PONSSE’S FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2020

– Net sales amounted to EUR 636.6 (Q1-Q4/2019 667.4) million.

– Q4 net sales amounted to EUR 205.2 (Q4/2019 203.3) million.

– Operating result totalled EUR 57.1 (Q1-Q4/2019 67.3) million, equalling 9.0 (10.1) per cent of net sales.

– Q4 operating result totalled EUR 13.7 (Q4/2019 20.7) million, equalling 6.7 (10.2) per cent of net sales.

– Profit before taxes was EUR 39.6 (Q1-Q4/2019 66.6) million.

– Cash flow from business operations was EUR 74.8 (43.7) million.

– Earnings per share were EUR 1.15 (1.86).

– Equity ratio was 54.3 (54.8) per cent.

– Order books stood at EUR 174.9 (256.8) million.

– The Board of Directors´ proposal for the distribution of profit is EUR 0.60 (0.30) per share.

– New profit guidance: Group´s euro-denominated operating result is expected to be slightly higher in 2021 than in 2020.

PRESIDENT AND CEO JUHO NUMMELA:

The year 2020 started with growing uncertainties. The first part of the year was characterised by a trade war, unrest in labour markets, bark beetle damage in Central Europe and the impact of the slowing market cycle. Our strong order book gave us an excellent buffer for the early year’s challenges.

The real shock came at the end of the first quarter when the impact of the coronavirus pandemic started to materialise. Our company reacted quickly to the difficult situation, and we were able to alleviate the impact of the crisis. As societies started to close down due to restrictions, it became very difficult to forecast our operations.

Despite the challenging situation, we were able to maintain our net sales at a good level and to achieve a profitability of approximately nine per cent and an excellent cash flow of EUR 74.8 million. In the autumn of 2020, we delivered the 16,000th PONSSE machine made in Vieremä to a customer of ours.

What from our company’s point of view started as problems with the availability of spare parts, soon escalated into a crisis in demand for our products. Uncertainties over the impact of the rapidly worsening crisis slowed the markets considerably during the first half of the year. The uncertainty had a large impact on forestry companies. Our order book nearly halved during the second quarter year-on-year, and Russian markets, in particular, were the first to slow considerably. Towards the summer, our customers started, however, to show more urgent demand for machines, and we were able to return our factory to two shifts in the middle of June.

During the second half of the year, the market situation improved as the operations of our customers started to return to normal. The slow recovery in Asia gave a start to harvesting operations in Russia, and our situation slowly started to improve. During the third quarter, markets started to recover globally, and the availability of components normalized. Market recovery continued until the end of the year. Considering the situation and driven by our strong order book at the beginning of the year, our performance was excellent. Finally, demand for trade-in machines also returned to a good level and, at the same time, our after sales services climbed back to their normal growth track. Recovery from the coronavirus crisis was much quicker than expected.

Thanks to the recovery of the markets, our order books improved slowly towards the end of the year. Our order books amounted to EUR 174.9 (256.8) at the end of the year.

In accordance with our forecasts, forest machine sales volumes fell by approximately 20 per cent compared to the previous year. Among Ponsse's business areas, the recovery of the trade-in machine sales and after sales, in particular, at the end of the year was a great relief in addition to the recovery of new machine sales. The stock of trade-in machines is still higher than normal, but the good sales of trade-in machines at the end of the year improved the cash flow from business operations significantly. Thanks to our customers' good work situation, our after sales returned to their normal level after the drop during the second quarter.

In 2020, Ponsse's cumulative net sales amounted to EUR 636.6 (667.4) million, which is a good result considering the situation, with a small decline of 4.6 per cent. The operating profit amounted to EUR 57.1 (67.3) million, and it equalled 9.0 (10.1) per cent of net sales. Cash flow from business operations amounted to EUR 74.8 (43.7) million, which was excellent. We kept working capital well under control during the year.

Coronavirus restrictions were visible in all our operations across the world. Decisions were made to ensure the health and safety of our customers and all Ponsse employees. The goal was to keep service centres and the factory as clean of coronavirus as possible. The transition of office employees to remote working in the spring exceeded all our expectations, and we were able to protect our employees' health while continuing our development activities as normal. Our factory remained free of infections, and our employees' exemplary approach to responsibility paid off. Working life and operating methods have changed permanently at Ponsse. We will return to our offices after the pandemic, but we want to hold on to the proven opportunities of remote working and use electronic channels more than before in communicating and contacting.

Since 2010, we have invested EUR 141 million in R&D and EUR 235 million in fixed assets. Continuous and purposeful development is an integral part of Ponsse's operations. Our global distribution and after sales network is developing rapidly. We are developing the organisation and operating methods of our network systematically, and aiming to expand effectively to new market areas. The daily activities of the Ponsse network's sales and after sales keep our customers satisfied and ensure our long-term success. At the same time, we are making significant investments in our R&D and manufacturing network to keep the development of our productivity and ability to produce quality as high as possible.

NET SALES

Consolidated net sales for the period under review amounted to EUR 636.6 (667.4) million, which is 4.6 per cent less than in the comparison period. International business operations accounted for 79.6 (78.2) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 39.6 (38.0) per cent, Central and Southern Europe 23.6 (19.7) per cent, Russia and Asia 14.6 (17.6) per cent, North and South America 21.7 (24.0) per cent and other countries 0.5 (0.7) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 57.1 (67.3) million. The operating result equalled 9.0 (10.1) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 12.4 (23.5) per cent.

Staff costs for the period totalled EUR 85.7 (92.7) million. Other operating expenses stood at EUR 47.8 (57.6) million. The net total of financial income and expenses amounted to EUR -17.7 (-1.0) million. Exchange rate gains and losses with a net effect of EUR -15.2 (0.4) million were recognised under financial items for the period.

The parent company's net receivables from other Group companies stood at EUR 42.2 (98.0) million. The parent company has measured the net investment to subsidiary Ponsse Latin America Ltda at fair value by recognising credit loss from trade receivables and impairment from non-current investments, in total EUR 30.4 million, while the operative performance of the subsidiary has improved. Receivables from subsidiaries mainly consisted of trade receivables, with unregistered tax receivables from unrealised exchange rate losses from unhedged items related to the valuation of trade receivables having an impact on the Group’s effective tax rate.

Result for the period under review totalled EUR 32.3 (52.0) million. Diluted and undiluted earnings per share (EPS) came to EUR 1.15 (1.86).

STATEMENT OF FINANCIAL POSITION AND FINANCING ACTIVITIES

At the end of the period under review, the total consolidated statements of financial position amounted to EUR 474.0 (426.8) million. Inventories stood at EUR 142.1 (153.2) million. Trade receivables totalled EUR 35.4 (47.2) million, while liquid assets stood at EUR 123.6 (48.7) million. Group shareholders’ equity stood at EUR 255.0 (232.1) million and parent company shareholders’ equity (FAS) at EUR 197.3 (208.0) million. The amount of interest-bearing liabilities was EUR 114.5 (81.7) million. The company has ensured its liquidity by withdrawal of current loan from credit facility limit and commercial paper programme. The company has used 21 per cent of its credit facility limit. Group's loans from financial institutions are non-collaretal bank loans without financial covenants. Consolidated net liabilities totalled EUR -9.1 (32.9) million, and the debt-equity ratio (net gearing) was -3.6 (14.2) per cent. The equity ratio stood at 54.3 (54.8) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR 74.8 (43.7) million. Cash flow from investment activities came to EUR -20.0 (-28.2) million.

IMPACT OF THE COVID-19 PANDEMIC

The coronavirus pandemic has caused rapid changes in the company’s operating environment. The company’s management has actively monitored and forecasted the development of the pandemic and taken preventive and corrective action to minimise its impact. Prolonging of coronavirus pandemic may have a significant impact on availability of components.

The company reacted to the COVID-19 pandemic rapidly, and the company’s management began to prepare alternative action plans for the changing environment. In terms of financing, the company has carried out all measures necessary to ensure the company’s continuity.

Coronavirus restrictions were visible in all the company’s operations across the world. Decisions were made to ensure the health and safety of the company's customers and all Ponsse employees.

The company's office employees successfully moved to remote working in the spring and the company was able to protect employees' health while continuing development activities as normal. The company's production remained free of infections, and employees' exemplary approach to responsibility paid off. Working life and operating methods have changed permanently at Ponsse. After the pandemic, the company will hold on to the proven opportunities of the digital modes of operation and use them more than before in both, internal and external communicating and contacting.

Market situation

Uncertainties over the impact of the rapidly worsening pandemic slowed the markets considerably during the first half of the year. During the second half of the year, the market situation improved as the operations of the company's customers began to return to normal, and the company returned to two production shifts in the middle of June.

Temporary cost-saving measures

The company's management has actively monitored and forecasted the development of the pandemic, and taken preventive and corrective action to minimise its impact. Ponsse Plc started cooperation negotiations with its personnel, and the negotiations ended on 19 March 2020. It was agreed that all personnel would be laid off for up to 90 days to adjust the parent company's operations. In addition, the subsidiaries were adjusting their operations. The company continues to enhance the control of expenses, and investments continue to be carefully considered.

Public subsidies and other support

Public subsidies presented in other operating income include periodic COVID-19 aids from different states amounting to EUR 1.4 million.

Impact on financial reporting

Based on the company's impairment calculations, there was no need to reduce the goodwill of any cash-generating unit at the end of the financial period.

The company analysed credit risks related to trade receivables, as well as credit loss provisions, and concluded that there were enough provisions at the end of the financial period.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 581.7 (642.2) million, while period-end order books were valued at EUR 174.9 (256.8) million.

DISTRIBUTION NETWORK

The subsidiaries included in the Ponsse Group are Ponsse AB, Sweden; Ponsse AS, Norway; Ponssé S.A.S., France; Ponsse UK Ltd, the United Kingdom; Ponsse Machines Ireland Ltd, Ireland, Ponsse North America, Inc., the United States; Ponsse Latin America Ltda, Brazil; Ponsse Uruguay S.A., Uruguay; OOO Ponsse, Russia; Ponsse Asia-Pacific Ltd, Hong Kong; Ponsse China Ltd, China and Epec Oy, Finland. The Group includes also the property company Ponsse Centre, Russia. Sunit Oy, Finland, is an associate in which Ponsse Plc has a holding of 34 per cent.

R&D AND CAPITAL EXPENDITURE

Group's R&D expenses during the period under review totalled EUR 21.3 (19.3) million, of which EUR 9.2 (7.7) million was capitalised.

Capital expenditure totalled EUR 20.3 (28.6) million. It consisted in addition to capitalised R&D expenses of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

ANNUAL GENERAL MEETING

Annual General Meeting was held in Vieremä, Finland 27 May 2020. The AGM approved the parent company financial statements and the consolidated financial statements, and members of the Board of Directors and the President and CEO were discharged from liability for the 2019 financial period.

The AGM decided to pay a dividend of EUR 0.30 per share for 2019 (dividends totaling EUR 8,400,000). The dividend payment record date was 29 May 2020, and the dividends were paid on 5 June 2020.

Annual General Meeting authorised the Board of Directors to decide on the acquisition of treasury shares so that shares can be acquired in one or several instalments to a maximum of 250,000 shares. The maximum amount corresponds to approximately 0.89 per cent of the company's total shares and votes.

The shares will be acquired in public trading organised by Nasdaq Helsinki ("the Stock Exchange"). Furthermore, they will be acquired and paid according to the rules of the Stock Exchange and Euroclear Finland Ltd.

The Board may, pursuant to the authorisation, only decide upon the acquisition of the treasury shares using the company's unrestricted shareholders' equity.

The authorisation is required for supporting the company's growth strategy in the company's potential mergers and acquisitions or other arrangements. In addition, shares can be distributed to the company's current shareholders, used for increasing shareholders' ownership value by invalidating shares after their acquisition or used in personnel incentive systems. The authorisation includes the right of the Board to decide upon all other terms and conditions in the acquisition of treasury shares.

The authorisation is valid until the next Annual General Meeting; however, no later than 30 June 2021. The previous authorisations are cancelled.

The AGM authorised the Board of Directors to decide on the assignment of treasury shares held by the company in one or more tranches for payment or without payment so that a maximum of 250,000 shares will be issued on the basis of the authorisation. The maximum amount corresponds to approximately 0.89 per cent of the company's total shares and votes.

The authorisation includes the right of the Board to decide upon all other terms and conditions of the share issue. Thus, the authorisation includes the right to organise a directed issue in deviation of the shareholders' subscription rights under the provisions prescribed by law.

The authorisation is used in supporting the Company's growth strategy in the Company's potential corporate acquisitions or other arrangements. In addition, the shares can be issued to the Company's current shareholders, sold through public trading or used in personnel incentive systems. A directed share issue may only be free of charge if there is a particularly weighty economic reason for this considering the company, taking into account the interests of the company and all of its shareholders.

The authorisation is valid until the next Annual General Meeting; however, no later than 30 June 2021. The previous authorisations are cancelled.

Annual General Meeting authorised the Board of Directors to decide on a directed share issue and to issue special rights entitling to shares as referred to in Section 10(1) of the Finnish Limited Liability Companies Act, in one or more tranches, for payment or without a payment.

Based on the authorisation, a maximum of 200,000 shares can be issued, which is approximately 0.7 per cent of the current total number of shares in the company. Shares can be issued as part of the company’s share-based incentive plans. The Board of Directors will decide on all the terms and conditions for the granting of special rights entitling to shares in the share issue. Based on the authorisation, a derogation from the pre-emptive subscription right of shareholders (targeted share issue) may be granted for the special rights entitling to shares. A directed issue may only be free of charge if there is a particularly weighty economic reason for this considering the company, taking into account the interests of the company and all of its shareholders.

The authorisation is valid until the next Annual General Meeting, however no later than 30 June 2021.

BOARD OF DIRECTORS AND THE COMPANY’S AUDITORS

Juha Vidgrén acted as Chairman of the Board until 27 May 2020 and Jarmo Vidgrén from 27 May 2020, and Mammu Kaario as Vice Chairman of the Board. Members of the Board were Matti Kylävainio, Juha Vanhainen, Janne Vidgrén and Jukka Vidgrén.

The Board of Directors did not establish any committees or commissions from among its members.

The Board of Directors convened ten times during the period under review. The attendance rate was 98.5 percent.

During the period under review, KPMG Oy Ab acted as the company auditor with Ari Eskelinen, Authorised Public Accountant, as the principal auditor.

MANAGEMENT

The following persons were members of the Management Team: Juho Nummela, President and CEO, acting as the chairman; Petri Härkönen, Deputy CEO, CFO; Juha Inberg, Technology and R&D Director; Tapio Mertanen, Service Director; Paula Oksman, HR Director; Miika Soininen, Director of IT and Digital Services starting 1 December 2020; Tommi Väänänen, Director of Delivery Chain Process and Marko Mattila, Sales and Marketing Director. The company management has regular management liability insurance.

The area director organisation of sales is led by Marko Mattila, the Group's sales and marketing director, and Tapio Mertanen, service director. Area directors report to Jussi Hentunen, Ponsse retail network manager. Managing directors of subsidiaries and Jussi Hentunen report to Marko Mattila, Ponsse Plc's sales and marketing director.

The geographical distribution and the responsible persons are presented below:
Northern Europe:
Jani Liukkonen (Finland),
Carl-Henrik Hammar (Sweden, Denmark and Norway) and
Tarmo Saks (the Baltic countries).

Central and Southern Europe:
Tuomo Moilanen (Germany and Austria),
Clément Puybaret (France),
Janne Tarvainen (Spain and Portugal),
Dean Robson (the United Kingdom) until 31 December 2020,
Patrick Murphy (Ireland) until 6 November 2020,
Gary Glendinning (Hungary, Romania, Slovenia, Croatia, Serbia, and the United Kingdom and Ireland starting 1 January 2021) and
Tarmo Saks (Poland, Czech Republic and Slovakia).

Russia and Asia:
Jaakko Laurila (Russia and Belarus),
Janne Tarvainen (Australia and South Africa) and
Risto Kääriäinen (China and Japan).

North and South America:
Pekka Ruuskanen (the United States),
Eero Lukkarinen (Canada),
Fernando Campos (Brazil) and
Martin Toledo (Uruguay, Chile and Argentina).

PERSONNEL

The Group had an average staff of 1,782 (1,761) during the period and employed 1,845 (1,764) people at period-end.

SHARE PERFORMANCE

The company’s registered share capital consists of 28,000,000 shares. The trading volume of Ponsse Plc shares for 1 January – 31 December 2020 totalled 2,920,250, accounting for 10.4 per cent of the total number of shares. Share turnover amounted to EUR 73.7 million, with the period’s lowest and highest share prices amounting to EUR 19.36 and EUR 33.00, respectively.

At the end of the period, shares closed at EUR 29.20, and market capitalisation totalled EUR 817.6 million.

At the end of the period under review, the company held 227 treasury shares.

QUALITY, ENVIRONMENT AND OCCUPATIONAL HEALTH AND SAFETY

Ponsse is committed to observing the ISO 9001 quality standard, the ISO 14001 environmental system standard and the ISO45001 safety and health standard. The aim of the management systems based on international standards is to standardise operations at the Group level and to ensure a continuous development. Lloyd’s Register Quality Assurance conducted an audit of the ISO 9001:2015 quality system and the ISO 14001:2015 environmental system and as a new the ISO45001 safety and health standard during the period under review.

Implementation of the principles of sustainable development and responsible leadership are guided by the management systems based on the company's quality, environmental and occupational safety and health standards. At Ponsse, sustainable development means taking the economic, social and ecological points of view and the principles related to them equally into account in the company's operations. According to the point of view of ecological sustainability we want to avoid and minimise the negative impacts of our products, services, operations and decisions on biodiversity, the ecosystem and sufficiency of natural resources. At Ponsse, defining the environmental impact of production, services and products life cycle is based on ISO14040 life cycle assessment standard. Our investments in minimising the fuel consumption and emissions of our products and surface damage of trees and in our maintenance services processes also influence the sustainability of the operations of our customers. According to the point of view of social sustainability, we ensure occupational well-being and safety and equal treatment and support employment and the development of professional human resources. The point of view of economical sustainability is related to profitability, cash flow from business operations and growth and ensures the company's economic performance in the long term. This brings stability and continuity to the local community and the society in the whole of our global field of operations.

At Ponsse, operating methods and production processes are developed with both internal and external audits. The company's audit system has been a key tool in promoting the development during 2020. COVID-19 has not significantly affected the operation of the audit system.

Production processes are continuously developed in accordance with the operating model of continuous improvement. The company's quality assurance system emphasises the importance of prevention.

GOVERNANCE

In its decision-making and administration, the company observes the Finnish Limited Liability Companies Act, other regulations governing publicly listed companies and the company's Articles of Association. The company's Board of Directors has adopted the Code of Governance that complies with the Finnish Corporate Governance Code approved by the Board of the Securities Market Association. The purpose of the code is to ensure that the company is professionally managed and that its business principles and practices are of a high ethical and professional standard.

The Code of Governance is available on Ponsse's website in the Investors section.

NON-FINANCIAL INFORMATION REPORTING

The non-financial information reporting is available at the annual report, in section Corporate social responsibility and also on Ponsse's website in the Investors section.

RISK MANAGEMENT

Risk management is based on the company's values, as well as strategic and financial objectives. Risk management aims to support the achievement of the objectives specified in the company's strategy, as well as to ensure the financial development of the company and the continuity of its business.

Furthermore, risk management aims to identify, assess and monitor business-related risks which may influence the achievement of the company's strategic and financial goals or the continuity of its business. Decisions on the necessary measures to anticipate risks and react to observed risks are made on the basis of this information.

Risk management is a part of regular daily business, and it is also included in the management system. Risk management is controlled by the risk management policy approved by the Board.

A risk is any event that may prevent the company from reaching its objectives or that threatens the continuity of business. On the other hand, a risk may also be a positive event, in which case the risk is treated as an opportunity. Each risk is assessed on the basis of its impact and probability. Methods of risk management include avoiding, mitigating and transferring risks. Risks can also be managed by controlling and minimising their impact.

SHORT-TERM RISK MANAGEMENT

The insecurity in the world economy may result in a decline in the demand for forest machines and the availability of components. The uncertainty may be increased by the volatility of developing countries' foreign exchange markets. The geopolitical situation, in particular, will increase the uncertainty through financial market operations and sanctions. Changes taking place in the fiscal and customs legislation in countries to which Ponsse exports may hamper the company's export trade or its profitability.

The effects of the COVID-19 pandemic are described in section "IMPACT OF THE COVID-19 PANDEMIC" of this release.

The parent company monitors the changes in the Group's internal and external trade receivables and the associated risk of impairment.

The key objective of the company's financial risk management policy is to manage liquidity, interest and currency risks. The company ensures its liquidity through credit limit facilities agreed with a number of financial institutions. The effect of adverse changes in interest rates is minimised by utilising credit linked to different reference rates and by concluding interest rate swaps. The effects of currency rate fluctuations are partly mitigated through derivative contracts.

ACCOUNTING POLICIES REQUIRING CONSIDERATION BY MANAGEMENT AND CRUCIAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Group management utilises their best judgement when making decisions regarding accounting policies and their adoption. Estimates made when compiling the financial statements are based on the management's best views on the closing date of the reporting period. The estimates are based on previous experience and assumptions about the future that are deemed the most likely on the balance sheet date.

Trade receivables
On the date of the financial statements, the Group recognises a credit loss on receivables for which no payment will probably be received according to its best judgement. The general model specified in IFRS 9 is applied when recognising provision for expected credit losses.

Inventories
On the date of the financial statements, the Group recognises impairment losses according to its best judgement. The assessment takes into account the age structure of the inventory and the likely selling price.

Change in guarantee provision
The guarantee provision is based on realised guarantee expenses and on failure history recorded in the previous years. In addition, company may prepare provision for possible individual warranty obligations, if needed.

Capitalisation of R&D expenditure
On the date of the financial statements, the Group assesses whether the new product is technically feasible, whether it can be commercially utilised and whether future economic benefits will be received from the product, which makes it possible to capitalise development expenditure arising from the design of new or advanced products on the balance sheet as intangible assets.

EVENTS AFTER THE PERIOD

The company has no important events after the conclusion of the period under review.

OUTLOOK FOR THE FUTURE

Group’s euro-denominated operating result in 2021 is expected to be slightly higher than in 2020.

It is still unclear how long, and how strong the corona pandemic will last. Its impact on Ponsse’s business operations, financial position, operating results and liquidity are continuously evaluated.

The Group will continue to keep costs under strict control and make investments after thorough consideration.

ANNUAL GENERAL MEETING

Ponsse Plc’s Annual General Meeting will be held on 7 April 2021, starting at 11:00 a.m. at the place and in a way to be announced later.

BOARD OF DIRECTORS’ PROPOSAL FOR THE DISPOSAL OF PROFIT

The parent company Ponsse Plc had 159,524,135.76 euros of distributable funds on 31 December 2020.

The company’s Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.60 per share shall be paid for the year 2020. The company’s Board of Directors proposes to the Annual General Meeting that a profit bonus of at most EUR 100 per person per working month be paid for 2020 to the personnel employed by the Group.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-12/20	IFRS 1-12/19
NET SALES	636,627	667,402
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-6,424	15,718
Other operating income	3,521	3,046
Raw materials and services	-418,400	-447,390
Expenditure on employment-related benefits	-85,726	-92,693
Depreciation and amortisation	-24,631	-21,219
Other operating expenses	-47,821	-57,563
OPERATING RESULT	57,146	67,301
Share of results of associated companies	86	305
Financial income and expenses	-17,671	-1,032
RESULT BEFORE TAXES	39,561	66,574
Income taxes	-7,277	-14,564
NET RESULT FOR THE PERIOD	32,284	52,010
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-968	2,373
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	31,316	54,383
Diluted and undiluted earnings per share*	1.15	1.86

	IFRS 10-12/20	IFRS 10-12/19
NET SALES	205,202	203,335
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-28,979	-13,508
Other operating income	2,195	940
Raw materials and services	-119,749	-122,785
Expenditure on employment-related benefits	-24,765	-25,630
Depreciation and amortisation	-5,895	-5,596
Other operating expenses	-14,301	-16,027
OPERATING RESULT	13,708	20,729
Share of results of associated companies	168	277
Financial income and expenses	2,965	468
RESULT BEFORE TAXES	16,841	21,474
Income taxes	796	-3,967
NET RESULT FOR THE PERIOD	17,637	17,507
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-2,545	-96
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	15,092	17,411
Diluted and undiluted earnings per share*	0.63	0.63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS	IFRS
ASSETS	31 Dec 20	31 Dec 19
NON-CURRENT ASSETS		
Intangible assets	36,709	32,213
Goodwill	3,808	3,794
Property, plant and equipment	112,183	118,507
Financial assets	371	370
Investments in associated companies	832	849
Non-current receivables	839	1,196
Deferred tax assets	3,076	3,844
TOTAL NON-CURRENT ASSETS	157,818	160,773
CURRENT ASSETS		
Inventories	142,137	153,158
Trade receivables	35,384	47,171
Income tax receivables	1,849	351
Other current receivables	13,165	16,646
Cash and cash equivalents	123,611	48,704
TOTAL CURRENT ASSETS	316,146	266,030
TOTAL ASSETS	473,964	426,803
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	7,000	7,000
Other reserves	3,460	3,460
Translation differences	4,431	5,399
Treasury shares	-2	-2
Retained earnings	240,149	216,264
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	255,038	232,121
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	50,470	48,030
Deferred tax liabilities	1,137	1,407
Other non-current liabilities	41	23
TOTAL NON-CURRENT LIABILITIES	51,648	49,460
CURRENT LIABILITIES		
Interest-bearing liabilities	64,055	33,652
Provisions	4,979	3,450
Tax liabilities for the period	1,312	3,021
Trade creditors and other current liabilities	96,932	105,099
TOTAL CURRENT LIABILITIES	167,278	145,222
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	473,964	426,803

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-12/20	IFRS 1-12/19
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net result for the period	32,284	52,010
Adjustments:		
Financial income and expenses	17,671	1,032
Share of the result of associated companies	-86	-305
Depreciation and amortisation	24,631	21,219
Income taxes	7,277	14,564
Other adjustments	1,749	-790
Cash flow before changes in working capital	83,526	87,730
Change in working capital:		
Change in trade receivables and other receivables	9,454	-6,996
Change in inventories	1,965	-24,187
Change in trade creditors and other liabilities	-7,570	2,398
Change in provisions for liabilities and charges	1,529	-1,968
Interest received	97	301
Interest paid	-1,068	-765
Other financial items	-3,100	-882
Income taxes paid	-10,043	-11,944
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	74,790	43,687
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-20,270	-28,567
Proceeds from sale of tangible and intangible assets	254	322
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-20,016	-28,245
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal/Repayment of current loans	28,680	7,166
Withdrawal/Repayment of finance lease liabilities	-1,268	-2,401
Dividends paid	-8,400	-22,400
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	19,012	-17,635
Change in cash and cash equivalents (A+B+C)	73,786	-2,193
Cash and cash equivalents on 1 Jan	48,704	51,105
Impact of exchange rate changes	1,121	-208
Cash and cash equivalents on 31 Dec	123,611	48,704

*) The company changed over to presenting the change in non-current receivables included in the cash flow statement under item change in trade receivables and other receivables. As a result, previously reported cash flows have been adjusted to allow comparability. The previously reported cash flow from business operations was EUR 42.9 million in the 2019 financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR 1,000)
A = Share capital
B = Share premium and other reserves
C = Translation differences
D = Treasury shares
E = Retained earnings
F = Total shareholders’ equity

	EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
SHAREHOLDERS’ EQUITY						
1 JAN 2020	7,000	3,460	5,399	-2	216,264	232,121
Translation differences			-968			-968
Result for the period					32,284	32,284
Total comprehensive income						
for the period			-968		32,284	31,316
Dividend distribution					-8,400	-8,400
SHAREHOLDERS' EQUITY						
31 DEC 2020	7,000	3,460	4,431	-2	240,149	255,038
SHAREHOLDERS’ EQUITY						
1 JAN 2019	7,000	3,462	3,026	0	186,667	200,155
Translation differences			2 373			2 373
Result for the period					52 010	52 010
Total comprehensive income						
for the period			2 373		52 010	54 383
Matching Share Plan		-2			-13	-15
Dividend distribution					-22,400	-22,400
Acquisition of treasury shares				-2		-2
SHAREHOLDERS' EQUITY						
31 DEC 2019	7,000	3,460	5,399	-2	216 264	232,121

	31 Dec 20	31 Dec 19
1. LEASING COMMITMENTS (EUR 1,000)	595	858

2. CONTINGENT LIABILITIES (EUR 1,000)	31 Dec 20	31 Dec 19
Guarantees given on behalf of others	20	20
Responsibility of checking the VAT deductions made on real property investments	7,863	8,700
Other commitments	14	159
TOTAL	7,897	8,879

3. PROVISIONS (EUR 1,000)	Guarantee provision
1 January 2020	3,450
Provisions added	2,692
Provisions cancelled	-1,163
31 December 2020	4,979

KEY FIGURES AND RATIOS	31 Dec 20	31 Dec 19
R&D expenditure, MEUR	21.3	19.3

Capital expenditure, MEUR	20.3	28.6
as % of net sales	3.2	4.3
Average number of employees	1,782	1,761
Order books, MEUR	174.9	256.8
Equity ratio, %	54.3	54.8
Diluted and undiluted earnings per share (EUR)	1.15	1.86
Equity per share (EUR)	9.11	8.29

FORMULAE FOR FINANCIAL INDICATORS

Return on capital employed, %:
Result before taxes + financial expenses

Shareholder´s equity + interest-bearing financial liabilities (average during the year) * 100

Average number of employees:
Average of the number of personnel at the end of each month. The calculation has been adjusted for part-time employees.

Net gearing, %:
Interest-bearing financial liabilities – cash and cash equivalents
----
Shareholders' equity * 100

Equity ratio, %:
Shareholders' equity + Non-controlling interests

Balance sheet total - advance payments received * 100

Earnings per share:
Net result for the period - Non-controlling interests

Average number of shares during the accounting period, adjusted for share issues

Equity per share:
Shareholders' equity

Number of shares on the balance sheet date, adjusted for share issues

ORDER INTAKE (EUR million)	1-12/20	1-12/19
Ponsse Group	581.7	642.2

The stock exchange release for the interim report has been prepared observing the recognition and valuation principles of IFRS, and the requirements of IAS 34 have been complied with. The same accounting principles were observed for the closing of the books as for the annual financial statements dated 31 December 2019.

The above figures have not been audited.

The above figures have been rounded and may therefore differ from those given in the official financial statements.

This communication includes future-oriented statements that are based on the assumptions currently made by the company's management and its current decisions and plans. Although the management believes that the future expectations are well founded, there is no certainty that these expectations will prove to be correct. This is why the results may significantly deviate from the assumptions included in the future-oriented statements as a result of, among other things, changes in the economy, markets, competitive conditions, legislation or currency exchange rates.

Vieremä, 16 February 2021

PONSSE PLC

Juho Nummela
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Ponsse Plc is a company specialising in the sales, manufacture, servicing and technology of cut-to-length method forest machines and is driven by genuine interest in its customers and their business. Ponsse develops and manufactures sustainable and innovative harvesting solutions based on customers' needs.

The company was established by forest machine entrepreneur Einari Vidgrén in 1970, and it has been a leader in timber harvesting solutions based on the cut-to-length method ever since. Ponsse is headquartered in Vieremä, Finland. The company's shares are quoted on the NASDAQ OMX Nordic List.