lease liabilities	5,000	5,095	4,070
Deferred tax liabilities	1,081	1,406	1,264
Employee benefit obligations	588	761	512
Total non-current liabilities	28,015	32,603	23,881
Current liabilities			
Loans and credit limits used	9,855	6,838	13,409
Lease liabilities	1,722	1,694	2,700
Advances received	412	143	266
Income tax liabilities	6	-117	289
Account payables and other liabilities	16,239	14,029	15,921
Other provisions	43	67	174
Total current liabilities	28,276	22,655	32,759
Total liabilities	56,291	55,258	56,640
Total equity and liabilities	102,860	109,347	107,361

CASH FLOW STATEMENT

EUR thousand	Q2 2020	Q2 2019	H1 2020	H1 2019	1–12 2019
Cash flows from operating activities					
Profit before tax	-2,429	-3,250	-3,363	-3,737	-6,660
Adjustments:					
Depreciation, amortisation and impairment	1,518	2,329	3,017	3,732	5,538
Finance income and costs	1,795	940	2,236	622	479
Share-based payments to employees	26	46	84	89	197
Loss (+)/Gain (-) on sale of property, plant and equipment	-6	69	-8	-107	263
Other non-cash transactions*	466	598	890	654	1,476
Cash flows before changes in working capital	1,379	732	2,856	1,253	1,293
Change in working capital					
Increase (-) in account and other receivables	-734	-3,213	-2,949	-2,331	-1,047
Increase (-)/decrease (+) in inventories	-1,181	-384	-2,110	-1,333	-695
Increase (+)/decrease (-) in account and other payables	1,829	1,594	2,599	897	2,251
Cash flows from operating activities before financial items and taxes	1,292	-1,271	395	-1,514	1,802
Interest and other finance expenses paid	-472	-298	-548	-560	-992
Interest and other finance income received	4	13	14	27	74
Income taxes paid	-42	-90	-259	-196	-444
Net cash inflow (outflow) from operating activities	783	-1,647	-398	-2,243	439
Cash flows from investing activities					
Purchases of property, plant and equipment	-109	-362	-198	-617	-1,243
Purchases of intangible assets	-1	-30	-3	-68	-132
Proceeds from the sale of property, plant and equipment	51	822	54	1,076	2,133
Proceeds from loan receivables	-195	-217	-428	-136	131
Net cash inflow (outflow) from investing activities	-255	213	-576	256	889
Cash flows from financing activities					
Equity issue	79	0	79	0	0
Acquisition of treasury shares	0	0	0	0	-328
Changes in non-current loans	506	-2,889	-313	-10,425	-11,278
Change in bank overdrafts	-81	1,123	-14	96	74
Payment of leasing liabilities*	-481	-587	-986	-1,197	-2,237
Net cash inflow (outflow) from financing activities	22	-2,352	-1,235	-11,527	-13,770
Net increase (+)/decrease (-) in cash and cash equivalents	550	-3,786	-2,209	-13,514	-12,442
Cash and cash equivalents at the beginning of the period	12,123	17,959	15,248	27,470	27,470
Exchange gains/losses on cash and cash equivalents	15	-127	-348	90	219
Cash and cash equivalents at end of the period	12,691	14,046	12,691	14,046	15,248

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR thousand	Share capital	Share premium	Reserve for invested unrestricted equity	Cumulative translation difference	Retained earnings	Total
Equity on 31 December 2019	705	202	82,269	-1,710	-30,744	50,721
Other changes*					202	202
Equity on 1 January 2020	705	202	82,269	-1,710	-30,542	50,923
Profit for the period					-3,103	-3,103
Other comprehensive income						
Translation differences				-1,509		-1,509
Total comprehensive changes				-1,509	-3,103	-4,612
Equity issue			183			183
Share-based payments to employees					75	75
Total transactions with shareholders, recognised directly in equity	0	0	183	0	75	258
Equity on 30 June 2020	705	202	82,452	-3,220	-33,570	46,569

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

NOTES

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5. Changes to property, plant and equipment
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8. Business acquisitions
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1. SCOPE AND PRINCIPLES OF THE INTERIM REPORT

This half-year 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. The half-year 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.

2.1 KEY FIGURES

CONSOLIDATED KEY FIGURES	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Net sales, EUR 1,000	22,256	22,012	43,746	42,078	86,482
EBIT, EUR 1,000	-517	-2,234	-1,019	-3,025	-5,884
EBIT, per cent of sales	-2.3%	-10.2%	-2.3%	-7.2%	-6.8%
Earnings per share (EPS), EUR	-0.11	-0.15	-0.15	-0.17	-1.49
Return on equity (ROE), per cent			-6.4%	-6.4%	-12.9%
Return on capital employed (ROCE), per cent			-4.8%	-4.9%	-8.3%
Net interest-bearing debt, EUR 1,000			25,231	24,922	1.2%
Equity ratio, per cent			45.5%	49.5%	49.9%
Net gearing, per cent			54.2%	46.1%	32.9%
Gross investments, EUR 1,000	-111	-392	-202	-685	-1,375
Gross investments, per cent of sales	0.5%	1.8%	0.5%	3.1%	1.6%
Number of shares (outstanding shares)	21,027,107	21,083,900	21,027,107	21,083,900	21,083,900
Treasury shares (owned by the Group)			152,793	28,634	148,793
Percentage of total shares			0.73%	0.14%	0.71%

ADJUSTED CONSOLIDATED KEY FIGURES	Q2 2020	Q2 2019	H1 2020	H1 2019	2019
Adjusted EBITDA, EUR 1,000	1,001	718	1,998	1,856	2,707
Adjusted EBITDA, per cent of sales	4.5%	3.3%	4.6%	4.4%	3.1%
Adjusted EBITA, EUR 1,000	-314	-901	-612	-1,479	-3,720
Adjusted EBITA, per cent of sales	-1.4%	-4.1%	-1.4%	-3.5%	-4.3%
Adjusted EBIT, EUR 1,000	-517	-1,111	-1,019	-1,901	-4,560
Adjusted EBIT, per cent of sales	-2.3%	-5.0%	-2.3%	-4.5%	-5.3%
Adjusted return on equity (ROE), per cent			-6.3%	-4.2%	-12.5%
Adjusted return on capital employed (ROCE), per cent			-4.8%	-3.7%	-7.4%

3.2 CONSOLIDATING ALTERNATIVE KEY FIGURES

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

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

The following events affect comparability: costs relating to being listed on the stock exchange and share issue, acquisition costs and business restructuring costs.

Adjusted EBITDA and EBITA

EUR thousand	Q2 2020	Q2 2019	H1 2020	H1 2019	1–12 2019
EBIT (Operating profit)	-517	-2,234	-1,019	-3,025	-5,767
Depreciation, amortisation and impairment	1,518	2,791	3,017	4,720	7,372
EBITDA	1,001	556	1,998	1,695	1,605
Items affecting comparability					
Reorganising expenses	0	161	0	161	1,102
Adjusted EBITDA	1,001	718	1,998	1,856	2,707
EBIT (Operating profit)	-517	-2,234	-1,019	-3,025	-5,767
Amortisation of acquisitions	203	211	407	423	840
EBITA	-314	-2,023	-612	-2,602	-4,927
EBIT (Operating profit)	-517	-2,234	-1,019	-3,025	-5,767
Items affecting comparability					
Reorganising expenses	0	161	0	161	1,102
Impairment	0	962	0	962	104
Adjusted EBIT (Operating profit)	-517	-1,111	-1,019	-1,901	-4,560
Items affecting comparability					
Amortisation of acquisitions	203	211	407	423	840
Adjusted EBITA	-314	-901	-612	-1,479	-3,720

3.3 CALCULATION OF KEY FIGURES

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

4. 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	Q2 2020	Q2 2019	Change %	H1 2020	H1 2019	Change %	1–12 2019
Top Hammer	11,355	10,736	5.8%	22,830	19,999	14.2%	40,322
Down the Hole	10,901	11,276	-3.3%	20,916	22,080	-5.3%	46,160
Total	22,256	22,012	1.1%	43,746	42,078	4.0%	86,482

Net sales by market area

EUR thousand	Q2 2020	Q2 2019	Change %	H1 2020	H1 2019	Change %	1–12 2019
EMEA	10,026	9,434	6.3%	19,757	17,894	10.4%	36,190
Americas	2,711	3,862	-29.8%	6,620	7,129	-7.1%	15,501
Asia	2,791	3,032	-8.0%	6,004	6,099	1.6%	10,482
Australasia	3,423	3,834	-10.7%	6,423	7,509	-14.5%	15,405
East	3,305	1,849	78.7%	4,943	3,448	43.3%	8,903
Total	22,256	22,012	1.1%	43,746	42,078	4.0%	86,482

5. FINANCING ARRANGEMENTS

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

The company available cash is EUR 12.7 million on 30 June 2020 and thus is able to handle its debt management and liquidity.

BORROWINGS/LOANS/INTEREST-BEARING LOANS

EUR thousand	30 June 2020	30 June 2019	31 December 2019
Non-current borrowings			
Loans from credit institutions	20,762	24,760	17,450
Other loans	584	584	585
Lease liabilities	5,000	5,092	4,070
Total non-current borrowings	26,345	30,436	22,106
Current borrowings			
Loans from credit institutions	5,951	2,821	9,414
Other loans		76	76
Bank overdrafts	3,905	3,941	3,919
Lease liabilities	1,722	1,694	2,700
Total current borrowings	11,577	8,532	16,109
Total borrowings	37,922	38,968	38,215

6. CHANGES TO PROPERTY, PLANT AND EQUIPMENT

EUR thousand	30 June 2020	30 June 2019	31 December 2019
Cost at the beginning of period	45,952	39,890	39,890
Additions	2,593	617	9,832
Disposals	-46	-1,334	-4,177
Reclassification	-1,353	-169	0
Exchange differences	-1,416	-493	407
Cost at the end of period	45,729	44,707	45,952
Accumulated depreciation and impairment at the beginning of period	-19,193	-14,066	-14,066
Depreciation	-2,322	-2,894	-5,957
Disposals	0	348	949
Reclassification	349	62	81
Exchange differences	535	108	-200
Accumulated depreciation and impairment at the end of period	-20,630	-16,442	-19,193
Net book amount at the beginning of period	26,759	25,824	25,824
Net book amount at the end of period	25,099	28,265	26,759

7. GOODWILL 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.

In the situation on 30 June 2020, the company has carried out extra impairment testing of the Down the Hole and Top Hammer cash-generating units. As part of impairment testing, 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 addition, the company has assessed the changes caused by the COVID-19 pandemic in the company's operating environment and their impact on the company's long-term profitability and cash flows. Based on the impairment testing, there is no need for goodwill write-downs.

8. GIVEN GUARANTEES

EUR thousand	30 June 2020	30 June 2019	31 December 2019
Guarantees and mortgages given on own behalf	46,025	46,025	46,025
Other guarantee liabilities	261	261	261
Total	46,286	46,286	46,286

9. ACQUISITIONS

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

10. DERIVATIVES

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

Robit

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Should You have any feedback or comments on Robit's half-year report, kindly contact via email: investors@robitgroup.com

