

Ponsse Plc, Stock Exchange Release, 25 October 2022 at 9:00 a.m. EEST

PONSSE'S INTERIM REPORT FOR 1 JANUARY – 30 SEPTEMBER 2022

July-September (continuing operations):

- Net sales amounted to EUR 178.5 (140.2) million
- Operating profit totalled EUR 13.0 (14.1) million, equalling 7.3 (10.0) per cent of net sales

January-September (continuing operations):

- Net sales amounted to EUR 530.5 (435.1) million
- Operating profit totalled EUR 34.9 (40.9) million, equalling 6.6 (9.4) per cent of net sales
- Net result was EUR 24.2 (26.9) million
- Earnings per share were EUR 0.86 (0.96)
- Order books stood at EUR 365.5 (272.5) million at the end of period under review
- Cash flow from business operations was EUR -50.8 (50.1) million
- Equity ratio was 56.7 (61.8) per cent at the end of period under review
- The company's euro-denominated operating profit in 2022 is expected to be on a par with the comparable operating profit of its continuing operations in 2021 (EUR 50.0 million). The company's relative profitability is expected to decrease significantly, however, due to divesting its Russian business, difficulties in the availability of parts and components, and heavy inflation.

PRESIDENT AND CEO JUHO NUMMELA:

During the period under review, demand for PONSSE forest machines and services remained healthy for the continuing operations. Our customers' stable rate of employment had a positive impact on the demand for new machines and aftersales services. Our order intake was approximately EUR 187 million. Our order book at the end of the period under review stood at EUR 365.5 (272.5) million for the continuing operations.

The net sales were EUR 178.5 (140.2) million in the past quarter. Towards the end of the period under review, we were able to deliver machines to our customers at a good rate while improving our net sales, thanks to the excellent development of aftersales services. Epec Oy, our technology company and one of our business areas, also experienced strong growth. In general, our customers' rate of employment was excellent across our markets, supported by a good market situation in the pulp industry and the absence of Russian timber and sawn timber in the European market.

The corporate acquisition of our Russian subsidiary OOO Ponsse is awaiting approval by Russian authorities, and we are aiming to conclude the sale as soon as possible.

The discontinuation of business in Russia, heavy inflation, and the notable decline in the availability of parts and components continue to have a material effect on Ponsse. We continue to adapt to this difficult business environment. We concluded our change negotiations, started on 7 June, during the period under review. The problems with the availability of parts and components continued during the period under review, impacting both the company's profitability and cash flow. The company's

production and aftersales services continue to suffer due to limited availability. Regardless, our production has continued without interruption, and we are constantly working to stay on schedule.

Operating profit was 7.3 (10.0) per cent of net sales. Higher new machine delivery rates improved our situation towards the end of the past quarter, in addition to the excellent result of our aftersales services. Our profitability was diminished by our business costs rising faster than our net sales. We are actively prioritising our operations and have a clear target for savings. We are looking for the best means to improve profitability with our personnel through productivity and managing business and product costs.

Our cash flow diminished to EUR -50.8 (50.1) million. We were able to turn our cash flow in a positive direction at the end of the past quarter. Capital is temporarily tied up in machines lacking parts and raw material stock stuck in storage. Our stock of trade-in machines increased as well.

During the period under review, Ponsse launched major product and service solutions, which were presented at forest machinery fairs around the world. In addition to conventional harvesting technology, we launched completely new technology with our subsidiary Epec: the electrically driven PONSSE EV1 forest machine concept. The interest of developing forestry towards Ponsse's and Epec's new products has been highly encouraging. We continue to target pioneering product technology with our investments.

NET SALES

Consolidated net sales for the period under review amounted to EUR 530.5 (435.1) million, which is 21.9 per cent more than in the comparison period. International business operations accounted for 79.5 (76.0) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 37.7 (40.3) per cent, Central and Southern Europe 22.0 (23.1) per cent, North and South America 36.1 (31.8) per cent and other countries 4.2 (4.8) per cent.

| | 1-9/22 | 1-9/21 |
|--|---------|---------|
| Net sales from continuing operations | 530,516 | 435,061 |
| Net sales from discontinued operations | 28,269 | 88,368 |
| Net sales total | 558,785 | 523,430 |

PROFIT PERFORMANCE

The operating profit amounted to EUR 34.9 (40.9) million. The operating profit equalled 6.6 (9.4) per cent of net sales for the period under review.

| | 1-9/22 | 1-9/21 |
|---|--------|--------|
| Operating profit from continuing operations | 34,888 | 40,886 |
| Operating profit from discontinued operations | 3,340 | 15,387 |
| Operating profit total | 38,228 | 56,273 |

Consolidated return on capital employed (ROCE) stood at 12.5 (21.1) per cent.

Staff costs for the period totalled EUR 79.1 (62.7) million. Other operating expenses stood at EUR 55.7 (37.0) million. The net total of financial income and expenses amounted to EUR -2.2 (-1.7) million. Exchange rate gains and losses due to currency rate fluctuations and interest swap appreciation were recognised under financial items, the former having a net impact of EUR -3.3 (-1.0) million and the latter bringing in EUR 2.8 million over the period under review. The parent company's receivables from subsidiaries stood at EUR 102.7 (59.5) million net.

Result for the period under review totalled EUR 24.2 (26.9) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.86 (0.96).

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 578.5 (479.4) million. Inventories stood at EUR 240.0 (172.3) million. Trade receivables totalled EUR 60.1 (49.3) million, while cash and cash equivalents stood at EUR 50.8 (75.5) million. Group shareholders' equity stood at EUR 320.6 (280.9) million and parent company shareholders' equity (FAS) at EUR 245.4 (226.1) million. The amount of interest-bearing liabilities was EUR 92.2 (54.2) million. The company has ensured its liquidity by credit facility limits and commercial paper programs, of which 21 per cent are used at the end of the period under review. Group's loans from financial institutions are non-collateral bank loans without financial covenants. Consolidated net liabilities totalled EUR 40.8 (-21.3) million, and the debt-equity ratio (net gearing) was 12.7 (-7.6) per cent. The equity ratio stood at 56.7 (61.8) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR -50.8 (50.1) million. Cash flow from investment activities came to EUR -33.9 (-18.0) million.

IMPACTS OF THE WAR IN UKRAINE

Ponsse condemns the Russian military attack on Ukraine.

Our operating environment has changed drastically and it is affecting Ponsse's operations. Russia's invasion of Ukraine has forced the European Union and United States to respond and impose rigid sanctions against Russia. In compliance with export sanctions and the company's policy, Ponsse suspended all sales and export operations to Russia and Belarus effective 2 March 2022. At the same time, the operations of the local Russian subsidiary OOO Ponsse were discontinued.

In its release issued on 28 June 2022, Ponsse announced that it has signed a deed of sale regarding the sale of all shares in OOO Ponsse to the Russian company OOO Bison. The company has previously announced that it will complete the sale of its Russian subsidiary by the end of the third quarter of this financial period. While the process to complete the transaction is continuing, it has not yet been approved by the Russian authorities. The delay is caused by a regulation entered into force in Russia on 8 September 2022, relating to the approval of sales of companies owned by foreign parties. Ponsse aims to complete the sale as soon as possible, depending on the approval process of the Russian authorities.

The war in Ukraine is hampering to a great extent the operation of the manufacturing networks. Russia, Belarus and Ukraine have played a significant role in the supply chains of the European steel industry, while Russia has played a critical role as an energy supplier to Europe. As a result of the war, the availability of raw materials used in steel production has declined significantly and rising energy prices have pushed up the costs of steel processing to the extreme. In addition, Ukraine has supplied, *inter alia*, gases used in the semiconductor manufacturing process, which has already been reflected in the shortage of semiconductors. The delivery capacity of the manufacturing networks has decreased and inflation has significantly risen as a result of the crisis.

In the challenging situation, Ponsse's strong financial position is important. The company's financial position has remained strong due to good liquidity and binding credit limit facilities agreed with financial institutions. In terms of financing, Ponsse has carried out all measures necessary to ensure business continuity and financial situation is regularly evaluated.

In order to strengthen cybersecurity, Ponsse has clarified software update policy and user manual.

IMPACT OF THE COVID-19 PANDEMIC

The covid-19 pandemic has caused changes in the company's operating environment and operating practices. The company has avoided large-scale infections and has not had to interrupt operations at any point. The company has complied with all recommendations of the health authorities and the premise for decision-making has been the health and safety of the customers and Ponsse's employees.

The covid-19 pandemic continues to affect our operating environment, particularly through our supplier network, and may therefore disrupt the availability of the material at the factory. In addition, the pandemic can affect the product deliveries due to congestion at logistics hubs or bottlenecks at ports, for example.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 583.4 (557.4) million, while period-end order books were valued at EUR 365.5 (272.5) million.

DISTRIBUTION NETWORK AND GROUP STRUCTURE

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; Ponsse Chile SpA, Chile; Ponsse Czech s.r.o., Czech Republic and Epec Oy, Finland.

The Group includes also the OOO Ponsse wholly owned property company Ponsse Centre in Russia, EAI PON1V Holding Oy in Finland and Sunit Oy in Finland, which is Ponsse Plc's associate with a holding of 34 per cent.

Ponsse has completed on 17 March 2022 the acquisition of the asset items related to its business activities in Chile and on 1 April 2022 the share acquisition related to its business activities in the Czech Republic.

In its release issued on 28 June 2022, Ponsse announced that it has signed a deed of sale regarding the sale of all shares in OOO Ponsse to the Russian company OOO Bison. While the process to complete the transaction is continuing, it has not yet been approved by the Russian authorities.

R&D AND CAPITAL EXPENDITURE

Group's R&D expenses during the period under review totalled EUR 20.3 (16.7) million, of which EUR 8.2 (5.7) million was capitalised.

Investments during the period under review totalled EUR 28.8 (18.3) 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 Härkönen, Deputy CEO, CFO; Juha Inberg, Technology and R&D Director; Marko Mattila, Sales, Service and Marketing Director; Tapio Mertanen, Service Director; Paula Oksman, HR Director; Miika Soininen, Director of IT and Digital Services and Tommi Väänänen, Director of Delivery Chain Process. The company management has regular management liability insurance.

The international PONSSE service network is led by Marko Mattila, the Group's Sales, Service and Marketing Director, and Tapio Mertanen, Service Director. Managing directors of Ponsse's subsidiaries and Jussi Hentunen report to Marko Mattila, Ponsse Plc's sales and marketing director. Group area directors report to Jussi Hentunen, Director, Dealer Development.

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 until 19 September 2022, Jean Sionneau starting 20 September 2022),
Janne Tarvainen (Spain and Portugal),
Gary Glendinning (United Kingdom and Ireland),
Antti Räsänen (Hungary, Italy, Romania, Slovenia, Croatia, Serbia and Bulgaria),
Tarmo Saks (Poland and Slovakia) and
Jakub Hacura (Czech Republic).

Russia and Asia:

Jaakko Laurila (Russia and Belarus until 15 September 2022, Mihail Menshikov starting 16 September 2022),
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 2,024 (1,799) during the period and employed 2,014 (1,833) 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 – 30 September 2022 totalled 1,062,476, accounting for 3.8 per cent of the total number of shares. Share turnover amounted to EUR 32.5 million, with the period's lowest and highest share prices amounting to EUR 22.80 and EUR 44.40, respectively.

At the end of the period, shares closed at EUR 24.70, and market capitalisation totalled EUR 691.6 million.

At the end of the period under review, the company held 10 227 treasury shares.

The company founded EAI PON1V Holding Oy on 5 July 2022 for the purpose of managing incentive schemes, buying and selling the related Ponsse Plc securities, and acting as a party to financial agreements.

ANNUAL GENERAL MEETING

A separate release was issued on 7 April 2022 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

Our major short-term risks are caused by Russia's invasion of Ukraine. The invasion has shaken the global economy and increased the price of energy and raw materials. In combination with the economic effects of the covid-19 pandemic, the situation has limited the availability of components and increased manufacturing costs. The delivery risks related to semiconductors have also increased due to tensions between China and Taiwan.

General delivery problems in our supply chain have made it more difficult to manage PONSSE forest machine production schedules, tied up more capital in the supply chain, and increased the risks related to working capital management. Sudden economic fluctuations and the continuing rise of inflation may pose further risks to the availability of parts, delay machine deliveries, and increase costs, weakening our profitability. The instability of the world economy and increasing financing costs may also reduce demand for forest machines.

The impacts of the war in Ukraine on Ponsse's operations are described in more detail in section "IMPACTS OF THE WAR IN UKRAINE".

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

The uncertainty may also be increased by the volatility of developing countries' foreign exchange markets. The geopolitical situation 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 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

On 8 August 2022 Ponsse issued a new performance guidance for its continuing operations. The company's euro-denominated operating profit in 2022 is expected to be on a par with the comparable operating profit of its continuing operations in 2021 (EUR 50.0 million, 8.2 per cent of net sales). The company's relative profitability is expected to decrease significantly, however, due to divesting its Russian business, difficulties in the availability of parts and components, and heavy inflation.

The crisis in Ukraine is increasing the risks associated with the decrease in availability and rising costs of parts and components. In cooperation with the supplier network, sustainable solutions are being sought to manage the risk. Also, the covid-19 pandemic can cause significant challenges to supplier network and company's own operations. Ponsse is rigorously prioritizing its investments and the enhanced cost control will be continued.

EVENTS AFTER THE PERIOD

Ponsse Group has appointed on 7 October 2022 Tiina Kautonen as a new CHRO and a member of the Management Team starting from 1 January 2023. Tiina Kautonen will report to Ponsse Plc's

President and CEO Juho Nummela, and she will be located in Vieremä.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

| | 1-9/22 | 1-9/21 | 1-12/21 |
|---|----------------|----------------|----------------|
| NET SALES | 530,516 | 435,061 | 608,271 |
| Increase (+)/decrease (-) in inventories of finished goods and work in progress | 37,000 | 18,770 | 12,696 |
| Other operating income | 2,342 | 1,859 | 2,924 |
| Raw materials and services | -379,816 | -299,984 | -411,049 |
| Expenditure on employment-related benefits | -79,130 | -62,747 | -87,655 |
| Depreciation and amortisation | -20,348 | -15,075 | -20,140 |
| Other operating expenses | -55,677 | -36,997 | -55,050 |
| OPERATING PROFIT | 34,888 | 40,886 | 49,998 |
| Share of results of associated companies | 108 | 39 | 19 |
| Financial income and expenses | -2,237 | -1,687 | -1,911 |
| RESULT BEFORE TAXES | 32,759 | 39,239 | 48,107 |
| Income taxes | -8,589 | -12,290 | -12,936 |
| NET RESULT FROM THE CONTINUING OPERATIONS | 24,171 | 26,948 | 35,171 |
| Net result from the discontinued operations | 760 | 12,264 | 19,903 |
| NET RESULT FOR THE PERIOD | 24,931 | 39,213 | 55,073 |
| OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT: | | | |
| Translation differences related to foreign units | 15,384 | 3,426 | 3,915 |
| TOTAL COMPREHENSIVE RESULT FOR THE PERIOD | 40,315 | 42,639 | 58,989 |
| Diluted and undiluted earnings per share from continuing operations | 0.86 | 0.96 | 1.26 |
| Diluted and undiluted earnings per share from discontinued operations | 0.03 | 0.44 | 0.71 |
| Diluted and undiluted earnings per share | 0.89 | 1.40 | 1.97 |

| | 7-9/22 | 7-9/21 |
|---|----------------|----------------|
| NET SALES | 178,472 | 140,181 |
| Increase (+)/decrease (-) in inventories of finished goods and work in progress | -1,147 | -2,346 |
| Other operating income | 946 | 764 |
| Raw materials and services | -115,194 | -89,055 |
| Expenditure on employment-related benefits | -23,443 | -17,853 |
| Depreciation and amortisation | -6,946 | -5,155 |
| Other operating expenses | -19,673 | -12,465 |
| OPERATING PROFIT | 13,014 | 14,072 |
| Share of results of associated companies | -9 | 5 |
| Financial income and expenses | -613 | -1,236 |
| RESULT BEFORE TAXES | 12,392 | 12,841 |
| Income taxes | -2,788 | -3,152 |

| | | |
|--|--------|--------|
| NET RESULT FROM THE CONTINUING OPERATIONS | 9,604 | 9,689 |
| Net result from the discontinued operations | 959 | 4,738 |
| NET RESULT FOR THE PERIOD | 10,564 | 14,426 |
| | | |
| OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT: | | |
| Translation differences related to foreign units | 1,752 | 402 |
| | | |
| TOTAL COMPREHENSIVE RESULT FOR THE PERIOD | 12,316 | 14,828 |
| | | |
| Diluted and undiluted earnings per share from continuing operations | 0.34 | 0.35 |
| Diluted and undiluted earnings per share from discontinued operations | 0.03 | 0.17 |
| Diluted and undiluted earnings per share | 0.38 | 0.52 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

| | 30 Sep 22 | 30 Sep 21 | 31 Dec 21 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Intangible assets | 46,431 | 40,939 | 42,087 |
| Goodwill | 5,680 | 3,804 | 3,801 |
| Property, plant and equipment | 112,530 | 111,645 | 112,127 |
| Financial assets | 428 | 372 | 373 |
| Investments in associated companies | 842 | 805 | 785 |
| Non-current receivables | 244 | 780 | 173 |
| Deferred tax assets | 4,526 | 4,104 | 3,360 |
| TOTAL NON-CURRENT ASSETS | 170,681 | 162,449 | 162,706 |
| CURRENT ASSETS | | | |
| Inventories | 239,998 | 172,257 | 167,414 |
| Trade receivables | 60,139 | 49,309 | 43,394 |
| Income tax receivables | 1,766 | 1,933 | 938 |
| Other current receivables | 21,097 | 17,989 | 17,270 |
| Cash and cash equivalents | 50,754 | 75,499 | 120,900 |
| TOTAL CURRENT ASSETS | 373,754 | 316,987 | 349,916 |
| Assets held for sales | 34,057 | | |
| TOTAL ASSETS | 578,492 | 479,436 | 512,622 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 7,000 | 7,000 | 7,000 |
| Other reserves | 3,460 | 3,460 | 3,460 |
| Translation differences | 23,731 | 7,857 | 8,347 |
| Treasury shares | -274 | -2 | -2 |
| Retained earnings | 286,640 | 262,583 | 278,462 |
| EQUITY OWNED BY PARENT COMPANY | | | |
| SHAREHOLDERS | 320,557 | 280,898 | 297,267 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing liabilities | 58,036 | 50,642 | 49,851 |
| Deferred tax liabilities | 857 | 807 | 967 |
| Other non-current liabilities | 82 | 90 | 87 |
| TOTAL NON-CURRENT LIABILITIES | 58,975 | 51,539 | 50,905 |
| CURRENT LIABILITIES | | | |
| Interest-bearing liabilities | 34,173 | 3,579 | 4,945 |
| Provisions | 4,346 | 4,421 | 4,550 |
| Tax liabilities for the period | 6,969 | 2,950 | 901 |
| Trade creditors and other current liabilities | 145,428 | 136,049 | 154,054 |
| TOTAL CURRENT LIABILITIES | 190,916 | 146,999 | 164,450 |
| Liabilities related to assets held for sales | 8,045 | | |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 578,492 | 479,436 | 512,622 |

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

| | 1-9/22 | 1-9/21 | 1-12/21 |
|---|----------------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net result for the period | 24,931 | 39,213 | 55,073 |
| Adjustments: | | | |
| Financial income and expenses | 4,660 | 1,639 | 1,836 |
| Share of the result of associated companies | -108 | -39 | -19 |
| Depreciation and amortisation | 21,563 | 18,376 | 25,251 |
| Income taxes | 8,746 | 15,461 | 18,131 |
| Other adjustments | -1,016 | 1,540 | -1,016 |
| Cash flow before changes in working capital | 58,774 | 76,189 | 99,256 |
| Change in working capital: | | | |
| Change in trade receivables and other receivables | -21,131 | -18,086 | -12,835 |
| Change in inventories | -73,566 | -27,194 | -22,371 |
| Change in trade creditors and other liabilities | -7,396 | 37,177 | 57,525 |
| Change in provisions | -204 | -558 | -429 |
| Interest received | 199 | 110 | 190 |
| Interest paid | -1,273 | -808 | -1,062 |
| Other financial items | 235 | -1,426 | 279 |
| Income taxes paid | -6,478 | -15,286 | -18,126 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES (A) | -50,840 | 50,118 | 102,429 |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | | |
| Investments in tangible and intangible assets | -28,804 | -18,336 | -24,856 |
| Proceeds from sale of tangible and intangible assets | 396 | 332 | 776 |
| Acquisition of subsidiaries * | -5,514 | 0 | 0 |
| NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B) | -33,922 | -18,004 | -24,080 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Withdrawal/Repayment of current loans | 28,793 | -60,636 | -61,031 |
| Withdrawal of non-current loans | 7,000 | 0 | 0 |
| Withdrawal/Repayment of finance lease liabilities | -2,606 | -2,248 | -3,113 |
| Dividends paid | -16,800 | -16,800 | -16,800 |
| NET CASH FLOWS FROM FINANCING ACTIVITIES (C) | 16,388 | -79,684 | -80,943 |
| Change in cash and cash equivalents (A+B+C) | -68,374 | -47,570 | -2,594 |
| Cash and cash equivalents on 1 Jan | 120,900 | 123,611 | 123,611 |
| Impact of exchange rate changes | -1,120 | -542 | -116 |
| Cash and cash equivalents on 30 Sep/31 Dec | 51,406 | 75,499 | 120,900 |

*) Acquisition of subsidiaries Ponsse Chile SpA, Chile and Ponsse Czech s.r.o., Czech Republic decreased by cash and cash equivalents at the time of acquisition

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 2022 | 7,000 | 3,460 | 8,347 | -2 | 278,462 | 297,267 |
| Translation differences | | | 15,384 | | | 15,384 |
| Result for the period | | | | | 24,931 | 24,931 |
| Total comprehensive income for the period | | | 15,384 | | 24,931 | 40,315 |
| Dividend distribution | | | | | -16,800 | -16,800 |
| Share Plan | | | | | 47 | 47 |
| Acquisition of treasury shares * | | | | -272 | | -272 |
| SHAREHOLDERS' EQUITY | | | | | | |
| 30 SEP 2022 | 7,000 | 3,460 | 23,731 | -274 | 286,640 | 320,557 |
| SHAREHOLDERS' EQUITY | | | | | | |
| 1 JAN 2021 | 7,000 | 3,460 | 4,431 | -2 | 240,149 | 255,038 |
| Translation differences | | | 3,426 | | | 3,426 |
| Result for the period | | | | | 39,213 | 39,213 |
| Total comprehensive income for the period | | | 3,426 | | 39,213 | 42,639 |
| Dividend distribution | | | | | -16,800 | -16,800 |
| Share Plan | | | | | 18 | 18 |
| Direct entries to retained earnings | | | | | 3 | 3 |
| SHAREHOLDERS' EQUITY | | | | | | |
| 30 SEP 2021 | 7,000 | 3,460 | 7,857 | -2 | 262,583 | 280,898 |

*) Treasury shares procured for incentive schemes; further details are included in the financial statements

| | 30 Sep 22 | 30 Sep 21 | 31 Dec 21 |
|---|---------------------|-----------|-----------|
| 1. LEASING COMMITMENTS (EUR 1,000) | 1,143 | 731 | 775 |
| 2. CONTINGENT LIABILITIES (EUR 1,000) | 30 Sep 22 | 30 Sep 21 | 31 Dec 21 |
| Guarantees given on behalf of others | 0 | 20 | 20 |
| Responsibility of checking the VAT deductions made on real property investments | 6,320 | 6,958 | 7,272 |
| Other commitments | 179 | 56 | 112 |
| TOTAL | 6,499 | 7,034 | 7,404 |
| 3. PROVISIONS (EUR 1,000) | Guarantee provision | | |
| 1 January 2022 | 4,550 | | |
| Provisions added | 757 | | |

| | |
|----------------------|-------|
| Provisions cancelled | -961 |
| 30 September 2022 | 4,346 |

4. DISCONTINUED OPERATIONS

On 28 June 2022, Ponsse has signed a deed of sale regarding the sale of all shares in OOO Ponsse to the Russian company OOO Bison. While the process to complete the transaction is continuing, it has not yet been approved by the Russian authorities. Ponsse aims to complete the sale as soon as possible.

Ponsse has classified the sold functions as assets for sale and reported them as discontinued operations. Unless otherwise specified, the figures presented in this mid-year report refer to continuing operations. The balance sheet has not been adjusted for the comparison period. The cash flow statement has not been adjusted.

The reorganisation has no material impact on profit, and no significant impairment or sales profit due to the sale has been recorded in the income statement for the period under review. The cumulative RUB/EUR translation difference was EUR 2.2 million at the end of Q3/2022. The cumulative translation difference will be recognised as income on the income statement once the sale has been concluded. RUB/EUR average rate of 76.15307 and closing rate of 58.97000 is used in interim reporting.

PROFIT AND LOSS STATEMENT FROM DISCONTINUED OPERATIONS (EUR 1,000)

| | 1-9/22 | 1-9/21 | 1-12/21 |
|---|---------|---------|---------|
| NET SALES | 28,269 | 88,368 | 141,727 |
| Increase (+)/decrease (-) in inventories of finished goods and work in progress | -1,521 | 2,138 | -195 |
| Other operating income | 218 | 235 | 648 |
| Raw materials and services | -16,111 | -57,157 | -88,301 |
| Expenditure on employment-related benefits | -3,652 | -9,577 | -15,180 |
| Depreciation and amortisation | -1,215 | -3,301 | -5,111 |
| Other operating expenses | -2,649 | -5,319 | -8,566 |
| OPERATING PROFIT | 3,340 | 15,387 | 25,023 |
| Financial income and expenses | -2,423 | 48 | 75 |
| RESULT BEFORE TAXES | 917 | 15,435 | 25,098 |
| Income taxes | -157 | -3,171 | -5,195 |
| NET RESULT FOR THE PERIOD | 760 | 12,264 | 19,903 |

THE EFFECT OF DISCONTINUED OPERATIONS ON THE STATEMENT OF FINANCIAL POSITION (EUR 1,000)

| | 30 Sep 22 |
|-------------------------------|-----------|
| ASSETS HELD FOR SALE | |
| Intangible assets | 30 |
| Property, plant and equipment | 11,325 |
| Deferred tax assets | 996 |
| Inventories | 10,978 |
| Trade receivables | 5,565 |
| Income tax receivables | 965 |
| Other current receivables | 3,545 |
| Cash and cash equivalents | 653 |
| ASSETS HELD FOR SALE TOTAL | 34,057 |

LIABILITIES RELATED TO ASSETS HELD FOR SALE

| | |
|---|-------|
| Interest-bearing liabilities | 22 |
| Deferred tax liabilities | 32 |
| Tax liabilities for the period | 4 |
| Trade creditors and other current liabilities | 7,987 |
| LIABILITIES RELATED TO ASSETS HELD FOR SALE TOTAL | 8,045 |

STATEMENT OF CASH FLOWS FROM DISCONTINUED OPERATIONS (EUR 1,000)

| | 1-9/22 | 1-9/21 | 1-12/21 |
|---|---------|--------|---------|
| Cash flows from operating activities | -13,145 | 8,803 | 19,881 |
| Cash flows used in investing activities | -1,135 | -1,113 | -989 |
| Cash flows from financing activities | -16 | -61 | -72 |
| Cash flows for the period under review | -14,296 | 7,628 | 18,821 |

| KEY FIGURES AND RATIOS | 30 Sep 22 | 30 Sep 21 | 31 Dec 21 |
|---|-----------|-----------|-----------|
| R&D expenditure, MEUR | 20.3 | 16.7 | 23.8 |
| Capital expenditure, MEUR | 28.8 | 18.3 | 24.9 |
| as % of net sales | 5.4 | 4.2 | 4.1 |
| Average number of employees | 2,024 | 1,799 | 1,825 |
| Order books, MEUR | 365.5 | 272.5 | 312.6 |
| Equity ratio, % | 56.7 | 61.8 | 60.7 |
| Diluted and undiluted earnings per share (EUR), continuing operations | 0.86 | 0.96 | 1.26 |
| Diluted and undiluted earnings per share (EUR), discontinued operations | 0.03 | 0.44 | 0.71 |
| Diluted and undiluted earnings per share (EUR) | 0.89 | 1.40 | 1.97 |
| Equity per share (EUR) | 11.45 | 10.03 | 10.62 |
| Order intake, MEUR | 583.4 | 557.4 | 770.7 |

FORMULAE FOR FINANCIAL INDICATORS

Return on capital employed, % (including discontinued operations):
 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 from continuing operations. The calculation has been adjusted for part-time employees.

Net gearing, % (including discontinued operations):
 Interest-bearing financial liabilities – cash and cash equivalents

Shareholders' equity * 100

Equity ratio, % (including discontinued operations):
 Shareholders' equity + Non-controlling interests

Balance sheet total - advance payments received * 100

Earnings per share, continuing operations:
 Net result from continuing operations for the period - Non-controlling interests

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

Earnings per share, discontinued operations:
 Net result from discontinued operations for the period - Non-controlling interests

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

Earnings per share (including discontinued operations):
 Net result for the period - Non-controlling interests

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

Equity per share (including discontinued operations):
 Shareholders' equity

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

Order intake:

Net sales from continuing operations for the period + Change in order books from continuing operations during the period

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 2021.

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, 25 October 2022

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

Juho Nummela, President and CEO, tel. +358 400 495 690
Petri Häkkinen, CFO, tel. +358 50 409 8362

DISTRIBUTION

NASDAQ OMX Helsinki Ltd
Principal media
www.ponsse.com

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.