

Ponsse's Half-year Report for 1 January – 30 June 2023

Ponsse Plc
Stock Exchange Release – Half-year Report
15 August 2023, 9:00 a.m. (EEST)

April-June (continuing operations):

- Net sales amounted to EUR 208.1 (195.9) million
- Operating profit totalled EUR 10.2 (12.9) million, equalling 4.9 (6.6) per cent of net sales

January-June (continuing operations):

- Net sales amounted to EUR 409.8 (352.0) million
- Operating profit totalled EUR 26.8 (21.9) million, equalling 6.5 (6.2) per cent of net sales
- Net result was EUR 21.8 (14.6) million
- Earnings per share were EUR 0.78 (0.52)
- Order books stood at EUR 294.2 (357.1) million at the end of period under review
- Cash flow from business operations was EUR 0.1 (-37.5) million (continuing and discontinued operations)
- Equity ratio was 54.3 (59.0) per cent at the end of period under review (continuing and discontinued operations)
- The company's euro-denominated operating profit in 2023 is expected to be slightly higher than the operating profit of its continuing operations in 2022 (EUR 46.6 million).

PRESIDENT AND CEO JUHO NUMMELA:

Demand for PONSSE forest machines was at a reasonable level during the last quarter. The order intake for the second quarter was approximately EUR 165.4 million. The company's order books at the end of the period under review stood at EUR 294.2 (357.1) million.

The situation in the forest industry decreased relatively quickly during the beginning of the year. The decrease in construction, combined with the decelerating growth of private consumption, has an impact on demand for forest industry end products. The weakening of the forest industry's economic outlook makes it challenging to assess the development of global logging volumes. The company's order intake has decreased from its peak level.

The company's net sales for the last quarter stood at EUR 208.1 (195.9) million. Of our operations, the sale and maintenance of new machines grew moderately, while the net sales of used machines decreased slightly during the first half of the year. Our technology company Epec continued its strong growth as planned. Our forest machine factory in Vieremä operated at its normal capacity, and delivery volumes were at a good level during the last quarter.

Our relative profitability during the last quarter was 4.9 (6.6) per cent. The profitability was affected by the growth of company's operating expenses faster than the net sales and the operative challenges related to subsidiary Ponsse Latin America Ltda. During the first half, our relative profitability increased slightly year-on-year, with profitability being 6.5 (6.2) per cent. We will continue our efforts to improve the profitability of our operations, and we aim to control our productivity, operating costs and product expenses more effectively.

The company's cash flow amounted to EUR 0.1 (-37.5) million. Capital was still tied up in raw material stocks and especially in the stocks of used machines. The turnover of used machine stocks decreased and the stock level increased during the last quarter. The availability of parts and components improved, and the factory had almost no unfinished products waiting for components.

Ponsse strengthened its presence on the west coast of the United States by signing a retail agreement with PacWest Machinery. At the same time, Ponsse sold the Oregon service business operations to PacWest. In the future, PacWest will be responsible for the sale and maintenance of PONSSE forest machines in the states of Oregon, Washington and Idaho enabling wider service network to Ponsse's customers and, with that, opportunity for the growth of Ponsse services on the west coast of the United States. Ponsse will normally continue to serve customers and develop its operations in the United States in its current market areas in the Great Lakes region and the southeastern parts of the country.

Despite the unstable markets, Ponsse will invest significantly in the development of the company. The development investments will focus on the development of new products and technologies, the Group's information systems, and digital services. Epec's factory investment in Seinäjoki is proceeding as planned, and the new factory will open during the second half of this year.

NET SALES

Consolidated net sales for the period under review amounted to EUR 409.8 (352.0) million, which is 16.4 per cent more than in the comparison period. International business operations accounted for 74.1 (78.8) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 45.0 (39.2) per cent, Central and Southern Europe 20.8 (22.9) per cent, North and South America 31.2 (33.8) per cent and other countries 3.0 (4.1) per cent.

	1-6/23	1-6/22
Net sales from continuing operations	409,828	352,043
Net sales from discontinued operations	2,533	23,407
Net sales total	412,362	375,450

PROFIT PERFORMANCE

The operating result amounted to EUR 26.8 (21.9) million. The operating result equalled 6.5 (6.2) per cent of net sales for the period under review.

	1-6/23	1-6/22
Operating profit from continuing operations	26,834	21,874
Operating profit from discontinued operations	947	2,157
Operating profit total	27,781	24,030

Consolidated return on capital employed (ROCE) stood at 15.1 (12.0) per cent.

Staff costs for the period totalled EUR 60.6 (55.7) million. Other operating expenses stood at EUR 41.9 (36.0) million. The net total of financial income and expenses amounted to EUR 2.1 (-1.6) million.

Exchange rate gains and losses due to currency rate fluctuations were recognised under financial items, having a net impact of EUR 3.1 (-2.5) million. During the period under review, no interest swap appreciation was recognised through profit or loss. The parent company's receivables from subsidiaries stood at EUR 112.2 (92.7) million net. Receivables from subsidiaries mainly consist of trade receivables.

Result for the period under review totalled EUR 21.8 (14.6) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.78 (0.52).

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 596.9 (541.0) million. Inventories stood at EUR 251.4 (222.9) million. Trade receivables totalled EUR 67.3 (54.1) million, while cash and cash equivalents stood at EUR 49.6 (35.1) million. Group shareholders' equity stood at EUR 322.8 (308.8) million and parent company shareholders' equity (FAS) at EUR 249.0 (235.7) million. The amount of interest-bearing liabilities was EUR 108.3 (55.6) million. The company has ensured its liquidity by credit facility limits and commercial paper programs. Group's loans from financial institutions are non-collateral bank loans without financial covenants. Consolidated net liabilities totalled EUR 55.3 (15.6) million, and the debt-equity ratio (net gearing) was 17.1 (5.1) per cent. The equity ratio stood at 54.3 (59.0) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR 0.1 (-37.5) million. Cash flow from investment activities came to EUR -18.3 (-22.2) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 350.3 (396.6) million, while period-end order books were valued at EUR 294.2 (357.1) million.

DISTRIBUTION NETWORK AND GROUP STRUCTURE

The subsidiaries included in the Ponsse Group are Ponsse AB, Sweden; Ponsse AS, Norway; Ponsse 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.

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 still 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 14.0 (14.0) million, of which EUR 5.7 (5.8) million was capitalised.

Investments during the period under review totalled EUR 18.7 (17.5) 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, Chief Financial Officer; Juha Inberg, Chief R&D and Technology officer; Tiina Kautonen, Chief Human Resources Official; Marko Mattila, Chief, Sales, Service and Marketing Officer; Tapio Mertanen, Chief Service Business Officer; Katja Paananen, Chief Responsibility Officer; Miika Soininen, Chief Digital officer and Tommi Väänänen, Chief Operations officer. The company management has regular management liability insurance.

The international PONSSE service network is led by Marko Mattila, Chief, Sales, Service and Marketing Officer, and Tapio Mertanen, Chief Service Business Officer. Managing directors of Ponsse's subsidiaries and Jussi Hentunen report to Marko Mattila, Chief, Sales, Service and Marketing Officer. 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),
Jean Sionneau (France),
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:

Mikhail Menshikov (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 2,090 (2,016) during the period and employed 2,168 (2,076) people at period-end.

SHARE-BASED INCENTIVE PLANS

The Board of Directors of Ponsse Plc has approved two new Ponsse Group's share-based incentive

plans. A stock exchange release regarding the incentive plans has been published on 3 March 2023. The aim of the new plans is to align the objectives of the shareholders and plan participants for increasing the value of the company in the long-term, to retain the participants at the company and to offer them competitive reward schemes that are based on earning and accumulating the company's shares.

The CEO plan consists of five performance periods, calendar years 2023, 2023-2024, 2023-2025, 2024-2026 and 2025-2027. A restriction period is included in performance periods 2023 and 2023-2024, which begins from the reward payment and ends on 31 December 2025. The matching reward will be paid by the end of May 2024, 2025 and 2026. The matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2025, 31 December 2026 and 31 December 2027. The performance-based reward will be paid by the end of May after the end of each performance period. The shares received as reward based on performance periods 2023 and 2023-2024 cannot be transferred during the restriction period, i.e. 31 December 2025. The amount of rewards to be paid based on the performance periods that began in 2023 will correspond to an approximate maximum total of 75,000 Ponsse Plc shares, including also the portion to be paid in cash (gross reward).

The key employee plan consists of three performance periods, each lasting for three calendar years, performance periods 2023-2025, 2024-2026 and 2025-2027. The matching reward will be paid in 2023, 2024 and 2025 after the acquisition of the investment shares and confirmation of reward, as soon as practically possible. The matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2025, 31 December 2026 and 31 December 2027. The performance-based reward will be paid by the end of May after the end of each performance period. The share acquisitions for the first performance periods began on April 28, 2023, and ended on July 12, 2023. The number of shares acquired totaled 16,500. In the period, the cost effect of the share-based incentive plan was approximately EUR 0.2 million,

The total cost effect of the share-based incentive plans is estimated to be around EUR 2.1 million in the years 2023-2025.

During the financial period 2021, the Group implemented the restricted share plan, where the reward is based on the participant's valid employment or director contract and the continuity of the employment or service during a restriction period. The 24-month restriction period of the system ended in 2023 and accordingly, 3,000 company shares were paid as a reward. The expenses were distributed over the entire period, of which the 2023 portion is EUR 56 thousand.

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 June 2023 totalled 249,157, accounting for 0.9 per cent of the total number of shares. Share turnover amounted to EUR 7.0 million, with the period's lowest and highest share prices amounting to EUR 25.55 and EUR 32.50, respectively.

At the end of the period, shares closed at EUR 32.00, and market capitalisation totalled EUR 896.0 million.

At the end of the period under review, the company held 10,457 treasury shares.

ANNUAL GENERAL MEETING

A separate release was issued on 12 April 2023 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.

NON-FINANCIAL INFORMATION REPORTING

Each year, Ponsse publishes its responsibility report in conjunction with its annual report. The report is also available on the company's website under responsibility and investors.

RISK MANAGEMENT

Our risk management is based on the company's values and strategic and financial goals. The purpose of risk management is to support the company's strategic objectives and to secure its financial development and the continuity of its business. Ponsse's management conducts an annual risk assessment that includes the sustainability risks and opportunities impacting the company's business. Within them, aspects related to climate change, biodiversity and resource efficiency together with digitalisation and technological development are emphasised.

The purpose of risk management is to identify, assess, and monitor business-related risks that may impact the realisation of the company's strategic and financial objectives or the continuity of business. This information is used to decide what measures will be required to prevent risks and respond to current risks.

Risk management is part of the company's daily business and has been incorporated into its management system. Risk management is directed by the risk management policy approved by the Board of Directors.

A risk is any event that may prevent the company from achieving its objectives or threatens the continuity of business. 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. The company's risk management methods include the avoidance, mitigation, and transfer of risk. Risks may also be managed by controlling and minimising their impacts.

SHORT-TERM RISK MANAGEMENT

Our major short-term risks are related to geopolitical situation, sudden economic fluctuation and still high inflation and rising interest rates. The instability of the world economy and increasing financing costs may also reduce demand for forest machines.

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.

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. 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 reorganisation in Russia may be associated with uncertainty regarding the approval process for the sale of foreign-owned companies and completing the transaction. 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 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 company has long-term and extensive service contracts, which may involve operational risks.

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.

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.

OUTLOOK FOR THE FUTURE

The company's euro-denominated operating profit in 2023 is expected to be slightly higher than the operating profit of its continuing operations in 2022 (EUR 46.6 million).

Due to the uncertainty in the market, the company keeps prioritising its investments and the cost control will be continued. The development work to improve profitability continues. The company monitors changes in the operating environment and customers operating conditions closely.

We monitor Ponsse Latin America Ltda -subsidiary's situation in an enhanced manner and company takes measures to improve the situation.

EVENTS AFTER THE PERIOD

On 7 August 2023, Ponsse announced that it has signed a retail agreement with PacWest Machinery (hereinafter "PacWest") in the United States. At the same time, the companies have signed a deed of sale according to which Ponsse sells its service business operations in Coburg, Oregon, to PacWest. In the future, PacWest will be responsible for the sale and maintenance of PONSSE forest machines in the states of Oregon, Washington and Idaho on the West Coast of the United States. The companies will not make the transaction price public. The price has no impact on the measurement of

Ponsse's value or on the company's financial result.

There have been no other subsequent events after the review period that required recognition or disclosure.

PONSSE GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	1-6/23	1-6/22	1-12/22
NET SALES	409,828	352,043	755,123
Increase (+)/decrease (-) in inventories of finished goods and work in progress	7,103	38,147	33,633
Other operating income	2,097	1,396	3,677
Raw materials and services	-274,177	-264,621	-525,040
Expenditure on employment-related benefits	-60,594	-55,687	-107,873
Depreciation and amortisation	-15,564	-13,402	-27,671
Other operating expenses	-41,859	-36,004	-85,270
OPERATING PROFIT	26,834	21,873	46,577
Share of results of associated companies	144	117	147
Financial income and expenses	2,143	-1,624	-3,504
RESULT BEFORE TAXES	29,120	20,367	43,219
Income taxes	-7,352	-5,801	-9,037
NET RESULT FROM THE CONTINUING OPERATIONS	21,768	14,567	34,182
Net result from the discontinued operations	1,043	-200	2,930
NET RESULT FOR THE PERIOD	22,812	14,367	37,113
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:			
Translation differences related to foreign units	-5,257	13,632	4,354
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	17,554	27,999	41,467
Diluted and undiluted earnings per share from continuing operations	0.78	0.52	1.22
Diluted and undiluted earnings per share from discontinued operations	0.04	-0.01	0.10
Diluted and undiluted earnings per share	0.81	0.51	1.33

	4-6/23	4-6/22
NET SALES	208,099	195,919
Increase (+)/decrease (-) in inventories of finished goods and work in progress	4,812	15,595
Other operating income	1,151	707
Raw materials and services	-141,228	-142,296
Expenditure on employment-related benefits	-32,446	-30,277
Depreciation and amortisation	-7,784	-7,001
Other operating expenses	-22,389	-19,732
OPERATING PROFIT	10,215	12,914
Share of results of associated companies	145	116
Financial income and expenses	1,579	-2,743
RESULT BEFORE TAXES	11,939	10,287
Income taxes	-4,206	-3,714

NET RESULT FROM THE CONTINUING OPERATIONS	7,733	6,573
Net result from the discontinued operations	551	-3,512
NET RESULT FOR THE PERIOD	8,284	3,060
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-3,317	11,794
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	4,967	14,855
Diluted and undiluted earnings per share from continuing operations	0.28	0.23
Diluted and undiluted earnings per share from discontinued operations	0.02	-0.13
Diluted and undiluted earnings per share	0.30	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	30 Jun 23	30 Jun 22	31 Dec 22
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	52,708	45,763	49,583
Goodwill	5,718	6,024	5,707
Property, plant and equipment	116,391	108,061	114,732
Financial assets	429	428	375
Investments in associated companies	956	886	881
Non-current receivables	58	232	63
Deferred tax assets	6,024	4,464	4,422
TOTAL NON-CURRENT ASSETS	182,284	165,858	175,763
CURRENT ASSETS			
Inventories	251,415	222,894	229,648
Trade receivables	67,316	54,140	62,305
Income tax receivables	1,289	766	1,013
Other current receivables	27,000	22,481	24,817
Cash and cash equivalents	49,608	35,138	73,451
TOTAL CURRENT ASSETS	396,629	335,419	391,234
Assets related to assets held for sale	18,018	39,716	21,650
TOTAL ASSETS	596,931	541,023	588,648
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	3,460	3,460	3,460
Translation differences	7,443	21,979	12,701
Treasury shares	-290	-2	-274
Retained earnings	305,143	276,393	298,926
EQUITY OWNED BY PARENT COMPANY			
SHAREHOLDERS	322,757	308,830	321,813
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	49,894	51,170	42,484
Deferred tax liabilities	242	766	942
Other non-current liabilities	79	84	81
TOTAL NON-CURRENT LIABILITIES	50,214	52,019	43,507
CURRENT LIABILITIES			
Interest-bearing liabilities	58,382	4,453	53,804
Provisions	10,930	4,274	10,647
Tax liabilities for the period	3,101	5,449	4,664
Trade creditors and other current liabilities	151,092	152,197	153,476
TOTAL CURRENT LIABILITIES	223,505	166,374	222,591
Liabilities related to assets held for sale	454	13,800	738
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	596,931	541,023	588,648

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)
Continuing and discontinued operations

	1-6/23	1-6/22	1-12/22
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net result for the period	22,812	14,367	37,113
Adjustments:			
Financial income and expenses	-2,219	3,981	5,893
Change in provisions	-158	-275	6,291
Share of the result of associated companies	-144	-117	-147
Depreciation and amortisation	15,564	14,514	28,853
Income taxes	7,332	5,800	9,562
Other adjustments	1,801	885	-3,753
Cash flow before changes in working capital	44,988	39,154	83,812
Change in working capital:			
Change in trade receivables and other receivables	-7,283	-15,900	-21,858
Change in inventories	-20,302	-59,465	-67,087
Change in trade creditors and other liabilities	-6,123	3,631	-4,173
Interest received	246	139	309
Interest paid	-1,455	-565	-1,627
Other financial items	1,160	-377	600
Income taxes paid	-11,126	-4,122	-7,921
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	106	-37,505	-17,945
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-18,745	-17,754	-41,917
Proceeds from sale of tangible and intangible assets	405	239	612
Acquisition of subsidiaries*	0	-4,688	-5,516
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-18,340	-22,203	-46,821
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawal/Repayment of current loans	4,475	-852	29,575
Withdrawal of non-current loans	8,000	0	11,170
Repayment of finance lease liabilities	-1,932	-1,737	-3,755
Dividends paid	-16,794	-16,800	-16,800
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-6,251	-19,389	20,191
Change in cash and cash equivalents (A+B+C)	-24,485	-79,097	-44,575
Cash and cash equivalents on 1 Jan	76,545	120,900	120,900
Impact of exchange rate changes	-429	-1,763	220
Cash and cash equivalents on 30 Jun/31 Dec	51,632	40,040	76,545

*) 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 2023	7,000	3,460	12,701	-274	298,926	321,813
Comprehensive result:						
Net result for the period					22,812	22,812
Other items included in total comprehensive result:						
Translation differences			-5,258			-5,258
Total comprehensive result for the period			-5,258		22,812	17,554
Direct entries to retained earnings					206	206
Transactions with shareholders						
Share Plan					-16,800	-16,800
Dividend distribution				-16		-16
Acquisition of treasury shares						
Transactions with shareholders in total				-16	-16,800	-16,816
Other changes						
SHAREHOLDERS' EQUITY						
30 JUN 2023	7,000	3,460	7,443	-290	305,144	322,757
SHAREHOLDERS' EQUITY						
1 JAN 2022	7,000	3,460	8,347	-2	278,462	297,267
Comprehensive result:						
Net result for the period					14,367	14,367
Other items included in total comprehensive result:						
Translation differences			13,638			13,638
Total comprehensive result for the period			13,638		14,367	28,005
Direct entries to retained earnings						
Transactions with shareholders					30	30
Share Plan					-16,800	-16,800
Dividend distribution						
Acquisition of treasury shares						
Transactions with shareholders in total				-6	-16,770	-16,770
Other changes					334	328
SHAREHOLDERS' EQUITY						
30 JUN 2022	7,000	3,460	21,979	-2	276,393	308,830

NOTES TO THE RELEASE FOR THE HALF-YEAR REPORT

The stock exchange release for the half-year 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 2022 except of the IAS/IFRS standard and interpretation changes that entered into force on January 1, 2023. These standard and interpretation changes did not have a material impact on the half-year report.

Ponsse has classified the Russian operations subject to trade as assets held for sale and reported them as discontinued operations. Unless otherwise specified, the figures presented in this half-year report refer to continuing operations.

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.

Ponsse is preparing for the adoption of Pillar 2 minimum tax rules in the beginning of 2024 and will disclose information about the impacts in 2023 financial statements according to IAS 12.

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.

1. SEGMENT INFORMATION (EUR 1,000)

The Group has operating segments based on a geographical division of regions. The operating segments are based on reporting used by the Group Management Team in operational decision-making. The group has changed its segmentation, when the operations in Russia have been classified as discontinued operations and assets held for sale in accordance with the IFRS 5 standard and are not included in the report of continuing operations.

OPERATING SEGMENTS

	Central and North and					Total
	Northern Europe	Southern Europe	South America	Other countries		
1-6/2023						
Net sales of the segments	264,617	88,197	129,848	12,289	494,952	
Revenues between segments	-80,131	-3,131	-1,752	-111	-85,124	
NET SALES FROM EXTERNAL CUSTOMERS	184,486	85,067	128,097	12,178	409,828	
Operating result of the segment	3,497	11,682	10,277	2,385	27,841	
Unallocated items					-1,007	
OPERATING RESULT	3,497	11,682	10,277	2,385	26,834	
DEPRECIATION AND AMORTISATION	13,157	490	1,819	97	15,564	

OPERATING SEGMENTS

	Northern Europe	Central and Southern Europe	North and South America	Other countries	Total
1-6/2022					
Net sales of the segments	240,855	82,699	120,435	14,361	458,350
Revenues between segments	-102,796	-2,086	-1,304	-120	-106,307
NET SALES FROM EXTERNAL CUSTOMERS	138,060	80,612	119,131	14,241	352,043
Operating result of the segment	-298	9,472	11,491	2,122	22,787
Unallocated items					-914
OPERATING RESULT	-298	9,472	11,491	2,122	21,873
DEPRECIATION AND AMORTISATION	11,348	426	1,524	103	13,402
2. LEASING COMMITMENTS (EUR 1,000)					
		30 Jun 23	30 Jun 22	31 Dec 22	
		994	1,019	1,047	
3. CONTINGENT LIABILITIES (EUR 1,000)					
Guarantees given on behalf of others		30 Jun 23	30 Jun 22	31 Dec 22	
		0	20	0	
Responsibility of checking the VAT deductions made on real property investments		5,757	6,645	6,100	
Other commitments		305	246	200	
TOTAL	6,063	6,912	6,300		
4. PROVISIONS (EUR 1,000)	Guarantee provision		Other provisions		Total
1 January 2023	4,164		6,483		10,647
Provisions added	349		20		369
Provisions cancelled	-517		0		-517
Exchange rate difference	0		431		431
30 June 2023	3,996		6,934		10,930
To item other provisions the Group has recognised a provision in the item of other provisions based on an agreement entered into by Ponsse Latin America Ltda, as the fulfilment of the contractual obligations is estimated to generate expenses that exceed the expected economic benefits obtained from the agreement. The provision has been measured based on the best possible estimate of the expenses arising from the fulfilment of the obligations on the closing date.					
5. DIVIDENDS PAID (EUR 1,000)		30 Jun 23	30 Jun 22		
Dividends per share EUR 0.60 (EUR 0.60)		16,800	16,800		
6. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)		1-6/23	1-6/22		
Increase	14,586		17,760		
Decrease	-14,407		-10,653		
TOTAL	179	7,106			

7. RELATED PARTY TRANSACTIONS	1-6/23	1-6/22
Management's employment-related benefits (EUR 1,000)		
Salaries and other short-term employment-related benefits	2,118	2,411
Benefits paid upon termination of employment	0	0
Pension liabilities, statutory and voluntary pension security	622	587
Compensation of the members of the Board of Directors	155	150

8. 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.

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 9.3 million at the end Q2/2023. The cumulative translation difference will be recognised as income on the income statement once the sale has been concluded. RUB/EUR average rate of 84.61957 and closing rate of 97.59500 is used in the half-year report (source: Kauppalehti).

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

	1-6/23	1-6/22	1-12/22
NET SALES	2,533	23,407	32,561
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-20	-1,177	-1,992
Other operating income	260	91	497
Raw materials and services	-796	-14,154	-17,320
Expenditure on employment-related benefits	-752	-3,027	-4,246
Depreciation and amortisation	-1	-1,112	-1,182
Other operating expenses	-278	-1,872	-2,472
OPERATING PROFIT	947	2,157	5,844
Financial income and expenses	77	-2,357	-2,389
RESULT BEFORE TAXES	1,024	-201	3,456
Income taxes	20	1	-526
NET RESULT FOR THE PERIOD	1,043	-200	2,930

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

30 Jun 23

ASSETS HELD FOR SALE	
Intangible assets	15
Property, plant and equipment	6,443
Deferred tax assets	417
Inventories	4,704
Trade receivables	2,856
Income tax receivables	30
Other current receivables	1,529

Cash and cash equivalents	2,024
ASSETS HELD FOR SALE TOTAL	18,018

LIABILITIES RELATED TO ASSETS HELD FOR SALE

Interest-bearing liabilities	3
Deferred tax liabilities	12
Tax liabilities for the period	3
Trade creditors and other current liabilities	437
LIABILITIES RELATED TO ASSETS HELD FOR SALE TOTAL	454

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

	1-6/23	1-6/22	1-12/22
Cash flows from operating activities	-943	-8,581	-10,712
Cash flows used in investing activities	395	-908	4,235
Cash flows from financing activities	-9	-10	-21
Cash flows for the period under review	-557	-9,500	-6,499

KEY FIGURES AND RATIOS

	30 Jun 23	30 Jun 22	31 Dec 22
R&D expenditure, MEUR	14.0	14.0	27.7
Capital expenditure, MEUR	18.7	17.5	41.9
as % of net sales	4.6	5.0	5.6
Average number of employees	2,090	2,016	2,016
Order books, MEUR	294.2	357.1	353.7
Equity ratio, %	54.3	59.0	55.0
Diluted and undiluted earnings per share (EUR), continuing operations	0.78	0.52	1.22
Diluted and undiluted earnings per share (EUR), discontinued operations	0.04	-0.01	0.10
Diluted and undiluted earnings per share (EUR)	0.81	0.51	1.33
Equity per share (EUR)	11.53	11.03	11.49
Order intake, MEUR	350.3	396.6	796.2

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

Vieremä, 15 August 2023

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

Juho Nummela, President and CEO, tel. +358 400 495 690
Petri Härkönen, 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 Vidgren 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.