

PONSSE PLC, STOCK EXCHANGE RELEASE, 20 APRIL 2021, 9:00 a.m.

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2021

- Net sales amounted to EUR 163.4 (144.5) million.
- Operating result totalled EUR 16.8 (13.4) million, equalling 10.3 (9.3) per cent of net sales.
- Profit before taxes was EUR 15.3 (-1.6) million.
- Cash flow from business operations was EUR 14.8 (-11.7) million.
- Earnings per share were EUR 0.31 (-0.11).
- Equity ratio was 60.4 (46.5) per cent.
- Order books stood at EUR 308.0 (209.2) million.

PRESIDENT AND CEO JUHO NUMMELA:

The forest machine market's positive development continued strongly in the first quarter. Demand was stimulated from the very start of the year by the forest industry's favourable outlook, and we received an increasing flow of orders throughout the quarter. Ponsse achieved an excellent order flow to an amount of EUR 299 million, increasing our order book to EUR 308 million. The full capacity of our Vieremä factory was used to produce new PONSSE forest machines.

The global market situation for forest machines is good. The demand in large markets has grown, reaching excellent levels in Russia and Finland in particular. The steady employment of our customers has been evidenced by the strong growth of our aftersales services. Meanwhile, there has been active demand for trade-in machines, and the reduction in our trade-in machine stock has improved cash flow from business operations. We performed well in the period under review, with especially strong performance in cash flow. Spurred on by growth, our profitability also improved.

Heavy demand has strained our supplier network. Heated demand for machine and equipment manufacturing has affected our supplier network, resulting in challenges in the availability of parts. There have also been problems in the availability of semiconductor products, including processors. Considering the circumstances, we have managed the challenges in availability successfully, and the Vieremä factory has produced machines on schedule. Marked attempts to hike the prices of parts and components have posed additional challenges with regard to our supplier network in addition to availability. There has been significant pressure for cost escalation, and we are seeking sustainable solutions in cooperation with our suppliers to control cost increases.

Ponsse's white-collar employees continue teleworking to better protect our factory and service business network from the coronavirus pandemic. It is vital to keep our personnel healthy and maintain optimal customer service efficiency.

In spite of the exceptional circumstances, we have continued our strong operational development. This quarter, we launched the upgraded PONSSE Scorpion family of products to an enthusiastic market reception. Ponsse employees made commendable efforts to work with customers in the development of this product. Production of the new Scorpion will begin after the summer holidays.

NET SALES

Consolidated net sales for the period under review amounted to EUR 163.4 (144.5) million, which is 13.1 per cent more than in the comparison period. International business operations accounted for 73.5 (69.8) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 41.5 (49.4) per cent, Central and Southern Europe 20.9 (20.4) per cent, Russia and Asia 15.0 (7.9) per cent, North and South America 22.2 (21.5) per cent and other countries 0.4 (0.8) per cent.

PROFIT PERFORMANCE

The operating result amounted to EUR 16.8 (13.4) million. The operating result equalled 10.3 (9.3) per cent of net sales for the period under review. Consolidated return on capital employed (ROCE) stood at 18.0 (-0.8) per cent.

Staff costs for the period totalled EUR 23.6 (22.6) million. Other operating expenses stood at EUR 14.3 (13.3) million. The net total of financial income and expenses amounted to EUR -1.5 (-15.0) million. Exchange rate gains and losses with a net effect of EUR -1.5 (-14.2) million were recognised under financial items for the period. The parent company's receivables from subsidiaries stood at EUR 54.6 million (114.3) net. Their reduction and the moderate change in exchange rates have resulted in a significantly reduced impact on financial items for the period under review. The unrealised exchange rate losses for the comparison period mainly consist of the assessment of inter-company accounts payable for Ponsse Latin America Ltda and OOO Ponsse.

The effective tax rate for the period under review is affected by a posted tax expense of Ponsse Latin America related to the valuation of a parent company net investment posted by the group in the financial statements 2020 and completed by the subsidiary in the period under review. The finality of the tax expense will be decided by the authorities. The parent company's receivables from subsidiaries mainly consist of trade receivables. The unposted tax assets of unrealised exchange rate losses for unhedged items related to the trade receivables' valuation impacted the group's effective tax rate for the comparison period.

Result for the period under review totalled EUR 8.8 (-3.2) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.31 (-0.11).

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 450.8 (501.3) million. Inventories stood at EUR 156.8 (171.8) million. Trade receivables totalled EUR 44.9 (42.0) million, while liquid assets stood at EUR 72.7 (114.3) million. Group shareholders' equity stood at EUR 265.9 (230.9) million and parent company shareholders' equity (FAS) at EUR 212.4 (216.5) million. The amount of interest-bearing liabilities was EUR 54.0 (163.9) million. The company has ensured its liquidity by withdrawal of current loan from credit facility limit and commercial paper programme. The company has used zero per cent of its credit facility limit. Group's loans from financial institutions are non-collateral bank loans without financial covenants. Consolidated net liabilities totalled EUR -18.7 (49.6) million, and the debt-equity ratio (net gearing) was -7.0 (21.5) per cent. The equity ratio stood at 60.4 (46.5) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR 14.8 (-11.7) million. Cash flow from investment

activities came to EUR -4.8 (-5.6) million.

IMPACT OF THE COVID-19 PANDEMIC

The coronavirus pandemic has caused changes in the company's operating environment. The company's management is actively monitoring the development of the pandemic. The coronavirus pandemic may have a major impact on the availability of components. The company will continue its enhanced cost control and careful execution of investments going forward.

Coronavirus restrictions were felt by company 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 white-collar employees continue teleworking, while manufacturing units and the service business network continue to operate as normal.

In terms of financing, the company has carried out all measures necessary to ensure business continuity. The company has analysed credit risks related to trade receivables, as well as credit loss provisions, and concluded that there are sufficient provisions at the end of the period under review.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 299.4 (106.8) million, while period-end order books were valued at EUR 308.0 (209.2) 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 5.1 (5.5) million, of which EUR 1.6 (1.9) million was capitalised.

Capital expenditure totalled EUR 4.8 (5.6) million. It consisted in addition to capitalised R&D expenses of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

MANAGEMENT

The following persons were members of the Management Team: Juho Nummela, President and CEO, acting as the chairman; Petri Häkkinen, 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; 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),
Gary Glendinning (Hungary, Romania, Slovenia, Croatia, Serbia until 28 February 2021, and the United Kingdom and Ireland),
Antti Räsänen (Hungary, Italy, Romania, Slovenia, Croatia, Serbia and Bulgaria starting 1 March 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 1,881 (1,775) during the period and employed 1,903 (1,773) 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 March 2021 totalled 324,493, accounting for 1.16 per cent of the total number of shares. Share turnover amounted to EUR 10.8 million, with the period's lowest and highest share prices amounting to EUR 29.15 and EUR 38.70, respectively.

At the end of the period, shares closed at EUR 37.80, and market capitalisation totalled EUR 1,058.4 million.

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

ANNUAL GENERAL MEETING

A separate release was issued on 7 April 2021 regarding the authorizations given to the Board of Directors and other resolutions at the AGM.

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.

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 unexpectedly swift recovery of the world economy and rapid growth in demand have resulted in availability problems in certain component groups. The quick economic fluctuation may affect availability, but also cause rapid inflation in the component market. The uncertainty may also 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.

OUTLOOK FOR THE FUTURE

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

The impact of the coronavirus pandemic on Ponsse's business, financial standing, operational performance and liquidity is constantly monitored.

Sustainable solutions to address the availability of parts and components, as well as increasing costs, are being sought in cooperation with the supplier network. The company will continue its enhanced cost control and careful investment execution.

EVENTS AFTER THE PERIOD

The new Future Cabin included in the PONSSE Scorpion launched in February won a product design award in the internationally acclaimed Red Dot design competition. Separate press release has been issued on 12 April 2021. The award in question was the Best of the Best award in the Product Design category, granted for the cabin's innovative design. This was the highest recognition that could be achieved in the competition, granted to the best products of the various award categories.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	IFRS 1-3/21	IFRS 1-3/20	IFRS 1-12/20
NET SALES	163,382	144,503	636,627
Increase (+)/decrease (-) in inventories of finished goods and work in progress	16,539	22,469	-6,424
Other operating income	421	471	3,521
Raw materials and services	-119,697	-112,031	-418,400
Expenditure on employment-related benefits	-23,636	-22,627	-85,726
Depreciation and amortisation	-5,892	-6,034	-24,631
Other operating expenses	-14,350	-13,319	-47,821
OPERATING RESULT	16,767	13,431	57,146
Share of results of associated companies	85	-20	86
Financial income and expenses	-1,579	-14,978	-17,671
RESULT BEFORE TAXES	15,273	-1,566	39,561
Income taxes	-6,475	-1,619	-7,277
NET RESULT FOR THE PERIOD	8,798	-3,185	32,284
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:			
Translation differences related to foreign units	2,071	1,843	-968
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	10,869	-1,342	31,316
Diluted and undiluted earnings per share*	0.31	-0.11	1.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	IFRS 31 Mar 21	IFRS 31 Mar 20	IFRS 31 Dec 20
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	37,247	33,082	36,709
Goodwill	3,801	3,774	3,808
Property, plant and equipment	111,571	115,421	112,183
Financial assets	372	370	371
Investments in associated companies	851	726	832
Non-current receivables	827	1,075	839
Deferred tax assets	3,710	4,252	3,076
TOTAL NON-CURRENT ASSETS	158,379	158,700	157,818
CURRENT ASSETS			
Inventories	156,751	171,763	142,137
Trade receivables	44,902	41,967	35,384
Income tax receivables	1,876	553	1,849
Other current receivables	16,281	14,095	13,165
Cash and cash equivalents	72,654	114,260	123,611
TOTAL CURRENT ASSETS	292,464	342,637	316,146
TOTAL ASSETS	450,843	501,337	473,964
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	3,460	3,460	3,460
Translation differences	6,502	7,243	4,431
Treasury shares	-2	-2	-2
Retained earnings	248,902	213,198	240,149
EQUITY OWNED BY PARENT COMPANY			
SHAREHOLDERS	265,862	230,899	255,038
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	50,128	47,794	50,470
Deferred tax liabilities	965	1,216	1,137
Other non-current liabilities	40	55	41
TOTAL NON-CURRENT LIABILITIES	51,133	49,065	51,648
CURRENT LIABILITIES			
Interest-bearing liabilities	3,847	116,089	64,055
Provisions	4,737	3,557	4,979
Tax liabilities for the period	1,902	1,042	1,312
Trade creditors and other current liabilities	123,362	100,685	96,932
TOTAL CURRENT LIABILITIES	133,848	221,373	167,278
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	450,843	501,337	473,964

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

	IFRS 1-3/21	IFRS 1-3/20	IFRS 1-12/20
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net result for the period	8,798	-3,185	32,284
Adjustments:			
Financial income and expenses	1,579	14,978	17,671
Share of the result of associated companies	-85	20	-86
Depreciation and amortisation	5,892	6,034	24,631
Income taxes	6,475	1,619	7,277
Other adjustments	1,596	-726	-58
Cash flow before changes in working capital	24,255	18,739	81,719
Change in working capital:			
Change in trade receivables and other receivables	-12,895	3,417	9,454
Change in inventories	-13,462	-26,395	1,965
Change in trade creditors and other liabilities	26,027	-2,177	-5,743
Change in provisions for liabilities and charges	-242	107	1,529
Interest received	27	18	97
Interest paid	-389	-335	-1,068
Other financial items	-1,790	-404	-3,100
Income taxes paid	-6,701	-4,687	-10,063
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	14,830	-11,716	74,790
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-4,835	-5,622	-20,270
Proceeds from sale of tangible and intangible assets	18	-10	254
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-4,817	-5,632	-20,016
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawal/Repayment of current loans	-60,197	82,688	28,680
Withdrawal/Repayment of finance lease liabilities	-693	-555	-1,268
Dividends paid	0	0	-8,400
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-60,890	82,132	19,012
Change in cash and cash equivalents (A+B+C)	-50,877	64,784	73,786
Cash and cash equivalents on 1 Jan	123,611	48,704	48,704
Impact of exchange rate changes	-80	772	1,121
Cash and cash equivalents on 31Mar/31 Dec	72,654	114,260	123,611

*) 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 -12.2 million in the interim report for 1 January – 31 March 2020. In addition, the company has made a retrospective change between items Other adjustments, Income taxes paid and Change in trade creditors and other liabilities. The change had no effect on Net cash flows from operating activities (A).

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 2021	7,000	3,460	4,431	-2	240,149	255,038	
Translation differences			2,071			2,071	
Result for the period					8,798	8,798	
Total comprehensive income for the period			2,071		8,798	10,869	
Direct entries to retained earnings					-45	-45	
SHAREHOLDERS' EQUITY							
31 MAR 2021	7,000	3,460	6,502	-2	248,902	265,862	
SHAREHOLDERS' EQUITY							
1 JAN 2020	7,000	3,460	5,400	-2	216,264	232,121	
Translation differences			1,843			1,843	
Result for the period					-3,185	-3,185	
Total comprehensive income for the period			1,843		-3,185	-1,342	
Direct entries to retained earnings					120	120	
SHAREHOLDERS' EQUITY							
31 MAR 2020	7,000	3,460	7,243	-2	213,199	230,899	
					31 Mar 21	31 Mar 20	31 Dec 20
1. LEASING COMMITMENTS (EUR 1,000)					629	713	595
2. CONTINGENT LIABILITIES (EUR 1,000)					31 Mar 21	31 Mar 20	31 Dec 20
Guarantees given on behalf of others					0	0	20
Responsibility of checking the VAT deductions made on real property investments					7,551	8,403	7,863
Other commitments					10	61	14
TOTAL					7,561	8,464	7,897
3. PROVISIONS (EUR 1,000)				Guarantee provision			
1 January 2021				4,979			
Provisions added				88			
Provisions cancelled				-330			
31 March 2021				4,737			
KEY FIGURES AND RATIOS					31 Mar 21	31 Mar 20	31 Dec 20
R&D expenditure, MEUR					5.1	5.5	21.3

Capital expenditure, MEUR	4.8	5.6	20.3
as % of net sales	3.0	3.9	3.2
Average number of employees	1,881	1,775	1,782
Order books, MEUR	308.0	209.2	174.9
Equity ratio, %	60.4	46.5	54.3
Diluted and undiluted earnings per share (EUR)	0.31	-0.11	1.15
Equity per share (EUR)	9.50	8.25	9.11

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)	1-3/21	1-3/20	1-12/20
Ponsse Group	299.4	106.8	581.7

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 not been complied with. The same accounting principles were observed for the closing of the books as for the annual financial statements dated 31 December 2020.

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, 20 April 2021

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

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DISTRIBUTION

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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.