

Ponsse Plc
Interim report
22 October 2024, 9:00 a.m.

Ponsse's Interim Report for 1 January – 30 September 2024

July-September:

- Net sales amounted to EUR 169.3 (169.2) million
- Operating profit totalled EUR 18.5 (6.5) million, equalling 11.0 (3.9) per cent of net sales

January-September:

- Net sales amounted to EUR 526.9 (579.0) million
- Operating profit totalled EUR 19.1 (33.4) million, equalling 3.6 (5.8) per cent of net sales
- Net result was EUR 0.3 (22.4) million
- Earnings per share were EUR 0.01 (0.80)
- Order books stood at EUR 199.1 (282.3) million at the end of period under review
- Cash flow from business operations was EUR 36.5 (-4.8) million
- Equity ratio was 55.1 (54.8) per cent at the end of period under review
- Ponsse published a 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:

Economic uncertainty and challenges in the forest industry continued to affect the demand for PONSSE forest machines. During the past quarter, the busy season of trade fairs and customer events around the world brought a momentary boost to order flows. In the third quarter, we achieved a normal level of order flow compared to the corresponding quarters and orders received were a pleasant EUR 157.9 million. The company's order book at the end of the period was EUR 199.1 (282.3) million.

However, our order book is spread over a longer period and there are clear signs that the market is calming down. Our customers' working conditions are reasonably good around the world, but investment activity has declined. The same situation can be observed in the demand for used machines. The weakening market situation is reflected in a reduction in the order book and order flow, which means that the Ponsse factory will have to adjust to the demand situation during the rest of the year. The operational performance of the factory is excellent and the availability of parts is generally good.

Ponsse's net sales for the current quarter amounted to EUR 169.3 (169.2) million. We were able to deliver new machines to our customers very well, and invoicing of new machines was strong. By contrast, the turnover from used machine sales and service sales was on a downward trend. Epec continues to suffer from the general slowdown in the machine manufacturing industry and from the destocking of some of its customers' high inventory levels.

Our relative profitability for the quarter was an excellent 11.0 (3.9) percent. A near-normal level of turnover, combined with development of productivity, improved our situation. Our productivity has

moved in the right direction, but we are not yet on target with the development of costs. From an operating profit perspective, the Full Service losses related to the operations of Ponsse's Brazilian country organisation have not impacted the result of the third quarter. Provisions made in the first half of the year are reversed against potential losses on the contract where necessary. During the past quarter, Full Service's operational performance improved and the provision reversal was lower than expected. Compared to the previous situation, the past quarter was a success for us.

The company's cash flow was EUR 36.5 (-4.8) million. Our stock of used machines was high, but otherwise the situation eased in terms of capital tied up in inventories. Our sales network is constantly working to boost the sale of used machines.

During the past quarter, Ponsse was actively engaged in different market areas and our customer focus delivered results. In response to customer needs, we will continue to make controlled investments in product technology and digital services to ensure a competitive product offering in all operating environments. Our new, area-based, global operating model is working increasingly well and will strengthen our competitiveness.

NET SALES

Consolidated net sales for the period under review amounted to EUR 526.9 (579.0) million, which is 9.0 per cent less than in the comparison period. International business operations accounted for 74.1 (73.8) per cent of net sales.

Net sales were regionally distributed as follows: Nordic countries and the Baltics 46.1 (44.9) per cent, Central Europe and Southern Europe 22.8 (21.7) per cent, North America 13.4 (14.1) per cent, South America 15.1 (16.1) per cent and Asia, Australia and Africa 2.5 (3.1) per cent.

	1-9/24	1-9/23
Net sales from continuing operations	526,927	579,010
Net sales from discontinued operations	0	3,576
Net sales total	526,927	582,586

PROFIT PERFORMANCE

The operating profit amounted to EUR 19.1 (33.4) million. The operating profit equalled 3.6 (5.8) per cent of net sales for the period under review. For the period 1-6/2024, the operating profit included a cost of EUR 18.6 million related to the Brazilian Full Service contract, of which the impact of the realised loss was EUR 8.4 million and the change in the provision related to the fulfilment of obligations under the contract was EUR 10.2 million. For the period 7-9/2024, the provision was reversed against realised losses by EUR 2.6 million, meaning that the Full Service contract had no impact on the operating profit of the third quarter. Overall, the Brazilian Full Service contract's impact on profit for the period under review was EUR 15.9 million. The contract is fixed-term and will expire at the end of 2026.

	1-9/24	1-9/23
Operating profit from continuing operations	19,140	33,361
Operating profit from discontinued operations	0	1,247
Operating profit total	19,140	34,608

Consolidated return on capital employed (ROCE) stood at 3.7 (7.6) per cent.

Staff costs for the period totalled EUR 81.6 (86.0) million. Other operating expenses stood at EUR 73.6 (62.6) million. The cost impact of the loss-making Full Service contract of the Brazilian country organisation is included in other operating expenses. The net total of financial income and expenses amounted to EUR -11.1 (-1.5) million. Exchange rate gains and losses due to currency rate fluctuations were recognised under financial items, having a net impact of EUR -7.5 (1.2) million. During the period under review, EUR 0.1 million of revaluation profits on interest rate swaps were recognised in the result. The parent company's receivables from subsidiaries stood at EUR 144.8 (126.5) million net. Receivables from subsidiaries mainly consist of trade receivables.

Result for the period under review totalled EUR 0.3 (22.4) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.01 (0.80).

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 564.3 (588.6) million. Inventories stood at EUR 237.8 (258.3) million. Trade receivables totalled EUR 56.0 (61.5) million, while cash and cash equivalents stood at EUR 63.2 (49.4) million. Group shareholders' equity stood at EUR 309.9 (321.0) million and parent company shareholders' equity (FAS) at EUR 303.8 (277.1) million. The amount of interest-bearing liabilities was EUR 106.7 (119.5) 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 43.5 (70.1) million, and the debt-equity ratio (net gearing) was 14.0 (21.8) per cent. The equity ratio stood at 55.1 (54.8) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR 36.5 (-4.8) million. Cash flow from investment activities came to EUR -16.5 (-26.4) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totaled EUR 493.9 (507.6) million, while period-end order books were valued at EUR 199.1 (282.3) 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 17.9 (21.4) million, of which EUR 6.7 (8.2) million was capitalised.

Investments during the period under review totalled EUR 16.9 (27.6) million. In addition to capitalised R&D expenses, they consisted of investments in buildings and ordinary investments in machinery and equipment.

PERSONNEL

The Group had an average staff of 2,103 (2,106) during the period and employed 2,057 (2,113) people at period-end.

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. 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 September 2024 totalled 625,666, accounting for 2.23 per cent of the total number of shares. Share turnover amounted to EUR 14.7 million, with the period's lowest and highest share prices amounting to EUR 20.50 and EUR 27.10, respectively.

At the end of the period, shares closed at EUR 21.60, and market capitalisation totalled EUR 604.8 million.

At the end of the period under review, the company held 15,213 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

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

During the third quarter, Ponsse continued to prepare for the EU's Corporate Sustainability Reporting Directive (CSRD), which came into force at the beginning of 2024. The company's Board of Directors reviewed and approved the double materiality assessment conducted during spring 2024 as the basis for the company's sustainability reporting. As a result of the assessment, Ponsse will be reporting in its 2024 annual report according to the following ESRS sustainability reporting standards: climate change E1, biodiversity and ecosystems E4, resource use and circular economy E5, own workforce S1, consumers and end-users S4, and business conduct G1. In addition, the company complies with the multidisciplinary standards ESRS 1 and ESRS 2, which define general reporting requirements and information.

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. During the third quarter, Ponsse signed a service contract for the purchase of CO2-free electricity for the year 2025. Under the agreement, the CO2-free electricity purchased by the company is 100% nuclear power, the source of which is verified by guarantees of origin of electricity in accordance with EU and Finnish legislation. The agreement covers the company's electricity supply in Finland.

In the EcoVadis sustainability assessment, Ponsse received an overall score of 56/100 ("committed"). Ponsse's sustainability was assessed in four areas: environment and climate, employees and human rights, ethical practices and sustainable sourcing.

The development of Ponsse product solutions always takes into account their environmental impact. The company presented a material concept made from SSAB's fossil-free steel at FinnMETKO 2024

fair at the end of August. The workability and properties of fossil-free steel were investigated in the production of the load compartment of the PONSSE Buffalo forwarder as part of the FORWARD27 ecosystem project, which investigates low-emission harvesting solutions and driver assistance solutions. New models of the multi-purpose PONSSE Wisent and PONSSE Elk forwarders were launched, with an even weight distribution and geometry of movements designed to meet the needs of thinning sites. A new precision positioning innovation, PONSSE High-Precision Positioning, allows the exact position of a harvester and harvester head to be displayed in the map view of the forest machine information system, and enables better use of tree-specific information. The solution shows the driver the position of the harvester head with an accuracy of less than 0.5 metres, making the driver's job easier, for example by ensuring that harvesting takes place precisely in a planned harvesting area and that vulnerable habitats can be taken into account. The exact location of the harvested trunks is recorded in the harvester's information systems' production file, enabling accurate reporting of insect or rot damage occurrence, for example. The forwarder's driver following a harvester can see the harvester's path on the map accurately. The use of navigation and positioning technology makes harvesting more efficient and allows monitoring of the harvested stand.

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

The main short-term risks are related to the global geopolitical situation, to a further economic slowdown, and to relatively high interest rate levels. 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, possible industrial action measures could result in significant financial losses for Ponsse. 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 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. The implementation of the NIS2 Cybersecurity Directive is moving ahead as planned.

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 further develops its operational model to improve competitiveness. The company is closely monitoring changes in the operating environment and in customers' operating conditions. Due to the weak market situation, high inventories of used machines, and reduced order books, the factory's capacity needs to be adapted to the current demand.

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

EVENTS AFTER THE PERIOD

There are no known events after the end of the reporting period that would require either adjustments to the information presented for the financial year or disclosure of additional information.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	1-9/24	1-9/23	1-12/23
NET SALES	526,927	579,010	821,800
Increase (+)/decrease (-) in inventories of finished goods and work in progress	12,290	15,591	-3,545
Other operating income	4,524	3,807	5,593
Raw materials and services	-342,720	-393,050	-534,497
Expenditure on employment-related benefits	-81,614	-85,997	-115,262
Depreciation and amortisation	-26,677	-23,377	-31,337
Other operating expenses	-73,590	-62,623	-95,599
OPERATING PROFIT	19,140	33,361	47,153
Share of results of associated companies	164	245	255
Financial income and expenses	-11,119	-1,506	-4,459
RESULT BEFORE TAXES	8,185	32,100	42,949
Income taxes	-7,863	-9,687	-12,924
NET RESULT FROM THE CONTINUING OPERATIONS	322	22,414	30,026
Net result from the discontinued operations	0	-11,133	-11,149
NET RESULT FOR THE PERIOD	322	11,281	18,877

OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:

Translation differences related to foreign units	3,172	4,906	3,001
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TOTAL COMPREHENSIVE RESULT FOR THE PERIOD

	3,494	16,187	21,878
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Diluted and undiluted earnings per share from continuing operations	0.01	0.80	1.07
Diluted and undiluted earnings per share from discontinued operations	0	-0.40	-0.40
Diluted and undiluted earnings per share	0.01	0.40	0.67

	7-9/24	7-9/23
NET SALES	169,254	169,182
Increase (+)/decrease (-) in inventories of finished goods and work in progress	137	8,488
Other operating income	1,181	1,710
Raw materials and services	-101,467	-118,873
Expenditure on employment-related benefits	-23,566	-25,403
Depreciation and amortisation	-8,969	-7,813
Other operating expenses	-18,037	-20,764
OPERATING PROFIT	18,534	6,527
Share of results of associated companies	-35	101
Financial income and expenses	-2,746	-3,649
RESULT BEFORE TAXES	15,752	2,980
Income taxes	-3,714	-2,334
NET RESULT FROM THE CONTINUING OPERATIONS	12,038	646
Net result from the discontinued operations	0	-12,176

NET RESULT FOR THE PERIOD	12,038	-11,530
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	-1,061	10,163
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	10,977	-1,367
Diluted and undiluted earnings per share from continuing operations	0.43	0.02
Diluted and undiluted earnings per share from discontinued operations	0	-0.44
Diluted and undiluted earnings per share	0.43	-0.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	30 Sep 24	30 Sep 23	31 Dec 23
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	49,455	53,093	52,736
Goodwill	6,658	5,677	6,698
Property, plant and equipment	115,060	117,509	119,017
Financial assets	374	375	374
Investments in associated companies	1,036	1,057	1,067
Non-current receivables	219	3,308	3,229
Deferred tax assets	8,449	7,013	8,446
TOTAL NON-CURRENT ASSETS	181,251	188,032	191,569
CURRENT ASSETS			
Inventories	237,843	258,297	240,837
Trade receivables	55,964	61,466	69,129
Income tax receivables	1,378	1,761	1,249
Other current receivables	24,729	29,705	29,225
Cash and cash equivalents	63,152	49,362	74,002
TOTAL CURRENT ASSETS	383,067	400,593	414,443
TOTAL ASSETS	564,318	588,625	606,011
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	3,833	3,460	3,460
Translation differences	18,873	17,606	15,702
Treasury shares	-476	-463	-463
Retained earnings	280,670	293,436	296,101
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	309,900	321,039	321,799
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	66,178	59,493	66,637
Deferred tax liabilities	-939	838	1,120
Other non-current liabilities	6,242	80	6,284
TOTAL NON-CURRENT LIABILITIES	71,480	60,410	74,041
CURRENT LIABILITIES			
Interest-bearing liabilities	40,506	60,004	52,816
Provisions	21,079	10,860	14,690
Tax liabilities for the period	4,726	2,708	1,257
Trade creditors and other current liabilities	116,627	133,603	141,407
TOTAL CURRENT LIABILITIES	182,937	207,175	210,171
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	564,318	588,625	606,011

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)

Continuing and discontinued operations

	1-9/24	1-9/23	1-12/23
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net result for the period	322	11,281	18,877
Adjustments:			
Financial income and expenses	11,119	13,692	16,647
Change in provisions	7,975	-190	3,677
Share of the result of associated companies	-164	-245	-255
Depreciation and amortisation	26,677	23,444	31,402
Income taxes	7,863	9,880	13,115
Other adjustments	-2,300	-1,298	1,304
Cash flow before changes in working capital	51,492	56,565	84,767
Change in working capital:			
Change in trade receivables and other receivables	16,533	-6,204	-17,531
Change in inventories	1,633	-25,837	-10,166
Change in trade creditors and other liabilities	-22,502	-12,870	-4,451
Interest received	248	394	960
Interest paid	-3,968	-2,458	-3,927
Other financial items	-305	394	-294
Income taxes paid	-6,650	-14,817	-18,966
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	36,481	-4,833	30,391
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-16,884	-27,596	-35,892
Proceeds from sale of tangible and intangible assets	405	1,169	1,282
Acquisition of subsidiaries*	0	0	-1,458
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-16,480	-26,427	-36,068
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawal/Repayment of current loans	-12,095	14,230	14,121
Withdrawal of non-current loans	0	10,000	10,000
Repayment of finance lease liabilities	-3,951	-2,896	-4,066
Dividends paid	-15,400	-16,794	-16,794
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-31,447	4,540	3,261
Change in cash and cash equivalents (A+B+C)	-11,446	-26,720	-2,416
Cash and cash equivalents on 1 Jan	74,002	76,545	76,545
Impact of exchange rate changes	596	-463	-127
Cash and cash equivalents on 30 Jun/31 Dec	63,152	49,362	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 = 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					322	322
Other items included in total comprehensive result:						
Translation differences			3,171			3,171
Total comprehensive result for the period			3,171		322	3,493
Direct entries to retained earnings					-352	-352
Transactions with shareholders						
Share Plan						
Dividend distribution					-15,400	-15,400
Treasury shares, change		373		-13		360
Transactions with shareholders in total		373		-13	-15,400	-15,040
Other changes						
SHAREHOLDERS' EQUITY						
30 SEP 2024	7,000	3,833	18,873	-476	280,671	309,900
SHAREHOLDERS' EQUITY						
1 JAN 2023	7,000	3,460	12,701	-274	298,926	321,813
Comprehensive result:						
Net result for the period					11,281	11,281
Other items included in total comprehensive result:						
Translation differences			4,905			4,905
Total comprehensive result for the period			4,905		11,281	16,186
Direct entries to retained earnings					22	22
Transactions with shareholders						
Share Plan				343		343
Dividend distribution					-16,793	-16,793
Acquisition of treasury shares				-532		-532
Transactions with shareholders in total				-189	-16,793	-16,982
Other changes						
SHAREHOLDERS' EQUITY						
30 SEP 2023	7,000	3,460	17,606	-463	293,436	321,039

NOTES TO THE RELEASE FOR THE INTERIM REPORT

The stock exchange release for the interim report has been prepared observing the recognition and valuation principles of IFRS, but some of the IAS 34 requirements 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 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 interim 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 interim 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.

	30 Sep 24	30 Sep 23	31 Dec 23
1. LEASING COMMITMENTS (EUR 1,000)	1,228	1,081	964

	30 Sep 24	30 Sep 23	31 Dec 23
2. CONTINGENT LIABILITIES (EUR 1,000)			
Responsibility of checking the VAT deductions made on real property investments	4,813	5,450	5,349
Other commitments	275	237	139
TOTAL	5,089	5,688	5,488

3. PROVISIONS (EUR 1,000)	Guarantee provision	Other provisions	Total
1 January 2024	4,395	10,295	14,690
Provisions added	1,349	10,173	11,522
Provisions cancelled	-382	-2,644	-3,026
Exchange rate difference	0	-2,107	-2,107
30 September 2024	5,362	15,717	21,079

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. The contract is fixed-term and will expire at the end of 2026.

KEY FIGURES AND RATIOS	30 Sep 24	30 Sep 23	31 Dec 23
R&D expenditure, MEUR	17.9	21.4	29.5
Capital expenditure, MEUR	16.9	27.6	35.9
as % of net sales	3.2	4.8	4.4
Average number of employees	2,103	2,106	2,106
Order books, MEUR	199.1	282.3	232.1
Equity ratio, %	55.1	54.8	53.3
Diluted and undiluted earnings per share (EUR), continuing operations	0.01	0.80	1.07
Diluted and undiluted earnings per share (EUR), discontinued operations	0	-0.40	-0.40
Diluted and undiluted earnings per share (EUR)	0.01	0.40	0.67
Equity per share (EUR)	11.07	11.47	11.49
Order intake, MEUR	493.9	503.4	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, 22 October 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.