PONSSE'S FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2024

Ponsse Plc
Financial Statements Release
18 February 2025, 9:00 a.m. (EET)

October-December:
– Net sales amounted to EUR 223.5 (242.8) million
– Operating profit totalled EUR 17.6 (13.8) million, equalling 7.9 (5.7) per cent of net sales

January-December:
– Net sales amounted to EUR 750.4 (821.8) million
– Operating profit totalled EUR 36.8 (47.2) million, equalling 4.9 (5.7) per cent of net sales
– Net result was EUR 12.5 (30.0) million of continuing operations
– Earnings per share were EUR 0.45 (1.07) of continuing operations
– Order books stood at EUR 188.6 (232.1) million at the end of the financial year

– Cash flow from business operations was EUR 85.0 (30.4) million
– Equity ratio was 58.7 (53.3) per cent at the end of the financial year

– The Board of Directors´ dividend proposal is EUR 0.50 (0.55) per share.

– The company's euro-denominated operating profit is estimated to be slightly higher in 2025 than in 2024 (EUR 36.8 million)

PRESIDENT AND CEO JUHO NUMMELA:

Modest financial development characterised 2024. Financial uncertainties also extended to Ponsse, and the market situation remained challenging throughout the year. Order intake was fairly weak during the first part of the year but improved in the latter half, driven by the busy exhibition season. In the last quarter of the year, the order flow was reasonable in relation to the situation, and the order intake totalled around EUR 213.0 million. At the end of the period, the company's order books stood at EUR 188.6 (232.1) million.

Difficulties in the key drivers of our operations – the sawmill and chemical forest industries – were reflected in forest machine sales. Our customers' investment decisions slowed down. While inflation calmed down, the geopolitical situation caused significant uncertainties in the markets. Interest rates remained fairly high in some market areas. At the same time, the decreased purchasing power affected private consumption, and construction volumes were very modest in Europe in particular. Demand for wood was still reasonably high, and in general, our customers were kept busy throughout the year. Our maintenance services performed well in the uncertain situation, providing our customers with excellent services globally.

Ponsse's net sales for the review period stood at EUR 750.4 (821.8) million. In the fourth quarter, the situation improved towards the end of the quarter, and particularly in terms of used machines, net sales increased year-on-year. Our full-year net sales decreased from the previous year as a result of the weak market situation. Only the net sales for used machines grew slightly. Epec continues to suffer from the general slowdown in the machine manufacturing industry and the weak cycle.

At Ponsse, 2024 was a year of major changes, as the company's operating model underwent significant updates. A shift to a global organisational structure and reporting lines is a key part of the new operating model, which was adopted on 1 June 2024. This change supports even better customer service, strengthens competitiveness, increases cost effectiveness, and improves operational efficiency through shared practices. The new operating model enables a customer-driven organisation, focused on sales and maintenance services. This change is important for Ponsse's long-term development. The aim was to plan the operating model respecting the company's values and culture, and its implementation will continue. At Ponsse, customers are at the heart of it all, and the new operating model underlines the importance of cooperation in enabling our success.

Significant development was seen in Ponsse's Full Service agreement in Brazil during the year. Its profitability continued to challenge the company, which is why Ponsse prepared for larger-than-expected losses for the 2024 and 2025 contractual years during the second quarter. Previously recorded provisions were reversed against the losses arising in the fourth quarter. As a result of development measures, the productivity and mechanical operating rate of machines covered by the agreement improved, mainly being in line with the targets. Our development work for the Full Service agreement continues, and our support for the Brazilian market is strong.

Our relative profitability was 4.9% (5.7) in the financial year. Our performance in the fourth quarter turned out to be good, and the situation in Brazil eased towards the end of the year. Declining net sales and lower volumes for new machines presented challenges to profitability. At the same time, the development of our operations continued strongly, and our new operating model produced results in terms of profitability as expected. Our work to develop the company's profitability continues.

Ponsse's factory in Vieremä performed excellently in 2024. There were no problems with the availability of parts, and the factory stayed on schedule throughout the year. As the challenging market situation weakened the company's order books and the order books were spread over a longer period, the factory's operations had to be adjusted at the end of the year. However, considering the situation, the number of machines manufactured during the year was relatively, driven by successful sales during the second half.

The company's cash flow was EUR 85.0 (30.4) million. The excellent cash flow is related to successful working capital management. During the review period, we improved the inventory turnover of the warehouses and spare parts warehouses at the Ponsse factory in Vieremä in particular while also taking care of the high service level for customers and the good availability of spare parts. The stock of used machines continued to be high at the end of the year.

Responsibility and sustainable development will be key success factors in our future and prerequisites for the continuity of our operations. We believe that our technologies and new business models give us more opportunities to implement the principles of sustainable development in forestry. Productive harvesting that respects the environment supports the regeneration of forests and enables the use of renewable raw materials in long-lasting and carbon-binding wood-based products. While our greatest impact on sustainability comes from product technology, it is also important for us to demonstrate our commitment to sustainability through the outcomes of our operations. In 2024, we were successful in terms of our environmental targets. Compared with the previous year, our Scope 1 & 2 greenhouse gas emissions decreased by 10% and Scope 3 emissions by 20%. Now that the liquefied petroleum gas used in the surface treatment process has been replaced with biogas, emissions from our Vieremä factory will fall to near zero. The proportion of renewable energy and nuclear power used by Ponsse increased to 92.3% of the electricity and heat used, and our waste recycling rate rose by 6.6 percentage points.

We continued to invest in product development, new technologies and our operating activities. We also invested heavily in the development of digital services and in the IT infrastructure. Ponsse's digital services cater for all the machines delivered over the years that produce daily data to enable the development of new solutions. R&D and digital services develop products and services for our customers at an increasing pace, and productisation remained active during the year. Ponsse launched significant innovations for the benefit of our customers and sustainable harvesting. Ponsse also started to build new facilities for its service centre in Peyrat-le-Chateau in Central France. Furthermore, Wahlers Forsttechnik GmbH, a Ponsse dealer since 1993, invested in new facilities in

Eastern Germany and CDN ERGO SP Z O.O in Poland. In 2024, Ponsse's technology company Epec opened its new environmentally friendly Epec Smart Factory, and Hydromec Inc, a Ponsse dealer since 2004, celebrated the grand opening of its new facilities in Amos Saint-Augustin-de-Desmaures, Quebec, Canada.

We interacted and cooperated actively with our customers in different market areas throughout the year. Our new global operating model, which is based on a geographical division of regions, is working effectively and further improving, and will strengthen our competitiveness. Our work close to the customer will continue in 2025, the year of our 55th anniversary.

NET SALES

Consolidated net sales for the financial year amounted to EUR 750.4 (821.8) million, which is 8.7 per cent less than in the comparison period. International business operations accounted for 73.8 (74.9) per cent of net sales.

Net sales were regionally distributed as follows: Nordic countries and the Baltics 46.3 (44.4) per cent, Central Europe and Southern Europe 22.9 (21.9) per cent, North America 14.5 (15.1) per cent, South America 13.8 (15.5) per cent and Asia, Australia and Africa 2.5 (3.0) per cent.

	1-12/24	1-12/23
Net sales from continuing operations	750,427	821,800
Net sales from discontinued operations	0	3,576
Net sales total	750,427	825,376

PROFIT PERFORMANCE

The operating profit amounted to EUR 36.8 (47.2) million. The operating profit equalled 4.9 (5.7) per cent of net sales for the financial year. The impact on profit of the Brazilian Full Service contract for the financial year was EUR -17.2 million. There is a provision of EUR 13.6 million in the Group's balance sheet for a loss-making contract. Provision was increased by a net amount of EUR 5.5 million during the financial year. In the last quarter of the financial year, the provision was reversed and the loss-making contract no longer had impact on the operating profit on that period. The contract is fixed-term and will expire at the end of 2026.

	1-12/24	1-12/23
Operating profit from continuing operations	36,755	47,153
Operating profit from discontinued operations	0	1,247
Operating profit total	36,755	48,400

Consolidated return on capital employed (ROCE) stood at 6.3 (8.9) per cent.

Staff costs for the financial year totalled EUR 110.2 (115.3) million. Other operating expenses stood at EUR 94.8 (95.6) million. The cost impact of the loss-making Full Service contract of the Brazilian subsidiary is included in other operating expenses. The net total of financial income and expenses amounted to EUR -15.4 (-4.5) million. Exchange rate gains and losses due to currency rate fluctuations were recognised under financial items, having a net impact of EUR -11.7 (0.2) million. During the financial year, EUR 0.8 million of revaluation losses on interest rate swaps were recognised in the result. The parent company's receivables from subsidiaries stood at EUR 116.8 (125.1) million net. Receivables from subsidiaries mainly consist of trade receivables.

Result for the financial year totalled EUR 12.5 (30.0) million of continuing operations. Diluted and undiluted earnings per share (EPS) came to EUR 0.45 (1.07) of continuing operations.

STATEMENT OF FINANCIAL POSITION AND FINANCING ACTIVITIES

At the end of the financial year, the total consolidated statements of financial position amounted to EUR 563.1 (606.0) million. Inventories stood at EUR 219.1 (240.8) million. Trade receivables totalled EUR 54.1 (69.1) million, while cash and cash equivalents stood at EUR 83.6 (74.0) million. Group shareholders' equity stood at EUR 327.2 (321.8) million and parent company shareholders' equity (FAS) at EUR 284.8 (278.9) million. The amount of interest-bearing liabilities was EUR 86.9 (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 3.3 (45.5) million, and the debt-equity ratio (net gearing) was 1.0 (14.1) per cent. The equity ratio stood at 58.7 (53.3) per cent at the end of the financial year.

Cash flow from operating activities amounted to EUR 85.0 (30.4) million. The significant improvement in cash flow is mainly due to changes in inventories, trade receivables and trade creditors. Cash flow from investment activities came to EUR -21.0 (-36.1) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the financial year totalled EUR 706.9 (700.2) million, while financial year-end order books were valued at EUR 188.6 (232.1) 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 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 financial year totalled EUR 24.6 (29.5) million, of which EUR 9.6 (11.9) million was capitalised.

Investments during the financial year totalled EUR 21.6 (35.9) million. In addition to capitalised R&D expenses, they consisted of investments in buildings and ordinary investments in machinery and equipment.

ANNUAL GENERAL MEETING 2024

Annual General Meeting was held in Vieremä, Finland 9 April 2024. The AGM approved the parent company financial statements and the consolidated financial statements, and members of the Board of Directors and the President and CEO were discharged from liability for the 2023 financial year. The AGM confirmed the composition and remuneration of the board of directors, elected the auditor and approved the remuneration report and policy for the company's coverning bodies. The AGM also decided on the distribution of dividends and the payment of the staff profit bonus. In addition to the above, the AGM adopted the following resolutions.

The Annual General Meeting resolved to authorize the Board of Directors to decide on the repurchase of a maximum of 250,000 company’s own shares in one or more tranches, corresponding to approximately 0.89 % of the company’s total shares and votes. The shares shall be acquired through public trading, for which reason the shares are acquired otherwise than in proportion to the share ownership of the shareholders and the consideration paid for the shares shall be the market price of the company’s share in public trading at Nasdaq Helsinki Ltd at the time of the acquisition. Shares may also be acquired outside public trading for a price which at most corresponds to the market price in public trading at the time of the acquisition. The Board of Directors was authorized to decide how the shares are acquired. The Board of Directors may, pursuant to the authorization, only decide on the repurchase of the company’s own shares with funds from the company’s unrestricted shareholders’ equity. The Board of Directors decides how the shares are acquired. The company’s own shares may be repurchased other than in proportion to the shares held by the shareholders (directed repurchase), if there is a weighty financial reason for the company to do so as provided for in Chapter 15, Section 6 of the Finnish Companies Act. The company's own shares may be acquired to develop the company's capital structure, to be used to finance or execute possible acquisitions or investments supporting the company’s growth strategy or other arrangements related to the company's business, to be used in the company's incentive schemes or otherwise to be transferred, held, or cancelled. The decision to repurchase company’s own shares shall not be made so that the shares of the company in the possession of by the company and its subsidiaries would exceed 10 % of all shares. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2025. The authorization cancels the authorization given to the Board of Directors by the Annual General Meeting on 12 April 2023.

The Annual General Meeting resolved to authorize the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act. The number of shares to be issued based on the authorization may in total amount to a maximum of 250,000 shares (including shares issued based on options or special rights), corresponding to approximately 0.89 % of all the shares in the company. The Board of Directors decides on the terms and conditions of the issuance of shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares either against payment or without consideration. The issuance of shares may be carried out in deviation from the shareholders’ pre-emptive right (directed issue) for a weighty financial reason for the company, such as using the shares to develop the company’s capital structure, to execute possible acquisitions or investments supporting the company’s growth strategy or in other arrangements related to the company's business or to be used in the company's incentive schemes. The Board of Directors may also decide on a free share issue to the company itself. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2025. The authorization cancels the authorization given to the Board of Directors by the Annual General Meeting on 12 April 2023.

BOARD OF DIRECTORS AND THE COMPANY’S AUDITORS

Jarmo Vidgren acted as Chairman of the Board and Mammu Kaario as Vice Chairman of the Board. Members of the Board were Terhi Koipijärvi, Matti Kylävainio, Ilpo Marjamaa, Juha Vanhainen and Jukka Vidgren.

The Board of Directors did not establish any committees or commissions from among its members.

The Board of Directors convened fourteen times during the financial year. The attendance rate was 95.9 percent.

During the financial year, KPMG Oy Ab acted as the company auditor with Ari Eskelinen, Authorized Public Accountant, as the principal auditor.

PERSONNEL

The Group had an average staff of 2,083 (2,106) during the financial year and employed 2,024 (2,110) people at financial year-end.

SHARE-BASED INCENTIVE PLANS

The Board of Directors of Ponsse Plc approved two new Ponsse Group's share-based incentive plans for the Group's CEO and key emplyees 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.

In May 2024, a total of 11,457 shares worth EUR 282,226 were paid for the 2023 performance period, with a cost impact of EUR 0.4 million for the company. A stock exchange release concerning these was issued on 30 May 2024. From the 2023–2024 and 2023–2025 performance periods, it is possible to earn a total of 42,612 shares, including the cash portion (gross reward). The conditional rewards for the 2023–2024 performance period will be paid by the end of May 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 matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2026. The performance-based reward will be paid by the end of May 2027.

The payment of rewards under both the conditional and performance-based shareholding plans requires that the person's employment relationship continues.

Key Employee Performance-Based Matching Share Plan

The key employees' plan consists of three performance periods, each lasting for three calendar years: 2023–2025, 2024–2026 and 2025–2027. The prerequisite for participating in the performance period and receiving the reward is that the key employee participating in the plan acquires shares in the company at the beginning of the performance period. Ponsse delivers matching shares for the performance period in a 2:1 ratio: the key employee receives one (1) additional share for every two

(2) shares they have acquired. The conditional reward will be paid in 2023, 2024 and 2025 after the acquisition of the investment shares and confirmation of the reward, as soon as practically possible. Shares received as conditional rewards may not be transferred during the restriction periods ending on 31 December 2025, 31 December 2026 and 31 December 2027. The performance-based reward will be paid by the end of May following the end of each performance period. The portion of the maximum reward to be paid to a participant is determined based on the achievement of the targets set for the earning criteria in relation to the investment made by the participant. The target group includes key employees, including the members of the Group Management Team, with the exception of the CEO.

The rewards for the 2023–2025 performance period of the key employees' matching share plan are based on the Group's operating result, net sales and employee satisfaction. The accident frequency rate has been added to the terms of the 2024–2026 performance period. The rewards to be paid for the 2024–2026 performance period are estimated to correspond to no more than 60,000 Ponsse Plc shares (net reward). In addition, the company will pay the taxes and statutory social security contributions incurred by the participants in connection with the payment of the rewards. The estimate includes conditional rewards paid in 2024. In the 2024 financial year, the costs related to the 2023–2025 and 2024–2026 performance periods of the share-based incentive plans amounted to a total of EUR 0.5 million.

For the performance periods that started in 2023 and 2024, the total cost impact of the share-based incentive plans for the CEO and key employees is estimated to be around EUR 1.7 million for 2023–2026.

SHARE PERFORMANCE

The company's registered share capital consists of 28,000,000 shares. The trading volume of Ponsse Plc shares for 1 January – 31 December 2024 totalled 855,116, accounting for 3.05 per cent of the total number of shares. Share turnover amounted to EUR 19.5 million, with the period's lowest and highest share prices amounting to EUR 19.70 and EUR 27.10, respectively.

At the end of the financial year, shares closed at EUR 20.10, and market capitalisation totalled EUR 562.8 million.

At the end of the financial year, the company held 1,997 treasury shares.

SUSTAINABILITY

Ponsse has determined key sustainability targets, the implementation of which is promoted by means of annual function-specific targets and measures as part of the company's strategy process. Key targets include promoting people's well-being, innovating sustainable solutions that respect nature, developing operations with the natural environment in mind and being a reliable partner that values community.

During the fourth quarter, Ponsse continued to prepare for the requirements of the EU Corporate Sustainability Reporting Directive (CSRD), which came into force at the beginning of 2024. Ponsse is among the first companies with an obligation to report under the CSRD, and will publish a sustainability report in accordance with the Accounting Act and the European Sustainability Reporting Standards (ESRS) in the week beginning 10 March 2025.

In 2024, Ponsse's market-based Scope 1 & 2 greenhouse gas emissions decreased by 10% (451 tCO2e) from the previous year. Its Scope 1 emissions decreased by 11% (442 tCO2e) and Scope 2 emissions by 2% (9 tCO2e). Scope 3 emissions from the value chain decreased by 20% (280,584 tCO2e), mainly because of a decrease in the production volumes of forest machines from the previous year. In addition, the accuracy of the fuel consumption data from PONSSE forest machines is continuously increasing, which increases the accuracy of the data on emissions from sold products during use.

During 2024, Ponsse's emissions reduction target was promoted by increasing the use of renewable energy and by electrifying vehicles. In July, the liquefied petroleum gas used in the surface treatment process at the Vieremä factory was replaced with biogas, and the test drive fuel consumption of the forest machines completed at the factory was further specified. The proportion of renewable energy and nuclear power used by Ponsse increased to 92.3% of the electricity and heat used, or by 1.4 percentage points from the previous year. The transfer of Finland's maintenance service centres to the use of renewable district heating with guarantees of origin continued. In addition, the solar panels installed at the end of 2023 produced electricity throughout the year, which tripled Ponsse's own renewable energy production.

In 2024, Ponsse's waste recycling rate rose to 57.9%, which is 6.6 percentage points higher than in 2023. During the fourth quarter, a waste management status survey was conducted in Finland, on the basis of which a waste management guide was prepared for Finnish operations. Recycling was enhanced by increasing the separate collection of plastic and biowaste and increasingly redirecting timber waste to reuse instead of energy recovery.

In the fourth quarter, Ponsse's Board of Directors approved the company's new Code of Conduct, which takes into account the results of the human rights impact assessment carried out early in the year. The Code of Conduct and the related eAcademy training were presented to the personnel at the beginning of 2025. In addition, the company adopted new product safety, occupational health and safety and information security policies. The occupational health and safety policy is based on the current state assessment carried out during the year and on further specified responsibility descriptions. In accordance with the new operating model, safety work at the company is guided by a global safety team.

KPI	**Target year**	**Outcome in 2024**	**Outcome in 2023**	**Change, %**	**Outcome H1/2024**
Reducing market-based Scope 1 and Scope 2 emissions by 42% (-1,850 tCO_2e)	2030	10 % (-451 tCO_2e)	4,404 tCO_2e	n/a	-
Increasing the share of renewable energy and nuclear power to 95% of the electricity and heat used	2030	92.3 %	90.9 %	n/a	-
Increasing the recycling rate to 70%	2030	57.9 %	51.3 %	n/a	-
Accident frequency rate (LTIF) 0	2030	11.5	10.4	11 %	12.3
Extensive pulse survey for the personnel (employee satisfaction) > 3.75 (> 75%)	2025	4.0 (80%)	4.09 (81.8 %)	2	-
Employee engagement (eNPS) > 40 (on a scale from -100 to 100)	2025	28	31	-10 %	3
Voluntary employee turnover < 7%	2025	8.3 %	8.1 %	n/a	6.1 %

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 governance principles that comply 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 governance principles are available on Ponsse's website in the Investors section.

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 most significant short-term risks are related to the global geopolitical situation, relatively weak economic development and uncertainty about the development of the interest rates on financing. The geopolitical situation is also reflected in trade policy through possible special tariffs and protectionism. Financial market disruptions, sanctions and growing cybersecurity threats are adding to the uncertainty.

The risks in the financial market may increase fluctuations in developing countries' foreign exchange markets. The continued instability of the global economy and growing financial costs may also reduce the demand for forest machines. In addition, possible industrial actions may result in significant financial losses for Ponsse. These financial risks affect the functionality of the production and supply chains in particular.

In this 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 its financing situation is regularly assessed. The key objective of the company's financial risk management is to ensure liquidity and manage interest rate and currency risks. The company's financial position and liquidity have remained strong as a result of binding credit limit facilities agreed with several financial institutions. The impact of interest rate risks is reduced by means of credit linked to different reference rates, as well as interest rate swaps. The risk of currency rate fluctuations is 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 reduce its profitability. Global supply chain disruptions can make it more difficult to manage PONSSE forest machine production schedules, in addition to tying up more capital in the company's supply chain and increasing the risks related to working capital management.

Ponsse has strengthened cybersecurity by further specifying its software update policy and user manuals. The ability to detect and respond to abnormal activity in data networks has been improved, and the company's digital services are regularly tested for cyberattacks in cooperation with an expert partner. The implementation of the NIS2 Directive on cybersecurity is proceeding on schedule.

ACCOUNTING POLICIES REQUIRING CONSIDERATION BY MANAGEMENT AND CRUCIAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Group management utilizes their best judgement when making decisions regarding accounting policies and their adoption. Estimates made when compiling the financial statements are based on the management's best views on the closing date of the reporting period. The estimates are based on previous experience and assumptions about the future that are deemed the most likely on the date of the financial statements.

Trade receivables
On the date of the financial statements, the Group recognizes a credit loss on receivables for which no payment will probably be received according to its best judgement. The general model specified in IFRS 9 is applied when recognizing provision for expected credit losses.

Inventories
On the date of the financial statements, the Group recognizes impairment losses according to its best judgement. The assessment takes into account the age structure of the inventory and the likely selling price.

Change in guarantee provision
The guarantee provision is based on realized guarantee expenses and on failure history recorded in the previous years. In addition, company may prepare provision for possible individual warranty obligations, if needed.

Change in other provisions
The group has recognized 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.

Capitalisation of R&D expenditure
On the date of the financial statements, the Group assesses whether the new product is technically feasible, whether it can be commercially utilized and whether future economic benefits will be received from the product, which makes it possible to capitalize development expenditure arising from the design of new or advanced products on the balance sheet as intangible assets.

Deferred taxes
Preparing the consolidated financial statements requires the Group to estimate its income taxes separately for each subsidiary. The estimates take into account the tax position and the effect of temporary differences due to different tax and accounting practices, such as allocation of income and provisions for expenses. Deferred tax assets and liabilities are recognized as the result of the differences. The possibilities of utilizing a deferred tax asset are estimated and adjusted to the extent that the possibility of utilization is unlikely.

Goodwill
The Group carries out annual impairment testing of goodwill and unfinished intangible assets, and evidence of impairment is evaluated as presented above in the accounting policies. Recoverable amounts from cash-generating units are determined as calculations based on value in use. The preparation of these calculations requires the use of estimates.

OUTLOOK FOR THE FUTURE

The company’s euro-denominated operating profit is estimated to be slightly higher in 2025 than in 2024 (EUR 36.8 million).

Economic uncertainty is expected to continue and affect demand for forest machinery. The current operating environment is reflected by trade policy, the geopolitical situation and economic uncertainty in the countries where we operate.

We will focus on strong customer service and improve our efficiency by introducing consistent and cost-effective practices in line with our new operating model. Our investments will continue, with a deliberate focus on new products and digital services, the service network, the Vieremä factory and sustainability.

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

EVENTS AFTER THE PERIOD

There are no other 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.

ANNUAL GENERAL MEETING 2025

Ponsse Plc’s Annual General Meeting will be held on 8 April 2025, starting at 11:00 a.m. at a place and in a way that are to be announced.

BOARD OF DIRECTORS’ PROPOSAL FOR THE DISPOSAL OF PROFIT

The parent company Ponsse Plc had 242,602,704.97 euros of distributable funds on 31 December

2024.

The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share shall be paid for the year 2024. The company's Board of Directors proposes to the Annual General Meeting that a profit bonus of at most EUR 100 per person per working month shall be paid for 2024 to the personnel employed by the Group.

PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	1-12/24	1-12/23
NET SALES	750,427	821,800
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-4,782	-3,545
Other operating income	7,689	5,593
Raw materials and services	-475,554	-534,497
Expenditure on employment-related benefits	-110,199	-115,262
Depreciation and amortisation	-36,033	-31,337
Other operating expenses	-94,793	-95,599
OPERATING PROFIT	36,755	47,153
Share of results of associated companies	135	255
Financial income and expenses	-15,420	-4,459
RESULT BEFORE TAXES	21,470	42,949
Income taxes	-8,964	-12,924
NET RESULT FROM THE CONTINUING OPERATIONS	12,506	30,026
Net result from the discontinued operations	0	-11,149
NET RESULT FOR THE PERIOD	12,506	18,877
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	7,792	3,001
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	20,298	21,878
Diluted and undiluted earnings per share from continuing operations	0.45	1.07
Diluted and undiluted earnings per share from discontinued operations	0	-0.40
Diluted and undiluted earnings per share	0.45	0.67

	10-12/24	10-12/23
NET SALES	223,500	242,790
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-17,072	-19,137
Other operating income	3,165	1,786
Raw materials and services	-132,834	-141,447
Expenditure on employment-related benefits	-28,586	-29,265
Depreciation and amortisation	-9,356	-7,960
Other operating expenses	-21,202	-32,975
OPERATING PROFIT	17,615	13,792
Share of results of associated companies	-29	10
Financial income and expenses	-4,302	-2,953
RESULT BEFORE TAXES	13,284	10,849
Income taxes	-1,100	-3,237
NET RESULT FROM THE CONTINUING OPERATIONS	12,184	7,612
Net result from the discontinued operations	0	-16

NET RESULT FOR THE PERIOD	12,184	7,596
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	4,620	-1,905
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	16,804	5,691
Diluted and undiluted earnings per share from continuing operations	0.44	0.27
Diluted and undiluted earnings per share from discontinued operations	0	0
Diluted and undiluted earnings per share	0.44	0.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

	31 Dec 24	31 Dec 23
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	48,177	52,736
Goodwill	6,535	6,698
Property, plant and equipment	116,183	119,017
Financial assets	378	374
Investments in associated companies	1,007	1,067
Non-current receivables	297	3,229
Deferred tax assets	8,759	8,446
TOTAL NON-CURRENT ASSETS	181,336	191,569
CURRENT ASSETS		
Inventories	219,123	240,837
Trade receivables	54,107	69,129
Income tax receivables	1,042	1,249
Other current receivables	23,868	29,225
Cash and cash equivalents	83,590	74,002
TOTAL CURRENT ASSETS	381,730	414,443
TOTAL ASSETS	563,066	606,011
SHAREHOLDERS’ EQUITY AND LIABILITIES		
SHAREHOLDERS’ EQUITY		
Share capital	7,000	7,000
Other reserves	3,824	3,460
Translation differences	23,494	15,702
Treasury shares	-47	-463
Retained earnings	292,922	296,101
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	327,193	321,799
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	63,914	66,637
Deferred tax liabilities	1,167	1,120
Other non-current liabilities	5,147	6,284
TOTAL NON-CURRENT LIABILITIES	70,228	74,041
CURRENT LIABILITIES		
Interest-bearing liabilities	23,017	52,816
Provisions	19,238	14,690
Tax liabilities for the period	1,569	1,257
Trade creditors and other current liabilities	121,821	141,407
TOTAL CURRENT LIABILITIES	165,645	210,171
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	563,066	606,011

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

	1-12/24	1-12/23
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net result for the period	12,506	18,877
Adjustments:		
Financial income and expenses	15,420	16,647
Change in provisions	6,746	3,677
Share of the result of associated companies	-135	-255
Depreciation and amortisation	36,033	31,402
Income taxes	8,964	13,115
Other adjustments	-1,749	1,304
Cash flow before changes in working capital	77,785	84,767
Change in working capital:		
Change in trade receivables and other receivables	16,945	-17,531
Change in inventories	22,741	-10,166
Change in trade creditors and other liabilities	-17,181	-4,451
Interest received	1,705	960
Interest paid	-4,922	-3,927
Other financial items	-3,292	-294
Income taxes paid	-8,780	-18,966
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	85,001	30,391
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investments in tangible and intangible assets	-21,591	-35,892
Proceeds from sale of tangible and intangible assets	562	1,282
Acquisition of subsidiaries*	0	-1,458
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-21,029	-36,068
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal/Repayment of current loans	-33,745	14,121
Withdrawal of non-current loans	0	10,000
Repayment of finance lease liabilities	-5,712	-4,066
Dividends paid	-15,400	-16,794
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-54,857	3,261
Change in cash and cash equivalents (A+B+C)	9,115	-2,416
Cash and cash equivalents on 1 Jan	74,002	76,545
Impact of exchange rate changes	473	-127
Cash and cash equivalents on 30 Jun/31 Dec	83,590	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					12,506	12,506
Other items included in total comprehensive result:						
Translation differences			7,792			7,792
Total comprehensive result for the period			7,792		12,506	20,298
Direct entries to retained earnings						
Transactions with shareholders						
Share Plan		364				364
Dividend distribution					-15,400	-15,400
Treasury shares, change *)				416	-285	132
Transactions with shareholders in total		364		416	-15,685	-14,904
Other changes						
SHAREHOLDERS' EQUITY 31 DEC 2024	7,000	3,824	23,494	-47	292,922	327,193
SHAREHOLDERS' EQUITY 1 JAN 2023	7,000	3,460	12,701	-274	298,926	321,813
Correction for prior periods **)					-4,962	-4,962
Corrected shareholders' equity 1 JAN 2023	7,000	3,460	12,701	-274	293,964	316,851
Comprehensive result:						
Net result for the period					18,877	18,877
Other items included in total comprehensive result:						
Translation differences			3,001			3,001
Total comprehensive result for the period			3,001		18,877	21,878
Direct entries to retained earnings					54	54
Transactions with shareholders						
Share Plan				343		343
Dividend distribution					-16,794	-16,794
Treasury shares. change *)				-532		-532
Transactions with shareholders in total				-189	-16,794	-16,983
Other changes						

SHAREHOLDERS' EQUITY 31 DEC 2023	7,000	3,460	15,702	-463	296,101	321,799

*) Treasury shares procured for incentive schemes
**) Correction related to defined benefit plans; further details are included in the financial statements

NOTES TO THE RELEASE FOR THE ANNUAL FINANCIAL STATEMENTS

The stock exchange release for the financial statements has been prepared in accordance with the recognition and valuation principles of IFRS and the requirements of IAS 34 have been followed in its preparation. The financial statements have 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 modifications that came into effect on 1 January 2024. These interpretation and standard modifications haven't had a material impact on the financial statements.

Ponsse has classified the sold Russian operations as assets held for sale and reported them as discontinued operations. Unless otherwise specified, the figures presented in the financial statements refer to continuing operations.

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

The figures presented in the stock report have been rounded and may therefore differ from those given in the official financial statements.

Pillar II legislation entered into force in Finland on 1 January 2024. Ponsse applies the exception of IAS 12 not to record or report deferred tax liabilities or receivables related to taxes paid on the basis of Pillar II. Ponsse has assessed possible Pillar II income tax expenses considering the OECD's Safe Harbour assumptions and transition regulations. Pillar 2 legislation had no impact on income taxes in the reporting period. Ponsse estimates that the jurisdiction to which possible Pillar 2 additional taxes will apply in the future is Uruguay.

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 has changed 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 has affected Ponsse's financial reporting from the second quarter of 2024 onwards.

OPERATING SEGMENTS

1-12/2024	Nordic countries and the Baltics	Central and Southern Europe	North America	South America	Asia, Australia and Africa	Total
Net sales of the segments	485,515	175,683	112,157	103,902	19,206	896,463
Revenues between segments	-138,044	-4,130	-3,103	-520	-239	-146,036
NET SALES FROM EXTERNAL CUSTOMERS	347,470	171,552	109,054	103,382	18,968	750,427
Operating result of the segment	14,823	19,827	7,370	-6,191	970	36,798
Unallocated items						-43
OPERATING RESULT	14,823	19,827	7,370	-6,191	970	36,755

DEPRECIATION AND AMORTISATION	29,641	1,025	1,108	4,105	154	36,033

1-12/2023	Nordic countries and the Baltics	Central and Southern Europe	North America	South America	Asia, Australia and Africa	Total
Net sales of the segments	549,224	183,087	126,770	129,010	25,145	1,013,236
Revenues between segments	-184,587	-2,820	-2,298	-1,382	-349	-191,436
NET SALES FROM EXTERNAL CUSTOMERS	364,636	180,268	124,472	127,628	24,796	821,800
Operating result of the segment	9,170	23,943	18,618	-7,969	4,546	48,308
Unallocated items						-1,154
OPERATING RESULT	9,170	23,943	18,618	-7,969	4,546	47,153
DEPRECIATION AND AMORTISATION	26,512	943	889	2,812	181	31,337

	31 Dec 24	31 Dec 23
2. LEASING COMMITMENTS (EUR 1,000)	1,977	964

3. CONTINGENT LIABILITIES (EUR 1,000)	31 Dec 24	31 Dec 23
Guarantees given on behalf of others	2	0
Responsibility of checking the VAT deductions made on real property investments	4,722	5,349
Other commitments	193	139
TOTAL	4,917	5,488

4. PROVISIONS (EUR 1,000)	Guarantee provision	Other provisions	Total
1 January 2024	4,395	10,295	14,690
Provisions added	1,712	10,173	11,885
Provisions cancelled	-487	-3,825	-4,312
Exchange rate difference	0	-3,026	-3,026
31 December 2024	5,620	13,618	19,238

The Group has recognized a provision in the item of other provisions based on a Full Service contract entered into by the Brazilian subsidiary 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. DISCONTINUED OPERATIONS

The sale of all Ponsse's shares in its Russian subsidiary, OOO Ponsse, to the Russian company, OOO Bison, came to a completion after the conditions of the transaction were met. As the trade received the approval of the local authorities on 18 September 2023, it is considered the official date of the sale of Ponsse's Russian operations. On 15 June 2022, Ponsse had announced its intention to divest its operations in Russia, and on 28 June 2022, Ponsse informed that it had signed a deed of sale regarding all shares in OOO Ponsse. As a result of the sale, all facilities of OOO Ponsse, including spare parts warehouses and maintenance vehicles, as well as its personnel have been transferred to OOO Bison. Additionally, the deal included the Russian real-estate company, Ponsse Centre, that was 100% owned by OOO Ponsse. Ponsse has classified the traded operations as assets held for sale and reported them as discontinued operations since its mid-year report published in August 2022.

Because of the deal, Ponsse made a sales loss of EUR 12.3 million which includes a total of EUR 9.7 million in RUB/EUR translation difference. The transaction price is not made public due to contractual reasons. The sales price includes EUR 3 million receivable which is due in March 2025. The receivable has not been discounted in the annual financial statements since its impact is not material. The deal's effect on the parent company's distributable funds is EUR 14.9 million increase.

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

	1 Jan - 18 Sep 23
NET SALES	3,576
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-17
Other operating income	534
Raw materials and services	-1,190
Expenditure on employment-related benefits	-1,019
Depreciation and amortisation	-68
Other operating expenses	-570
OPERATING PROFIT	1,247
Financial income and expenses	95
RESULT BEFORE TAXES	1,342
Income taxes	-194
NET RESULT FOR THE PERIOD	1,148
Sales loss	-2,628
Translation difference	-9,669
NET RESULT FROM DISCONTINUED OPERATIONS	11,149

KEY FIGURES AND RATIOS	31 Dec 24	31 Dec 23
R&D expenditure, MEUR	24.6	29.5
Capital expenditure, MEUR	21.6	35.9
as % of net sales	2.9	4.4
Average number of employees	2,083	2,106
Order books, MEUR	188.6	232.1
Equity ratio, %	58.7	53.3
Diluted and undiluted earnings per share (EUR), continuing operations	0.45	1.07
Diluted and undiluted earnings per share (EUR), discontinued operations	0	-0.40
Diluted and undiluted earnings per share (EUR)	0.45	0.67
Equity per share (EUR)	11.69	11.49
Order intake, MEUR	706.9	700.2

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, 18 February 2025

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 Nordic list.