

Ponsse's Half-year Report for 1 January – 30 June 2024

Ponsse Plc
Stock Exchange Release – Half-year Report
13 August 2024, 9:00 a.m. (EEST)

April-June:

- Net sales amounted to EUR 188.0 (208.1) million
- Operating profit totalled EUR -0.6 (10.2) million, equalling -0.3 (4.9) per cent of net sales

January-June:

- Net sales amounted to EUR 357.7 (409.8) million
- Operating profit totalled EUR 0.6 (26.8) million, equalling 0.2 (6.5) per cent of net sales
- Net result was EUR -11.7 (21.8) million
- Earnings per share were EUR -0.42 (0.78)
- Order books stood at EUR 210.4 (294.2) million at the end of period under review
- Cash flow from business operations was EUR 25.4 (0.1) million
- Equity ratio was 52.8 (54.3) per cent at the end of period under review
- Ponsse published a new profit guidance on 9 August 2024: The company's euro-denominated operating profit is estimated to be significantly lower in 2024 than in 2023 (EUR 47.2 million).

PRESIDENT AND CEO JUHO NUMMELA:

The uncertainties in the forest machine market continued in the past quarter. There were positive signals in the forest industry, but in general, interest rates and the poor situation in European construction are weakening demand for forest machinery. Among market areas, the Nordic countries were the best performers, led by Finland and Sweden. Orders received during the second quarter totaled EUR 172.4 million, bringing the company's order book to EUR 210.4 (294.2) million at the end of the period. Despite the challenges in the market, the company's order book has remained at the same level throughout the first half of the year.

Net sales in the second quarter decreased by approximately 10 per cent compared to the comparison period, amounting to EUR 188.0 (208.1) million. In the second quarter, the delivery volumes of forest machines were lower than in the comparison period. Turnover from service sales remained at a normal level due to the relatively good working conditions of our customers. However, the market situation for used machines was challenging and turnover was below target. Demand for products from Ponsse's technology company Epec Oy also continued to be weak and turnover was on a downward trend. Our Vieremä factory performed excellently and there were no problems with parts availability.

The profitability of Ponsse's Brazilian Full Service contract remains challenging. The company has updated the financial forecast of the contract, and therefore we are preparing for higher-than-expected losses on the contract for 2024 and 2025. The operating profit for the period includes an expense of EUR 18.6 million related to the Full Service contract. Productivity and mechanical utilisation of the machines involved in the contract have developed favorably and are generally in line with the targets. The contract is fixed term and will expire at the end of 2026. The deterioration in the

general market situation and the reduction in Epec's turnover have also had a wide-ranging impact on our profitability. The company's relative profitability in the second quarter was -0.3 (4.9) percent. We are continuously working both to improve the Full Service situation in Brazil and to increase the profitability of our core business as a whole.

Our cash flow for the reporting period was EUR 25.4 (0.1) million. Our cash flow has developed in the right direction, but some of our capital is still tied up in inventories of materials and supplies and especially in inventories of used machines. Our stock of used machines increased during the period under review as the market situation deteriorated. Working capital efficiency is at the core of our operations and one of our top priorities, together with profitability development. The company's solvency has remained at a very good level.

Ponsse's new operating model was introduced on 1 June 2024. Our organisation has been in the midst of changes during the spring and summer, and we are working hard to consolidate the new operating model. The change is important for Ponsse's long-term development and will create new development opportunities for our staff. At the same time, it improves the efficiency of the group's operations, and allows the country-organisations to focus on serving our customers.

The coming autumn will kick off a busy season of fairs and customer events at Ponsse, which will also involve some highly anticipated product launches. We welcome our customers and business partners to our events around the world!

NET SALES

Consolidated net sales for the period under review amounted to EUR 357.7 (409.8) million, which is 12.7 per cent less than in the comparison period. International business operations accounted for 72.8 (74.1) per cent of net sales.

Net sales were regionally distributed as follows: Nordic countries and the Baltics 47.5 (45.0) per cent, Central Europe and Southern Europe 22.5 (20.8) per cent, North America 13.1 (13.6) per cent, South America 14.4 (17.7) per cent and Asia, Australia and Africa 2.5 (3.0) per cent.

	1-6/24	1-6/23
Net sales from continuing operations	357,673	409,828
Net sales from discontinued operations	0	2,533
Net sales total	357,673	412,362

PROFIT PERFORMANCE

The operating result amounted to EUR 0.6 (26.8) million. The operating result equalled 0.2 (6.5) per cent of net sales for the period under review. The operating profit for the reporting period includes an expense of EUR 18.6 million related to the Brazilian Full Service contract, of which the impact of realised loss is EUR 8.4 million and the change in the provision related to the fulfilment of contractual obligations amounts to EUR 10.2 million.

	1-6/24	1-6/23
Operating profit from continuing operations	607	26,834
Operating profit from discontinued operations	0	947
Operating profit total	607	27,781

Consolidated return on capital employed (ROCE) stood at -2.4 (15.1) per cent.

Staff costs for the period totalled EUR 58.0 (60.6) million. Other operating expenses stood at EUR 55.6 (41.9) million. The net total of financial income and expenses amounted to EUR -8.4 (2.1) million. Exchange rate gains and losses due to currency rate fluctuations were recognised under financial items, having a net impact of EUR -6.1 (3.1) million. During the period under review, EUR 34.0 thousand of revaluation losses on interest rate swaps were recognised in the result. The parent company's receivables from subsidiaries stood at EUR 144.1 (112.2) million net. Receivables from subsidiaries mainly consist of trade receivables.

Result for the period under review totalled EUR -11.7 (21.8) million. Diluted and undiluted earnings per share (EPS) came to EUR -0.42 (0.78).

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 568.5 (596.9) million. Inventories stood at EUR 240.7 (251.4) million. Trade receivables totalled EUR 62.2 (67.3) million, while cash and cash equivalents stood at EUR 53.9 (49.6) million. Group shareholders' equity stood at EUR 298.9 (322.8) million and parent company shareholders' equity (FAS) at EUR 293.0 (249.0) million. The amount of interest-bearing liabilities was EUR 102.7 (108.3) 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 48.8 (55.3) million, and the debt-equity ratio (net gearing) was 16.3 (17.1) per cent. The equity ratio stood at 52.8 (54.3) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR 25.4 (0.1) million. Cash flow from investment activities came to EUR -11.0 (-18.3) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 336.0 (350.3) million, while period-end order books were valued at EUR 210.4 (294.2) million.

DISTRIBUTION NETWORK

In the new operating model, which entered into force at the beginning of June 2024, Ponsse shifted to a global organisational structure and reporting lines. With this operating model, Ponsse will secure globally harmonised and effective operations that respond to future customer needs. At the same time, the company aims to increase its competitiveness and cost-effectiveness, and to harmonise its practices. With focus on sales and maintenance, the organisation will be divided into five market areas: 1) Nordic countries and the Baltics; 2) Central Europe and Southern Europe; 3) South America; 4) North America; and 5) Asia, Australia and Africa.

R&D AND CAPITAL EXPENDITURE

Group's R&D expenses during the period under review totalled EUR 12.3 (14.0) million, of which EUR 5.1 (5.7) million was capitalised.

Investments during the period under review totalled EUR 11.3 (18.7) million. In addition to capitalised

R&D expenses, they consisted of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

PERSONNEL

The Group had an average staff of 2,113 (2,090) during the period and employed 2,112 (2,168) people at the end of the period.

On 3 April 2024, Ponsse announced that the planning process for the changes in the operating model and related cooperation negotiations had been completed. Changes in Ponsse's operating model and related cooperation negotiations resulted in the termination of 21 employment contracts in Finland and about 40 outside Finland. Previously, the changes were estimated to cause the termination of 120–140 employment contracts in the company, of which 50–60 would have been in Finland. However, the number of terminated employment contracts was smaller than estimated after dozens of the company's employees were reassigned to new positions that resulted from the changes in the operating model.

SHARE-BASED INCENTIVE PLANS

The Board of Directors of Ponsse Plc approved two new Ponsse Group's share-based incentive plans in 2023. A stock exchange release regarding the incentive plans was 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 Board of Directors of Ponsse Plc decided on new performance periods of share-based incentive plans in June 2024 and published a stock exchange release about them on 11 June 2024.

The CEO Performance-Based Share Ownership Plan

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. During the performance period 2024-2026 of the CEO Performance-Based Share Ownership Plan, the rewards are based on the group's operating result, revenue, personnel satisfaction and injury frequency (LTIF). The amount of rewards to be paid based on the performance period 2024-2026 will correspond to an approximate maximum total of 50 000 Ponsse Plc shares, including also the portion to be paid in cash (gross reward). The performance-based bonus for the 2023 performance period was paid in June 2024 and its cost effect to the company was EUR 0.4 million.

Key Employee Performance-Based Matching Share Plan

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.

For the restriction periods that started in 2023, the total cost effect of the share-based incentive plans is estimated to be around EUR 2.0 million in the years 2023-2025.

During the performance period 2024-2026 of the Key Employee Performance-Based Matching Share Plan, the rewards are based on the group's operating result, revenue, personnel satisfaction and injury frequency (LTIF). The amount of rewards to be paid based on the performance period 2024-2026 will amount to a maximum total of 60 000 Ponsse Plc shares (net reward). In addition, the company pays the taxes and statutory social security contributions arising from the reward to participants in connection with the reward payment. The estimate includes the matching rewards to be paid in 2024. Approximately 140 key employees, including the Management Team members but excluding the President and CEO, belong to the target group of the plan. During the period under review, there were no expenses related to the share-based incentive plan.

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 2024 totalled 411,672, accounting for 1.47 per cent of the total number of shares. Share turnover amounted to EUR 9.7 million, with the period's lowest and highest share prices amounting to EUR 22.10 and EUR 26.20, respectively.

At the end of the period, shares closed at EUR 26.10, and market capitalisation totalled EUR 730.8 million.

At the end of the period under review, the company held 15,105 treasury shares.

ANNUAL GENERAL MEETING 2024

A separate release was issued on 9 April 2024 regarding the authorizations given to the Board of Directors and other resolutions at the AGM.

SUSTAINABILITY

We have defined our key sustainability goals, the realisation of which we promote through annual, activity-specific targets and actions as part of the company's strategy process. We want to improve the well-being of our people, innovate sustainable solutions that respect nature, develop our operations in a way that respects the natural environment, and be a reliable partner for whom community is an asset.

In the second quarter, we continued to prepare for the EU's Corporate Sustainability Reporting Directive (CSRD), which came into force at the beginning of 2024. We refined our double materiality assessment, documented our reporting processes, and developed our ability to implement CSRD-compliant reporting.

Ponsse's first Corporate Value Chain (Scope 3) emissions calculation from 2023 data was completed in June 2024. The Scope 3 emissions calculation was mainly cost-based, taking into account all emission categories. As a result, the greenhouse gas emission sources that are relevant to our operations were identified and will be monitored on an annual basis. Purchased products, use of products sold, and end-of-life treatment of products sold account for 97% of Ponsse's Scope 3 emissions.

The Carbon Disclosure Project (CDP) gave Ponsse a grade of C for Climate Change reporting and C-

for Water Security reporting (on a scale from A to D-). There was no change in the obtained grade, when comparing with that of the previous year. On the reporting scale, these scores represent awareness of the company's own impacts on climate and water, and their implications for business.

Ponsse Plc complies with the ISO 9001 quality management standard, ISO 14001 environmental management standard, and ISO 45001 occupational health and safety management standard. On 1 June 2024, the company renewed its Operating Policy in accordance with the management systems. The new Operating Policy is based on the company's responsibility objectives, guiding everyone to follow the company's values and responsible practices in business development.

During the second quarter, a new Code of Conduct was developed at Ponsse. The Code of Conduct is based on the company's human rights assessment which was completed at the end of 2023. The revised Code of Conduct will be implemented in the company in autumn of 2024, and it will be trained for the company's employees and key stakeholders.

On 1 June 2024, a new operating model was introduced at Ponsse. The change in our operating model has required a lot from our organisation, and progress will continue with the consolidation of new ways of working. A global organisation creates many new development opportunities for our staff. As a result of the change, the company has also unified its safety management and day-to-day practices, and safety resources have been strengthened.

In the future, we will monitor the following indicators in our half-year report:

KPI	Long-term objective	Result H1/2024	Result H1/2023	Change %
Lost Time Injury Frequency (LTIF)	LTIF 0	12.3	10.8	13.9 %
Number of safety observations, pcs	8500 pcs/year	2,112	3,847	-45.1 %
Employee experience (eNPS) (on a scale of -100 to 100)	eNPS > 40	3	36	-91.7 %
Voluntary employee turnover, %	< 5 %	6.1 %	10.9 %	4.8 %

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 the global geopolitical situation, sudden economic fluctuations, and to the interest rate level that has remained high. The geopolitical situation increases uncertainty through financial market operability, sanctions, and growing cybersecurity threats.

The risks in the financial market may also increase the volatility of developing countries' foreign exchange markets. The continued instability of the world economy and growing financing costs may also reduce demand for forest machines. Additionally, if the industrial action measures in Finland take place, Ponsse could suffer significant financial losses. These financial risks relate in particular to the functionality of the production and supply chains.

In the challenging situation, Ponsse's strong financial position is important. In terms of financing, Ponsse has carried out all measures necessary to ensure business continuity, and financial situation is regularly evaluated. The key objective of the company's financial risk management policy is to manage liquidity, interest, and currency risks. The company's financial position and liquidity have remained strong due to binding credit limit facilities agreed with several financial institutions. The effect of adverse changes in interest rates is minimized by utilizing credit linked to different reference rates and by concluding interest rate swaps. The effects of currency rate fluctuations are partly mitigated through derivative contracts.

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.

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. Global supply chain disruptions can make it more difficult to manage PONSSE forest machine production schedules and it may tie up more capital in the company's supply chain and increase the risks related to working capital management.

In order to strengthen cybersecurity, Ponsse has clarified its software update policy and user manuals. We will improve our ability to detect and react to abnormal activity on our networks, and we regularly test our digital services with our partners against cyber-attacks.

OUTLOOK FOR THE FUTURE

The company's euro-denominated operating profit is estimated to be significantly lower in 2024 than in 2023 (EUR 47.2 million).

Due to the uncertainty in the market, the company continues to carefully consider investments, maintains cost controls in place, and is developing its operational model to improve competitiveness. The company is closely monitoring changes in the operating environment and customers operating conditions.

The status of the Full Service contract of Ponsse's Brazilian country-organisation will remain under close scrutiny and the company will continue to take measures to improve the situation.

EVENTS AFTER THE PERIOD

Ponsse cut its profit guidance in the profit warning release that was published on 9 August 2024.

According to the new guidance, the company's euro-denominated operating profit is estimated to be significantly lower in 2024 than in 2023 (EUR 47.2 million).

The company's operating profit (EBIT) is affected by the significantly lower-than-expected profitability of Ponsse's Brazilian country-organisation.

Ponsse has previously estimated its profit outlook in an insider information release published on 19 April 2024 as follows: "The company's euro-denominated operating profit is estimated to be slightly weaker in 2024 than in 2023 (EUR 47.2 million)."

At the end of July, the Ponsse factory transitioned to using biogas. Biogas replaces the liquefied petroleum gas (LPG) used in the factory paint shop and is a significant step towards achieving carbon neutrality goal in Ponsse's production.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	1-6/24	1-6/23	1-12/23
NET SALES	357,673	409,828	821,800
Increase (+)/decrease (-) in inventories of finished goods and work in progress	12,153	7,103	-3,545
Other operating income	3,343	2,097	5,593
Raw materials and services	-241,253	-274,177	-534,497
Expenditure on employment-related benefits	-58,048	-60,594	-115,262
Depreciation and amortisation	-17,708	-15,564	-31,337
Other operating expenses	-55,553	-41,859	-95,599
OPERATING PROFIT	607	26,834	47,153
Share of results of associated companies	200	144	255
Financial income and expenses	-8,373	2,143	-4,459
RESULT BEFORE TAXES	-7,566	29,120	42,949
Income taxes	-4,149	-7,352	-12,924
NET RESULT FROM THE CONTINUING OPERATIONS	-11,715	21,768	30,026
Net result from the discontinued operations	0	1,043	-11,149
NET RESULT FOR THE PERIOD	-11,715	22,812	18,877

OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:

Translation differences related to foreign units	4,232	-5,257	3,001
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-7,483	17,554	21,878

Diluted and undiluted earnings per share from continuing operations	-0.42	0.78	1.07
Diluted and undiluted earnings per share from discontinued operations	0	0.04	-0.40
Diluted and undiluted earnings per share	-0.42	0.81	0.67

	4-6/24	4-6/23
NET SALES	188,014	208,099
Increase (+)/decrease (-) in inventories of finished goods and work in progress	5,175	4,812
Other operating income	1,681	1,151
Raw materials and services	-122,834	-141,228
Expenditure on employment-related benefits	-30,212	-32,446
Depreciation and amortisation	-8,981	-7,784
Other operating expenses	-33,483	-22,389
OPERATING PROFIT	-640	10,215
Share of results of associated companies	80	145
Financial income and expenses	-4,591	1,579
RESULT BEFORE TAXES	5,151	11,939
Income taxes	-3,125	-4,206
NET RESULT FROM THE CONTINUING OPERATIONS	-8,276	7,733
Net result from the discontinued operations	0	551
NET RESULT FOR THE PERIOD	-8,276	8,284

**OTHER ITEMS INCLUDED IN TOTAL
COMPREHENSIVE RESULT:**

Translation differences related to foreign units	3,246	-3,317
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	-5,030	4,967
Diluted and undiluted earnings per share from continuing operations	-0.3	0.28
Diluted and undiluted earnings per share from discontinued operations	0	0.02
Diluted and undiluted earnings per share	-0.3	0.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)			
	30 Jun 24	30 Jun 23	31 Dec 23
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	51,337	52,708	52,736
Goodwill	6,668	5,718	6,698
Property, plant and equipment	116,616	116,391	119,017
Financial assets	375	429	374
Investments in associated companies	1,073	956	1,067
Non-current receivables	224	58	3,229
Deferred tax assets	9,294	6,024	8,446
TOTAL NON-CURRENT ASSETS	185,586	182,284	191,569
CURRENT ASSETS			
Inventories	240,724	251,415	240,837
Trade receivables	62,240	67,316	69,129
Income tax receivables	937	1,289	1,249
Other current receivables	25,162	27,000	29,225
Cash and cash equivalents	53,860	49,608	74,002
TOTAL CURRENT ASSETS	382,922	396,629	414,443
Assets related to assets held for sale	0	18,018	0
TOTAL ASSETS	568,508	596,931	606,011
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	3,892	3,460	3,460
Translation differences	19,934	7,443	15,702
Treasury shares	-476	-290	-463
Retained earnings	268,528	305,143	296,101
EQUITY OWNED BY PARENT COMPANY	298,878	322,757	321,799
SHAREHOLDERS			
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	66,888	49,894	66,637
Deferred tax liabilities	-568	242	1,120
Other non-current liabilities	6,238	79	6,284
TOTAL NON-CURRENT LIABILITIES	72,558	50,214	74,041
CURRENT LIABILITIES			
Interest-bearing liabilities	35,813	58,382	52,816
Provisions	24,916	10,930	14,690
Tax liabilities for the period	3,167	3,101	1,257
Trade creditors and other current liabilities	133,176	151,092	141,407
TOTAL CURRENT LIABILITIES	197,072	223,505	210,171
Liabilities related to assets held for sale	0	454	0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	568,508	596,931	606,011

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

Continuing and discontinued operations

	1-6/24	1-6/23	1-12/23
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net result for the period	-11,715	22,812	18,877,
Adjustments:			
Financial income and expenses	8,373	-2,219	16,647
Change in provisions	978	-158	3,677
Share of the result of associated companies	-200	-144	-255
Depreciation and amortisation	17,708	15,564	31,402
Income taxes	4,149	7,332	13,115
Other adjustments	-3,094	1,801	1,304
Cash flow before changes in working capital	26,372	44,988	84,767
Change in working capital:			
Change in trade receivables and other receivables	11,405	-7,283	-17,531
Change in inventories	2,115	-20,302	-10,166
Change in trade creditors and other liabilities	-5,800	-6,123	-4,451
Interest received	190	246	960
Interest paid	-2,558	-1,455	-3,927
Other financial items	-1,841	1,160	-294
Income taxes paid	-4,436	-11,126	-18,966
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	25,445	106	30,391
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-11,307	-18,745	-35,892
Proceeds from sale of tangible and intangible assets	309	405	1,282
Acquisition of subsidiaries*	0	0	-1,458
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-10,998	-18,340	-36,068
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawal/Repayment of current loans	-16,903	4,475	14,121
Withdrawal of non-current loans	0	8,000	10,000
Repayment of finance lease liabilities	-2,568	-1,932	-4,066
Dividends paid	-15,400	-16,794	-16,794
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-34,871	-6,251	3,261
Change in cash and cash equivalents (A+B+C)	-20,424	-24,485	-2,416
Cash and cash equivalents on 1 Jan	74,002	76,545	76,545
Impact of exchange rate changes	281	-429	-127
Cash and cash equivalents on 30 Jun/31 Dec	53,860	51,632	74,002

*) Acquisition of Bram Engineers B.V. (now Epec B.V.), the Netherlands.

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 2024	7,000	3,460	15,702	-463	296,101	321,799
Comprehensive result:						
Net result for the period					-11,715	-11,715
Other items included in total comprehensive result:						
Translation differences			4,232			4,232
Total comprehensive result for the period			4,232		-11,715	-7,483
Direct entries to retained earnings					-457	-457
Transactions with shareholders						
Share Plan						
Dividend distribution					-15,400	-15,400
Treasury shares, change	432			-13		419
Transactions with shareholders in total	432			-13	-15,400	-14,981
Other changes						
SHAREHOLDERS' EQUITY						
30 JUN 2024	7,000	3,892	19,934	-476	268,528	298,879
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			-5,228
Total comprehensive result for the period			-5,258		22,812	17,554
Direct entries to retained earnings					206	206
Transactions with shareholders						
Share Plan					30	
Dividend distribution					-16,800	-16,800
Acquisition of treasury shares				-16		-16
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

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 half-year report has been prepared applying the same accounting principles as for the annual financial statements dated 31 December 2023, except for the IAS/IFRS standard and interpretation changes that entered into force on 1 January 2024. 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 in 2023. Unless otherwise specified, the figures presented in this half-year report refer to continuing operations.

The figures presented in the stock release have not been audited.

The figures presented in the stock release 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 and is currently assessing its impacts.

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)

As a result of the new operating model, the Group is changing its segmentation. The operating segments are based on a geographical division of market areas, and they are defined based on the reporting used by the Group's top operational decision-maker. The change in reporting structure will affect Ponsse's financial reporting from the second quarter of 2024 onwards.

OPERATING SEGMENTS

	Central		Asia,			Total
	Nordic countries	Europe and the Southern Baltics	North America	South America and Africa	Australia	
1-6/2024						
Net sales of the segments	245,886	82,216	48,176	52,230	9,017	437,525
Revenues between segments	-75,912	-1,864	-1,336	-667	-73	-79,852
NET SALES FROM EXTERNAL CUSTOMERS	169,974	80,352	46,840	51,563	8,944	357,673
Operating result of the segment	6,855	7,405	1,299	-14,889	189	859
Unallocated items						-252
OPERATING RESULT	6,855	7,405	1,299	-14,889	189	607
DEPRECIATION AND AMORTISATION	14,444	494	551	2,136	83	17,708

	Nordic countries and Baltics	Central Europe and the Southern Europe	North America	South America	Asia, Australia and Africa	Total
1-6/2023	264,617	88,197	56,702	73,147	12,289	494,952
Net sales of the segments	-80,131	-3,131	-1,139	-613	-111	-85,124
Revenues between segments						
NET SALES FROM EXTERNAL CUSTOMERS	184,486	85,067	55,563	72,534	12,178	409,828
Operating result of the segment	3,497	11,682	7,038	3,239	2,385	27,841
Unallocated items						-1,007
OPERATING RESULT	3,497	11,682	7,038	3,239	2,385	26,834
DEPRECIATION AND AMORTISATION	13,157	490	448	1,371	97	15,564
2. LEASING COMMITMENTS (EUR 1,000)			30 Jun 24 1,150	30 Jun 23 994	31 Dec 23 964	
3. CONTINGENT LIABILITIES (EUR 1,000)			30 Jun 24 0	30 Jun 23 0	31 Dec 23 0	
Guarantees given on behalf of others						
Responsibility of checking the VAT deductions made on real property investments			5,088	5,757	5,349	
Other commitments			230	305	139	
TOTAL			5,317	6,063	5,488	
4. PROVISIONS (EUR 1,000)	Guarantee provision		Other provisions		Total	
1 January 2024	4,395		10,295		14,690	
Provisions added	1,088		10,174		11,262	
Provisions cancelled	110		0		-110	
Exchange rate difference	0		-926		-926	
30 June 2024	5,373		19,543		24,916	
The Group has recognized a provision in the item of other provisions based on a Full Service contract entered into by the Brazilian country-organization 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 24	30 Jun 23		
Dividends per share EUR 0.55 (EUR 0.60)			15,400	16,800		
6. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)			1-6/24	1-6/23		
Increase			12,826	14,586		
Decrease			-13,057	-14,407		
TOTAL			-231	179		

7. RELATED PARTY TRANSACTIONS	1-6/24	1-6/23
Management's employment-related benefits (EUR 1,000)		
Salaries and other short-term employment-related benefits	2,381	2,118
Benefits paid upon termination of employment	0	0
Pension liabilities, statutory and voluntary pension security	562	622
Compensation of the members of the Board of Directors	141	155

KEY FIGURES AND RATIOS	30 Jun 24	30 Jun 23	31 Dec 23
R&D expenditure, MEUR	12.3	14.0	29.5
Capital expenditure, MEUR	11.3	18.7	35.9
as % of net sales	3.2	4.6	4.4
Average number of employees	2,113	2,090	2,016
Order books, MEUR	210.4	294.2	232.1
Equity ratio, %	52.8	54.3	53.3
Diluted and undiluted earnings per share (EUR), continuing operations	-0.42	0.78	1.07
Diluted and undiluted earnings per share (EUR), discontinued operations	0	0.04	-0.40
Diluted and undiluted earnings per share (EUR)	-0.42	0.81	0.67
Equity per share (EUR)	10.67	11.53	11.49
Order intake, MEUR	336.0	350.3	697.6

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, 13 August 2024

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

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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 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.