

ANNUAL REPORT

2023

*TOGETHER WE ENABLE BEST CUSTOMER  
EXPERIENCE AND SUSTAINABLE FUTURE*







PONSSE forest machines are based on cut-to-length (CTL) harvesting. Machines have been developed to utilise the highly valuable wood raw material and cause the least damage to the soil. Nordic expertise and methods related to the sustainable use of forests offer a solution to minimise global forest loss.

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In the cut-to-length method, trees are already processed in the forest according to their end use, and branches and crowns are left on the ground to nourish the next generation of trees.



# PONSSE IN BRIEF

Ponsse Plc is a company specialising in the sales, production, maintenance and technology of cut-to-length method forest machines. It is driven by a genuine interest in its customers and their business. Ponsse develops and manufactures sustainable and innovative harvesting solutions based on customers' needs.

Throughout its history, the value-driven family company, established by forest machine entrepreneur Einari Vidgren, has only focused on cut-to-length forest machines. Today, more than 20,000 PONSSE forest machines have been completed at the Vieremä factory for global logging sites, customised to meet customers' needs.

Hailing from Vieremä, Finland, Ponsse is one of the world's leading forest machine manufacturers. The company's shares are quoted on the NASDAQ OMX Nordic List.

**1970**  
Year of foundation

**12**  
Subsidiaries

**30**  
Dealers across the world

**We operate in**  
**37**  
countries

**15,000**  
PONSSE machines  
at global logging sites



We have dedicated the last five decades and more to the manufacturing, sale, maintenance, and R&D of effective and environmentally friendly CTL forest machines.

## PONSSE'S PURPOSE – WHY DO WE EXIST?

### Sustainable solutions for the benefit of our customers and environment

We exist for our customers. This idea has not changed since Einari Vidgren declared it as Ponsse's driving force. Nor will it ever change. Our operations' deep customer orientation and genuine closeness to customers help us understand our customers' actual needs. The development of our solutions is always initiated and guided by our customers' needs. Our customers' insight enables us to develop solutions that offer true added value in everyday work within the harvesting business. Satisfied customers and sustainably managed forests give us a feeling of success. We are an important part of our customers' everyday operations, as well as a part of the solution to mitigate climate change.

## MISSION – PONSSE'S MISSION

### Our customers succeed together with us

Customer closeness is a way of life for us at Ponsse. Our partnership with our customers is based on trust – we always keep our promises. Our task is to understand our customers and their business. Our customers' extensive knowledge of timber harvesting and the industry also enables us to learn. We believe in our work and always strive to be the best at what we do. Our strong culture and values, developed over the decades, the Ponsse Spirit, forms our most important competitive edge. We are existing because of our customers and our values are conveying Ponsse spirit all the way to our customers. Every day, our excellent employees ensure the best possible customer experience for our customers.

## VISION – PONSSE'S FUTURE

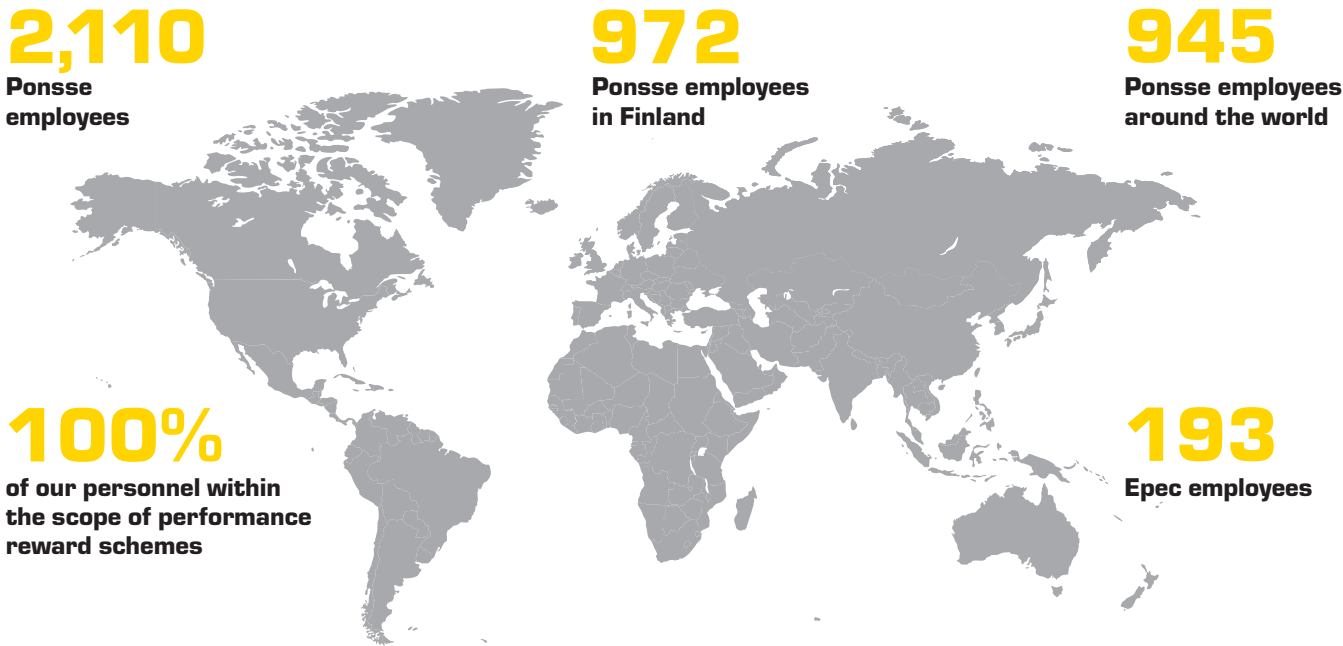
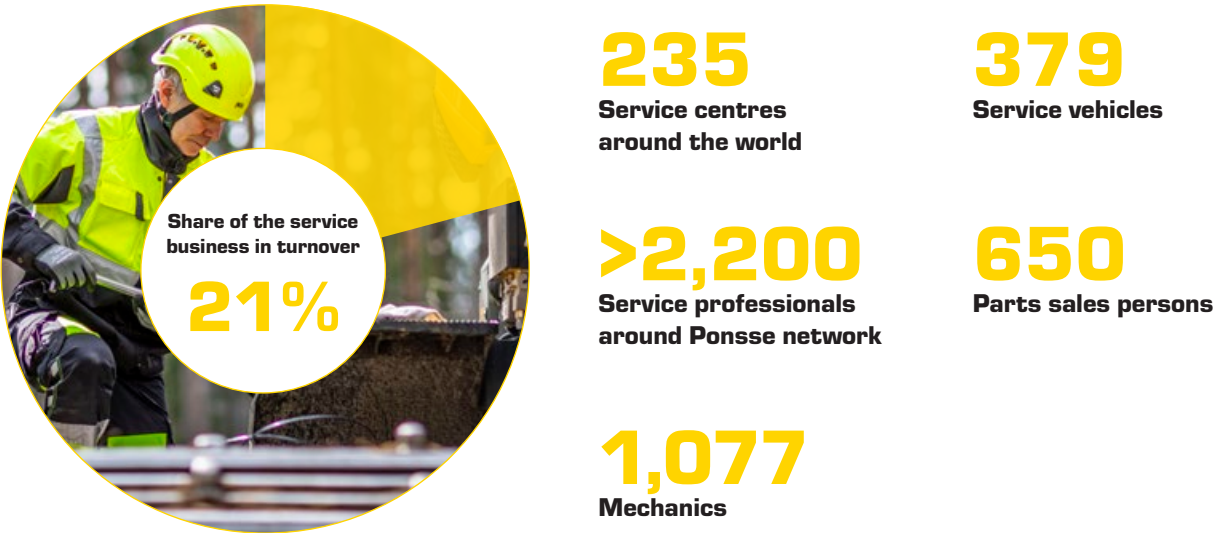
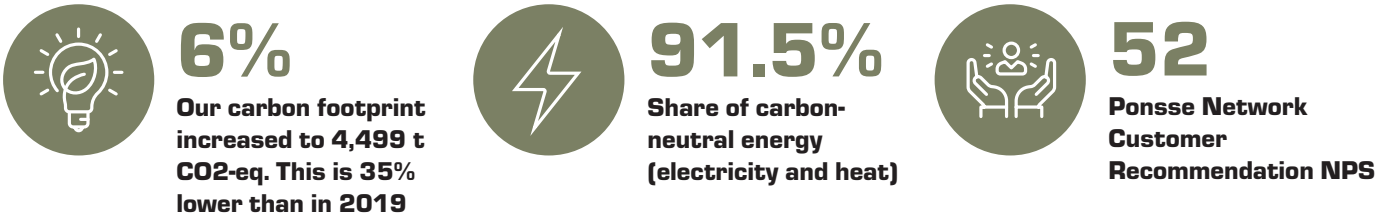
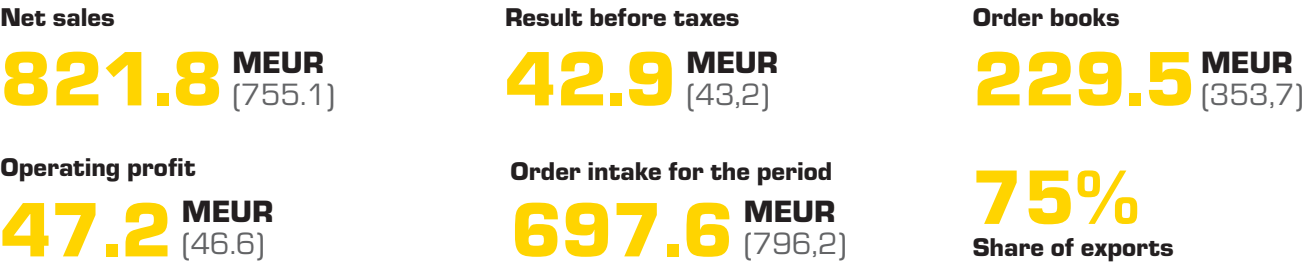
### The preferred partner for responsible forestry

Sustainable development guides all our actions. We systematically strive for carbon neutrality in our operations and solutions. We are enthusiastic about the continuous development of Ponsse. We want to be the world leader in sustainable solutions representing the cut-to-length method. Fast technological development, combined with the Ponsse way of working, develops our operations and produces constant results. The continuous development of our solutions and daily operations makes us the preferred partner to collaborate with. Ponsse employees who feel well throughout our Ponsse network are our most important assets and the prerequisites for all development. Ponsse is a good and safe place to work for all of us.

*Together we enable best customer experience and sustainable future*



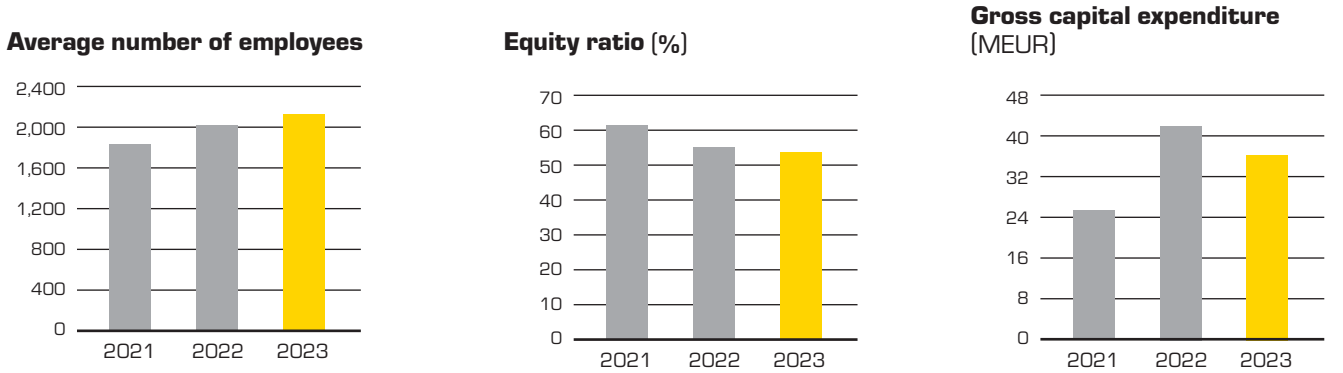
# PONSSE IN FIGURES 2023



**3X** Our renewable solar energy tripled

We installed solar panels in six locations in Finland and in the Epec Oy factory, which was completed at the end of the year. The expected annual yield is around 500 MWh, which would mean a tripling of our own electricity generation.

**1,284**  
Installed solar panels



TOPICS FROM 2023



ESF1

Epec built a responsible and smart factory

Our subsidiary, Finnish technology company Epec, built a new and environmentally friendly factory in Seinäjoki, Finland. Epec Smart Factory 1 started production at the end of 2023.

The number of our electric and hybrid vehicles increased in Sweden

During the year, we replaced combustion engine vehicles with hybrids and electric vehicles. In our Swedish subsidiary, 40% of our vehicles are hybrids or electric.

1.6.2023

1 We are among the first to test and explore SSAB's fossil-free steel

“Our products and services play a crucial role in assisting our customers to achieve their climate objectives during the transition to a low-carbon economy. Our PONSSE EV1 concept and our partnership with SSAB regarding fossil-free steels will lead our development towards carbon neutral forestry”

– Juha Inberg,  
Chief R&D and  
Technology  
Officer,  
Ponsse Plc



26.4.2023

The Finnish Automation Prize 2023 for the PONSSE EV1 technology concept

23.5.2023

Our circular economy competence is also strong in used machine business

We sell and refurbish used machines and spare parts in an increasing number of market areas. Used machines refurbished by professional mechanics can be updated using various solutions to meet modern standards. In the launched PONSSE Scorpion Second Life programme, we inspect or repair the necessary components, depending on their condition, at more than 160 control points on the used machine.

7.6.2023

18

Einari Vidgrén Foundation rewarded forestry professionals

The foundation rewarded merited forestry professionals once again. The Einari Award, the Einari Vidgrén Foundation's key recognition, was granted to Heikki Ahola from H.A. Forest Oy, and Arvo and Markku Manninen from Koneurakointi Veljekset Manninen Ky.



1.9.2023

Customers on the US West Coast served even better than before

The dealer agreement signed with PacWest Machinery strengthens our services on the west coast of the US even more than before. Ponsse services are now better available to customers in the region.

In our Code of Conduct, we are committed to respecting internationally recognised human rights, including international conventions on human rights and the ILO Declaration on Fundamental Principles and Rights at Work.



The  
**19,000th**  
PONSSE machine was  
completed in February and the  
**20,000th**  
in December

18.9.2023

Sale of Ponsse's subsidiary in Russia completed

The sale of OOO Ponsse, the subsidiary that provided PONSSE services in Russia and Belarus, was completed. The subsidiary's business operations were transferred to new owner OOO Bison when the conditions set for the transaction were met and it was approved by the local authorities.

20.9.2023

Business Finland's funding boosts our product development

As a result of Business Finland funding, we launched the FORWARD'27 programme with our technology company Epec. The goal of this programme is to study and develop sustainable and ecological solutions for mobile work machines.

1.11.2023



Epec acquired Bram Engineers in the Netherlands

“The acquisition of Bram Engineers is an important strategic development step for us, and together we will be able to better support the business operations of both Bram Engineers and Epec's European customers”

– Jyri Kylä-Kaila, Managing Director, Epec Oy

7.12.2023

94 Ponsse's employees were presented with merit badges

We have many employees with long careers of several decades. In 2023, we rewarded our employees for careers of 10, 20, 25, 30 and 35 years.

8.12.2023

Preparations for production adaptations

Our order books decreased during the last two quarters. Due to the changed market situation, we agreed to prepare for adaptations in production that would lead to layoffs during 2024 if realised.





# PONSSE VALUES

## WE TRULY CARE

- We care about our customers and each other
- We work together
- We care about winning
- We appreciate feedback from each other and customers
- We treat everyone with respect and inclusion
- We are present and support each other's success
- We ask for and give support
- We act with everyone's safety in mind

## WE WORK FOR CUSTOMERS

- We know our customers and their business
- We know how our work affects the customer
- We make decisions boldly, understanding their meaning
- We do our best – every day

## WE ARE HONEST

- We keep our promises
- We communicate openly and constructively, even in challenging situations
- We take responsibility together and as individuals
- We base our decisions on facts, we are realistic and effective
- We act ethically and build our future together

## WE ARE OPEN FOR RENEWAL

- We enable the continuous development of Ponsse and Ponsse employees
- We develop our operations with customer-orientation and environmental focus
- We are excited and curious about new things
- We see change as an opportunity to learn
- We are resilient and endure uncertainty

Ponsse Spirit is about doing things together. It means that “we” is always more important than “I”, even though we also take care of the individual. It also means a spark in the corner of the eye and a great professional pride to do the best for the customer. Ponsse spirit comes to reality through the everyday work of every Ponsse employee. That's why we call Ponsse's values the Ponsse Spirit. This Ponsse Spirit is conveyed in our daily work to the customer, because they are the reason we exist.

Our strong values guide us to respect people and cooperation, and to develop our activities as part of the community. We strive to ensure that everyone in Ponsse feels treated as an equal and equal partner.



REVIEW BY THE CHAIR OF THE BOARD AND THE PRESIDENT AND CEO

# WE EXIST FOR OUR CUSTOMERS

For Ponsse, 2023 started driven by relatively strong order books. While the market situation looked fairly positive at the beginning of the year, the decreased outlook for the forest industry soon started to affect our customers' investment decisions. The order books decreased significantly during the second half of the year.

The forest machine markets were affected, on one hand, by uncertainties caused by inflation and rising interest rates and, on the other, by declining economies across the world. Difficulties in the key drivers of our operations – the sawmill and chemical forest industries – were rapidly reflected in forest machine sales. The decreased purchasing power reduced private consumption and decelerated demand for sawn goods, board and pulp.

However, our customers had relatively good workload in practically all market areas. In Finland and Northern Europe in particular, felling volumes were high and harvesting contractors were kept busy. The positive situation in Finland resulted from the stoppage in the flow of wood and sawn goods to and from Russia and the significant investments made in the forest industry. Our maintenance services had busy schedules throughout the year.

Ponsse manufactured forest machines steadily round the year. The 19,000th PONSSE was completed in February, and we celebrated the excellent milestone of

the 20,000th PONSSE forest machine in December. The availability of parts and components improved during the year and was at an excellent level at the end of the year. This resulted from quieter general demand for equipment and machine manufacturing and the measures we carried out in our supplier network. We modified our procurement strategy and built alternative procurement channels for critical components. We always seek long-term supplier relationships and require responsible operating methods, continuous development and a high level of quality, delivery times and cost-effectiveness from our suppliers.

## Sustainable solutions for the benefit of our customers and the environment

The rapid pace of launching new products and solutions was reflected in our production and service network through the production ramp-up and delivery of several new products. The PONSSE Mammoth, a new addition to our forwarder range with a carrying capacity of 25 tonnes, the new PONSSE Scorpion Giant harvester and the PONSSE H8 harvester head entered serial production. At the same time, we developed our existing product range to be more competitive. New product properties focused on operator ergonomics and remote connections, including

the PONSSE Active Cabin suspension system, the rotating PONSSE Active Seat, and PONSSE Manager Satellite which enables satellite connections in forest machines. The productization and testing of the PONSSE EV1, a forwarder with an electric powertrain, proceeded as planned. The second prototype of the concept was completed for customer testing at the end of 2023.

We are systematically developing our distribution network and its operations and expanding to new market areas as required by our customers. During the year, our service network was strengthened on the west coast of the United States where PacWest Machinery started as our new partner. The company purchased operations related to Ponsse's maintenance services in Oregon, also expanding Ponsse's services to the states of Idaho and Washington. The dealer agreement signed with PacWest Machinery strengthens our services on the west coast of the USA even further, and maintenance services are now even better available to customers in the region. The sale of OOO Ponsse, Ponsse's subsidiary in Russia, was approved by the authorities and was completed during the third quarter.

Technological development is rapid in our products, and we continued our investments in R&D and new technologies. At the same time, we made significant



***“Responsibility and sustainable development will be key success factors in our future and prerequisites for the continuity of our operations.”***

Jarmo Vidgren,  
Chair of the Board

investments in the development of digital services and the IT infrastructure of our operations. Investments must be made with care, and we have also been forced to prioritise our R&D investments now that the Russian markets are no longer available and our profitability has decreased. Each investment aims to ensure added value for our customers. The operations of our technology company Epec Oy are growing, and changes in the operating environment support the company's success. Epec Oy's factory investment in Seinäjoki was completed, and production machinery was successfully moved into the new facilities at the end of 2023.

## Responsibility drives our operations and sets our course

Responsibility and sustainable development will be key success factors in our future and prerequisites for the continuity of our operations. Here at Ponsse,

we are doing meaningful work as part of sustainable forestry. This motivates the Ponsse people and our entire international network. 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 valuable raw materials in long-lasting and high-quality wood-based products. The significance of renewable wood in replacing fossil raw materials is massive, and innovation in the industry is fast-paced. Our R&D activities continuously seek climate- and nature-friendly solutions, and we aim to become carbon-neutral in our operations. We still have a long way to go to achieve these goals, but we want to get there and are heading in the right direction.

The Ponsse culture, developed over five decades, is our asset, and our



***“Ponsse is a Finnish forest machine company. We focus and will continue to focus on the sale, maintenance, manufacture and R&D of cut-to-length forest machines.”***

Juho Nummela, President and CEO

sustainable development goals have given it new strength. Ponsse will head into 2024 with its familiar, but updated, values: We truly care; We work for customers; We are honest; and We are open for renewal. These values constitute the Ponsse spirit, in which “we” is always more important than “I”. The Ponsse spirit is conveyed in our daily work and in our attitudes towards each other. It is conveyed to our customers through our daily activities, around which all cooperation and trust between us are built. We exist for our customers.

Ponsse is a Finnish forest machine company. We focus and will continue to focus on the sale, maintenance, manufacture and R&D of cut-to-length forest machines. Our customers, and committed and skilled personnel enable our success.

Jarmo Vidgren, Chair of the Board  
Juho Nummela, President and CEO



PONSSE PRODUCTS

# SOLUTIONS THAT RESPECT THE ENVIRONMENT

At Ponsse, everything starts with our customers and their needs. We develop sustainable harvesting solutions based on our customers' feedback, respecting the environment in every way possible. We work hard to support our customers by improving their working conditions and by making their operations more efficient.

The harvesting solutions launched globally last year have been well received by our customers. PONSSE Scorpion Giant harvesters and PONSSE Mammoth forwarders have already been delivered to 25 countries, and the feedback has been positive. Forest machine operators have complimented the improved working conditions, among other factors. Cabin ergonomics, safety and usability have been the leading themes of our R&D activities for several years. In 2023, new cut-to-length (CTL) PONSSE forest machines were delivered to a total of 30 countries. Currently, about 15,000 PONSSE forest machines are actively working at logging sites across the world.

PONSSE Scorpion Giant harvesters have been delivered already to more than ten countries, and they have received excellent feedback. The harvester was developed to be agile even in the most challenging conditions such as snow, slopes, and soft terrain. Thanks to its higher lifting power and the new H8 harvester head, the machine can easily process even large stems. The H8 harvester head allows the Scorpion Giant to use the Active Speed function for adjusting the harvester head's feed speed according to the tree species and stem diameter. This

improves the efficiency of the machine on worksites, especially with varying conditions.

Productivity makes the PONSSE Mammoth perform at its best over long distances. Equipped with the Continuously Variable Transmission (CVT) and the K121 loader, the forwarder carries loads easily, even in difficult terrain. Our customers have been pleased with the 25-tonne carrying capacity. Less driving is required when more wood can be carried each time.

### Solutions to make the operator's work easier

The PONSSE Opti 5G update made during the year includes several improved features that help make the forest machine operator's work easier and more effective. Operators can now work with the harvester, while the map view is active, and, for example, smoothly change measures from centimetres to inches. In addition, taking care of forests becomes easier and more accurate, as operators can attach additional information to felled trees if they are, for example, decayed or destroyed by insect damage. This information can then be used in reporting the extent and spread of the incident.

Currently, about 750 forest machines equipped with the next generation's Opti 5G information system are operating on logging sites across the world. Opti 5G is used in harvesters in all of Ponsse's market areas. Combined with the Opti 8 computer, it raises the usability of our forest machines to an entirely new level. Thanks to the Opti 5G information system, we can now offer the PONSSE Harvester Active Crane management system for our harvesters to make crane control easier and working more efficient. The new adjustments added to PONSSE Active Crane help further fine-tune forest machine operations to meet the requirements set by the operator and the prevailing terrain conditions.

### The sustainable development of mobile work machines

Research and development work carried out by Ponsse and its technology company Epec were accelerated by Business Finland when funding of EUR 10 million was granted for their FORWARD'27 programme. The support totals as much as

Scorpion Giant stands out especially thanks to its versatility. The harvester adjusts to diverse worksites smoothly as it can easily be equipped with the PONSSE H6, H7, H7 HD Euca or H8 harvester head.

PONSSE PRODUCTS



PONSSE Scorpion Giant harvesters have already been delivered to more than ten countries. Productivity, usability, and development ideas provided by our customers have driven the development of solutions. The excellent view operators have of the harvester head and work area has been appreciated by our customers.







Collecting data about the operations and performance of forest machines, Connectivity Unit is now installed in all machines completed at the Vieremä factory.

EUR 30 million, given that the ecosystem of companies and organisations built around the programme gets its share of the funding. This helps speed up the development of sustainable digital solutions for mobile work machines.

The emissions and environmental impact of mobile work machines can be significantly reduced with new technological solutions. The goal is to achieve significant emissions reductions, build long-term zero-emission solutions, reduce the energy consumption of machines, and improve productivity. Improving the operator's working conditions with assisting functions and automation is also important.

**Customer needs as the cornerstones of digital solutions**  
PONSSE Manager is continuously developed based on customer feedback. The solution helps operators and forest machine entrepreneurs monitor the progress of work areas, machine location data, productivity figures and fuel consumption. Monitoring data and

***PONSSE Manager is a free system for monitoring forest machines and harvesting operations.***

reports accurately and in real time helps plan and boost operations, and thus improve profitability. Our customers have been pleased with these features. With PONSSE Manager, work areas can also be monitored continuously, and the progress of stands and production by the type of wood can be checked.

Launched at the beginning of 2024, PONSSE Manager 2.0 improves the monitoring of mechanised harvesting even further. The operating system is now even easier to use, as personalisation enables having just the data that best serves each user's needs on display. Reporting is more comprehensive, and all reports can be saved for later use in customers' spreadsheet programs. The mobile application is easy to use

on worksites, and users can download it from their app store, free of charge. The application includes all the functions harvesting professionals need. We have already received positive feedback on the new operating system, particularly on the personalisation of reporting. Forest machine entrepreneurs only must deal with the reports they need.

PONSSE Manager API is an interface between customer systems and Ponsse's cloud service. The solution has received excellent feedback from forest machine entrepreneurs throughout our international customer base, as the data provided by the service has already been pre-processed. As a result, the data can be easily used in various systems, and customers can use the solution to develop their reporting. The API also helps automate manual data transfers. This enables significant cost savings while ensuring the 100% quality of data, as there are no typing errors. Multifleet by Ponsse is a system for fleet

Currently, about 750 forest machines equipped with the next generation's Opti 5G information system are operating on logging sites across the world. Opti 5G is used in harvesters in all Ponsse's market areas.



In June, we announced our partnership with SSAB, through which it provides us with a batch of fossil-free steel. We are among the first to test and explore SSAB's fossil-free steel. The partnership with SSAB further strengthens our goal of being the most desirable partner in sustainable forestry.

management and the development of production processes in which data is transferred via a satellite connection. As indicated by its name, Multifleet can be installed in any machine, such as tree-length method machines, excavators, tractors, and lorries. Originally, Multifleet by Ponsse was available only in the Brazilian market area as a Portuguese version, until its Spanish version was launched at the Expoforest event in Brazil. The system is currently available in all South American countries. Another feature launched at Expoforest was Multifleet Basic, in which data is transferred via mobile network. The solution is ideal for customers who can use mobile network in their work areas.

PONSSE Manager Satellite offers new reporting opportunities outside mobile networks. Our customers in North America have been particularly pleased with the solution. Manager Satellite offers a cost-effective way to report production data and machine operations in work areas not covered by mobile networks. In addition, it monitors issues such as fuel consumption and operating hours. Reports are available in PONSSE Manager and can be used the same way as other reports. We are constantly investigating new satellite solutions to support our customers in their connectivity challenges in all our market areas.

The PONSSE Manager 2.0 mobile app is easy to use on worksites, and users can download it from their app store free of charge. The app includes all the functions harvesting professionals need.





PONSSE SERVICE

# THE BEST SERVICE IN THE INDUSTRY FOR OUR CUSTOMERS

Our service network expanded and developed during the year, as services were brought even closer to our customers. The continuous development of our network improves customer service and boosts our operations.

Our customers across the world have been satisfied with our service network and its development. Through the partnership with PacWest, for example, our services are even closer to our customers on the west coast of the United States. Closer services shorten the time required to maintain forest machines, which results in more operating hours and enables larger harvesting volumes. This more productive way of operating gives our customers better opportunities to make their operations even more profitable.

We take pride in the responsible maintenance of PONSSE forest machines, while taking care of the environment. The daily operations of our Service teams consist of a broad range of tasks, each of which is carried out addressing the personnel, occupational safety and health, and the environment.

Addressing the environment is particularly important given that oils are handled during machine maintenance, and services are also provided in the terrain. Our service network's systematic and professional way of caring for the environment also sets our customers' minds at ease, knowing that hazardous waste is handled in accordance with requirements and good practices.

In PONSSE Active Care service agreements, recycled materials are handled by our service network. As a result, recycling complies with requirements, and customers do not need to worry about the handling of waste oil and filters.

Aspects related to sustainability are also addressed through Effect and Safe Workshop (ESW) audits and the ESW manual. The ESW was built to develop our network, and it ensures that our service centres apply standard, systematic and sustainable operating methods.

***In Reman operations,  
used and damaged parts are  
recycled so that old spare  
parts are remanufactured  
for reuse.***

## A long-term pioneer in the circular economy

In addition to new parts, our network is provided with remanufactured and recycled spare parts. Reman and Recycle operations support our goals in the development of material efficiency, for example.

Reman, or re-manufacturing, is the reconditioning of used, broken or damaged forest machine parts at the customer, factory or sales network. After remanufacturing, parts are sold to customers at affordable prices or used in the modernisation of used forest machines. Remanufacturing provides customers with low-cost products, minimises material loss, and helps solve spare part availability challenges. With the service, our customers can select an environmentally friendlier option with a lower purchase price. We have a broad range of Reman components and will develop it in the future.

Reman operations are also provided for our customers in used machine services, in which PONSSE forest machines are accepted for remanufacture and reselling in conjunction with a new machine transaction so that the machine lifecycle is extended for the next owner. The service life of a forest machine is thus at least ten years based even on a conservative estimate, and machines of

The range of the new e-Academy online training system is being continuously expanded. Deployed during the year, the system seeks to provide a comprehensive range of training to support various service network activities.



We have studied the environmental impact of the refurbishment of forest machinery components through life cycle analysis, and the results support the objectives of the circular economy: compared to a new component, the carbon footprint of a refurbished component is smaller by a quarter. The better we are at reusing machine parts, the less emissions there will be from the machines during their entire life cycle.



up to 20 to 30 years can be seen operating on logging sites.

Ponsse’s performance packages offer another way to upgrade used machines. They are sets of parts that our professional mechanics use to upgrade machines to meet modern requirements. As a result, older machines can maintain a high level of performance. When a forest machine finally reaches the end of its service life, it can be dismantled. Usable parts are refurbished to make low-cost spare parts, while any unusable parts are recycled as material. More than 90% of a PONSSE forest machine’s weight constitutes recyclable material, mainly steel and cast iron.

The PONSSE Reman & Parts Recirculation unit in Iisalmi, Finland has carried out Reman operations for more than ten years now. In Uruguay and Brazil in South America, Reman operations have supported local Full Service projects. The ecological footprint of component logistics has decreased, as components are recycled locally, not transported across the ocean. During the year, Reman operations were also launched in the US at Ponsse North America’s facilities in Rhinelander. We believe we can thus reduce our ecological footprint in component transport and achieve logistics savings in North America.

**One of a kind Active Manual and Active Care**

The number of PONSSE Active Care service agreements also continued to increase in 2023. The activities of the authorised PONSSE service network have impressed an even larger group of customers. Service agreements aim to safeguard machine usability and keep maintenance costs under control. They form the basis of preventive maintenance and allow an opportunity to plan daily and weekly work. This applies to

***Our professional PONSSE network consists of more than 2,200 maintenance service professionals and 235 service centres across the world.***

both customers and the service network. Better work planning also makes it possible to improve occupational safety and health. In addition, machines have more operating hours when they are maintained by professionals. Regular maintenance also ensures correct adjustments and minimises fuel consumption.

During the year, the PONSSE Active Manual service was developed by adding new content. The operating and maintenance instructions service provided alongside the actual manual uses videos to help our customers operate and maintain their machines. This easy-to-use mobile app has found its place among our customers and is constantly developed based on customer feedback.

**Our professional PONSSE maintenance service network**

Wellbeing and safety have been developed through various practical measures at service centres, in the field and throughout the Ponsse network. The development of occupational safety and health offers significant potential, and we will engage in even closer cooperation with the network and occupational safety and health specialists in the future. At the same time, we seek to reduce the environmental impact of our operations.

Not only is our competence maintained continuously, training is a daily part of the development of our service network. During the year, we trained hundreds of mechanics in the service network, employees working in spare parts services and other service

professionals. The aim of service agreement training was to improve general knowledge of agreements and provide better abilities to carry out measures related to them. Training events were held across the world. They received a very positive welcome, and according to our specialists, have helped provide services for our customers. Maintaining and improving professional skills is part of wellbeing, and we will also invest in this in future. By learning new skills, employees can work even better every day.



Ponsse’s circular economy competence is particularly strong in the spare parts and used machine business. We sell and refurbish used machines in all our market areas and also spare parts in an increasing number of market areas. Used machines refurbished by professional mechanics can be updated using various performance packages to meet modern standards.

This year, we started a new two-year training programme for our service and spare parts managers. Providing systematic training for our maintenance service professionals is part of the continuous development of our network.





SUSTAINABILITY AT PONSSE

SUSTAINABLE SOLUTIONS  
GUIDE OUR DEVELOPMENT

At Ponsse, sustainability is closely linked to strong values that emphasise integrity, mutual appreciation and care, as well as ambition for the best possible outcome, including for the environment.

At the core of all our operations are customer-oriented product and service development, honest operations and confidential relationships, which have enabled the company's long-term performance and development. Stakeholders' needs for environmentally friendly solutions guide our development, and environmentally respectful harvesting is a prerequisite for industrial forestry.

Well-being at work

Our people are our most important resource. At the end of 2023, Ponsse had a total of 2,110 employees, of whom 1,182 were based in Finland.

We monitor the well-being of our employees by means of performance appraisals and the eNPS index, which describes the employee experience, as well as Pulse employee satisfaction surveys. In addition, the quality of our management is measured annually. In 2023, we conducted an extensive personnel survey and achieved a total score of 4.09 (on a scale from 1 to 5).

We measure occupational safety with the LTIF accident frequency rate, which was 10.7 within the Group (2022: 11.8). In 2023, we set our first target for the number of safety observations and achieved a 103% increase, with a total of 8,106 observations (2022: 3,982).

We are aiming for  
a carbon-neutral  
factory by 2025.

Integrity and a strong  
local focus

Our mutual trust with different stakeholders is based on open long-term cooperation. We want to know our customers personally and also address their families and stakeholders in our operations. We monitor customer satisfaction in all our sales and service operations. At the end of 2023, the Ponsse network's NPS was excellent, at 52.

When selecting our partners, we address the local dimension and our opportunities to create regional well-being through profitable and environmentally sustainable operations.

Ponsse's production operations and head office are still located in the company's birthplace in Vieremä, and we have a high impact on regional employment in North Savo. Nearly half of our subcontracted purchases are located within 25 kilometres of our production facilities, and 97% of our purchases are made in the EU area.

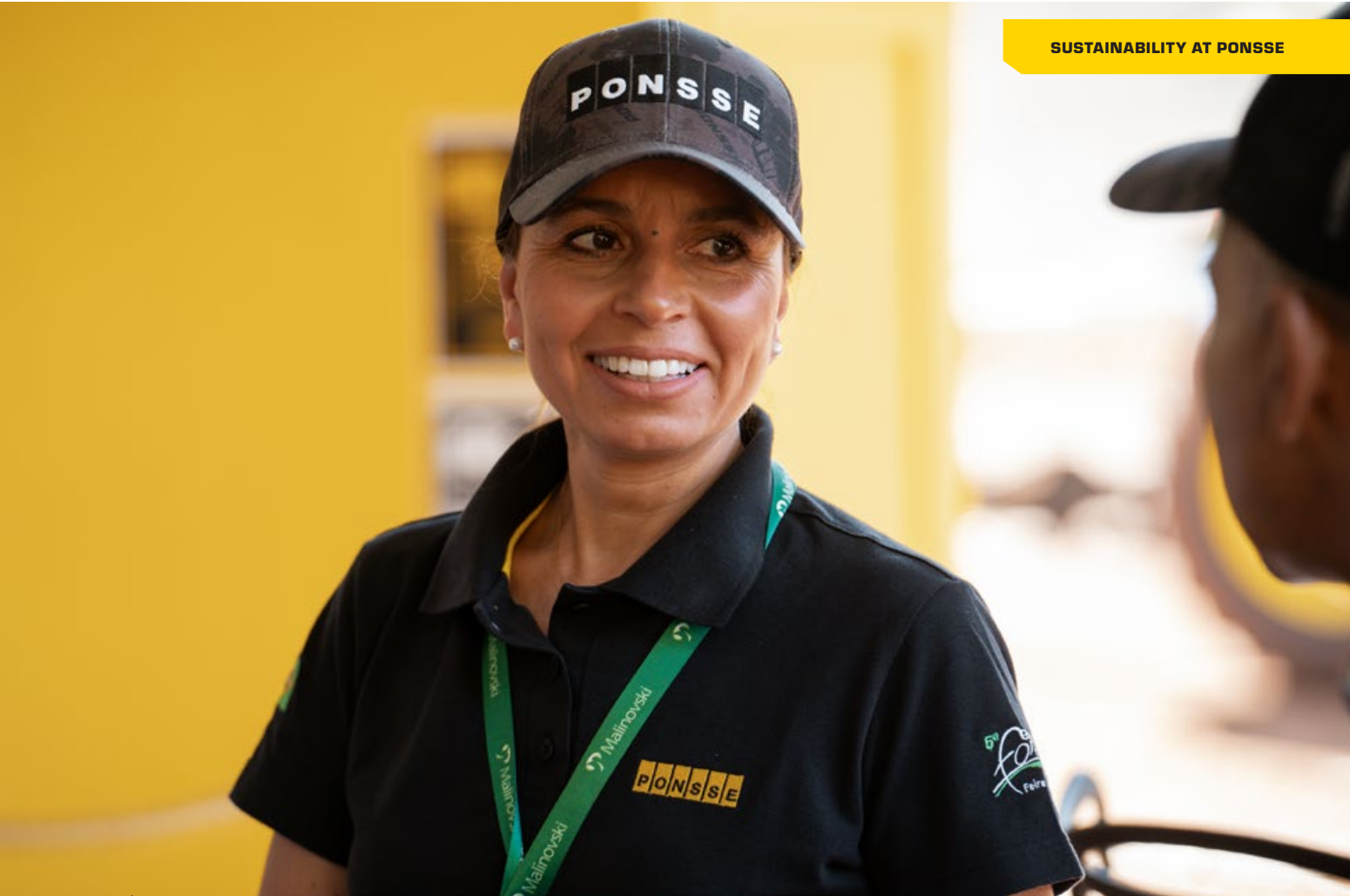
Towards carbon neutrality

In 2023, we set reduction targets for our Scope 1 and Scope 2 emissions. We are aiming for a carbon-neutral factory by 2025. The goal for the whole Group is to lower its carbon footprint by 55% by 2035.

In 2023, the Group's Scope 1 emissions increased by 6% because of increased vehicle use and a decrease in the proportion of biofuels of fuel mixtures, as well as refrigerant leaks at Epec Oy's former production facilities in Finland. Although our total carbon footprint increased, our emissions from purchased energy decreased by 15%. Our carbon footprint was 35% lower than in 2019, which is the baseline year for our emissions calculations.

We are currently collecting data for our first Scope 3 emissions calculation in the value chain. In 2023, we signed a cooperation agreement with the steel company SSAB on the gradual start of the delivery of fossil-free steel from 2026 to reduce emissions from our value chain.

Epec Oy's new, energy-efficient electronics factory was completed in Seinäjoki at the end of 2023. In addition to a 210 MWh solar power plant, the factory has a geothermal heating system and heat recovery with needle heat exchangers.



Inspired by cooperation, the Ponsse spirit arises from operations in line with values. At Ponsse, "we" is always more important than "I". We hope that the Ponsse spirit is conveyed to our customers through our daily activities, because they are the reason for our existence.

Procurement and logistics

The most significant environmental impact of our procurement and logistics is associated with steel manufacturing for PONSSE forest machines and the transport of components. Steel and castings combined make up a significant part (82%) of the weight of forest machines. We calculate and dimension machine structures in our research and development operations by optimising the use of steel and castings based on product loads. Forest machines have a recycling rate of 97%.

We have managed our environmental impact and procurement risks by centralising our procurement in Europe and

especially in Finland. The majority (73%) of Ponsse's direct suppliers and subcontractors are located in Finland, and 24% are located in other EU countries.

Products and services

Environmental aspects have become significant guiding factors in R&D. Our R&D enables PONSSE forest machines to be compatible with renewable fuels and hydraulic oils. The sustainability of our customers' operations is also affected by our investments in minimising fuel consumption, emissions, and tree and soil damage, as well as in the continuous development of our maintenance service processes.



Our goal for occupational safety is to develop our safety culture and thinking, and prevent accidents by investing in preventive safety work. We want to be a zero-accidents company in the future.



The emissions and environmental impacts of mobile work machines can be reduced significantly with new technological solutions. We are also exploring solutions in the Forward'27 programme, which aims to achieve significant emissions reductions and build zero-emission solutions over the long term.

We have identified the environmental impacts generated during the life cycle of Ponsse's products and services using LCAs in accordance with the ISO 14040 standard. Fuel consumption and production make up 95% of emissions during the lifecycle of a machine. The highest transport emissions are associated with machine deliveries from the Vieremä factory to customers and the transport of machines between stands. During maintenance, the most significant environmental factors are the oils, tyres and spare parts used in machines.

**Environmentally friendly CTL harvesting**

PONSSE forest machines use the cut-to-length (CTL) harvesting method. Machines have been developed to utilise the highly valuable wood raw material and to cause as little damage as possible on the ground, and the trees left in the forest.

Regeneration methods and obligations in commercial forests, harvesting technologies and forest management methods play an important role when forest resources are required for carbon sequestration and as raw materials, while also safeguarding biodiversity in forests. The advanced computing capacity of the machines allows the best possible value to be extracted from forests. This means more than financial gain. By optimising the yield and processing value of the raw material, the maximum amount of sawn timber with a long-term carbon sequestration capacity can be produced.

CTL machines support all harvesting methods, from first thinning to continuous cover forestry and regeneration felling.

**Sustainability report**

Ponsse publishes its sustainability report for 2023 simultaneously with its annual report, in both Finnish and English. The reports are available on the company's website under sustainability and investors.

CTL machines support all harvesting methods, from first thinning to continuous cover forestry and regeneration felling.





# Board of Directors, 31 December 2023

The Board was selected by the Annual General Meeting on April 12, 2023. Selecting Board members According to the Articles of Association, the Ponsse Plc Board consists of at least five and at most eight members. The Board members are selected by the Annual General Meeting which – according to the Articles of Association – must be held by the end of June each year. The period of office of the Board members ends at the next Annual General Meeting. The Board selects a chairperson for the period of office from among its members. During the year under review, the Board convened 11 times. The Board members actively participated in the meetings – the attendance rate was 94,9.

## Chair of the Board



**JARMO VIDGREN**, b. 1975

Commercial College Graduate in Marketing  
Ponsse Plc, Board Member since 2020  
Shareholding in Ponsse Plc on 31 December 2023: 3,684,263 shares

### Work experience

Ponsse Plc, Group Sales and Marketing Director and Vice President 2008–2020  
Ponsse Plc, Area Director, North-European business area 2007–2008  
Ponsse Plc, Sales Director, Finland 2004–2008  
Ponsse Plc, Area Sales Manager 2001–2004  
Ponsse AB, Warranty Handler and Area Sales Manager, used machines 1999–2001  
Ponsse Plc, Warranty Handler 1997–1999

### Other key positions of trust

Einari Vidgren Oy, Board Member  
Lumon Oy, Board Member  
Savonmaan Puolesta Oy, Board Member

## Deputy Chair of the Board



**MAMMU KAARIO**, b. 1963

Board professional  
Master of Law, MBA  
Ponsse Plc, Board Member since 2010  
Shareholding in Ponsse Plc on 31 December 2023: 4,500 shares  
Independent of the company and major shareholders

### Work experience

Partnera Oy, Managing Director 2016–2017  
Korona Invest Oy, Investment Manager 2011–2016  
Unicus Oy, Partner 2006–2011  
Conventum Corporate Finance Oy, Director 1998–2005  
Prospectus Oy, Director 1994–1998  
Kansallis-Osake-Pankki, Specialist 1988–1994

### Other key positions of trust

CapMan Oy, Deputy Chairman of the Board  
Gofore Oy, Board Member  
Ilmastorahasto Oy, Board Member  
Lapti Group Oy, Board Member  
Makai Holding Oy, Chairman of the Board  
Puuillo Oy, Board Member  
SAKA Finland Group Oy, Chairman of the Board  
Sibelius-Akatemian tukisäätiö ry, Chairman of the Board  
Sten & Kimet Oy, hallituksen jäsen  
Suomen Urheilun tukisäätiö ry, Board Member  
Taideyliopiston sijoituskomitea, Member  
Urhea-halli Oy, Board Member

## Board members



**TERHI KOIPIJÄRVI**, b. 1967

Miltton Oy, Senior Advisor  
M.Sc., Forester  
Ponsse Plc, Board Member since 12 April 2023  
Independent of the company and major shareholders

### Work experience

Metsähallitus, Director, various responsibilities: communications, strategy and sustainability 2017–2022  
Stora Enso Oy, Corporate Responsibility Manager and other responsibilities 2010–2017  
Metsä Group Oy, Environmental and Corporate Responsibility Manager and other areas of responsibility 2000–2010  
Suomen Metsäyhdistys, Communications Officer 1998–2000  
Thomesto Oy, Thomesto Sverige AB, various chief positions 1993–1998

### Other key positions of trust

FIBS, Chairman of the Board  
Green Resources (East Africa), Board Member  
Metso Oy, Board Member  
The Equestrian Federation of Finland, Board Member



**JUHA VANHAINE**N, b. 1961

Master's degree in engineering (process technology)  
Ponsse Plc, Board Member since 2018  
Independent of the company and major shareholders

### Work experience

Apetit Oy, President and CEO 2015–2019  
Stora Enso Oy, Country Director and Board Member 2007–2015  
Stora Enso Oy, Managerial positions 1990–2007  
Kemi Oy, Engineer 1988–1990

### Other key positions of trust

EKE Rakennus Oy, Board Member  
Metsä Board Oy, Board Member



**MATTI KYLÄVAINIO**, b. 1974

Keitele Timber Oy, CEO  
M.Sc. (Econ.)  
Ponsse Plc, Board Member since 2016  
Independent of the company and major shareholders

### Work experience

Keitele Timber Oy, Director of sawmill operations 2014–09/2022  
Keitele Timber Oy, Sales Director 2006–2014  
Keitele Timber Oy, Export Manager 1999–2006

### Other key positions of trust

Keitele Forest Oy, Chairman of the Board  
Sahateollisuus ry, Chairman of the Board



**JUKKA VIDGREN**, b. 1983

Mutant Koala Pictures Oy, Managing Director  
Bachelor of Culture and Arts  
Ponsse Plc, Board Member since 2011  
Shareholding in Ponsse Plc on 31 December 2023: 3,764,778 shares  
Independent of the company

### Work experience

Mutant Koala Pictures, Entrepreneur since 2004

### Other key positions of trust

Einari Vidgren Foundation, Board Member  
Einari Vidgren Oy, Board Member



**ILPO MARJAMAA**, b. 1961

M.Sc., Production Systems and Technologies  
Ponsse Plc, Board Member since 2022  
Independent of the company and major shareholders

### Work experience

KONE Oyj, Director, Strategic Projects 2019–2020  
KONE Oyj, Senior Vice President, Head of Modernization business 2011–2019  
KONE Oyj, Senior Vice President, Head of Escalator business 2009–2011  
KONE Oyj, Senior Vice President, Head of Supply Operations 2006–2009  
KONE Hissit Oy, CEO, Finland and The Baltics 2003–2006  
Kone Corporation 1999–2020, various management positions related to strategy and business development, as well as sales, production, and logistics.

### Other key positions of trust

Hetitec Oy, Board Member  
Oyj Sisu Auto AB, Board Member



Management Team 31 December 2023



JUHO NUMMELA, b. 1977, Chair

Dr. Tech.  
**President and CEO**  
Member of the Management Team since 2 Jan. 2005  
Joined Ponsse in 2002  
**Previous main positions:** Ponsse Plc, Factory Director 2006–2008, Ponsse Plc, Quality and IT Director 2005–2006  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 66,092 shares



TIINA KAUTONEN, b. 1973

Bachelor of Business (BSc)  
**Chief Human Resources Officer**  
Member of the Management Team since 1 Jan. 2023  
Joined Ponsse in 2023  
**Previous main positions:** KONE Corporation, different global HR leader roles 2008–2022, Nokia Plc, different Human Resources management roles 1997–2008  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 473 shares



KATJA PAANANEN, b. 1971

MA  
**Chief Responsibility Officer**  
Member of the Management Team since 16 Jan. 2023  
Joined Ponsse in 1999  
**Previous main positions:** Ponsse Plc, Sustainability Manager 2021–2023; Ponsse Plc, Communications Manager 2009–2021; Ponsse Plc, Communications Officer 2003–2009; Ponsse Plc, Marketing and Communications assistant 1999–2003  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 1,177 shares



PETRI HÄRKÖNEN, b. 1969

M.Sc. (Tech.)  
**CFO and Deputy to the CEO**  
Member of the Management Team since 1 Oct. 2009  
Joined Ponsse in 2009  
**Previous main positions:** Suunto Oy, Director, Operations and Quality 2007–2009  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 7,670 shares



MARKO MATTILA, b. 1973

Forestry Engineer; MBA  
**Chief, Sales, Service & Marketing Officer**  
Member of the Management Team since 1 Jun. 2020  
Joined Ponsse in 2007  
**Previous main positions:** Ponsse Plc, Director, dealer network development 2018–2020, Ponsse Latin America Ltda., Managing Director 2016–2018, Ponsse Plc, Area Director; NA dealers, Baltics and Chile 2011–2016, Ponsse North America, Inc., Managing Director 2007–2011  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 1,241 shares



MIIKA SOININEN, b. 1981

Student of Technology  
**Chief Digital Officer**  
Member of the Management Team since 1 Dec. 2020  
Joined Ponsse in 2018  
**Previous main positions:** Ponsse Plc, Manager, IT and Digital Services 2019–2020, Ponsse Plc, IT Manager 2018–2019, Gentinel Finland Oy, Managing Director 2017–2018  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 440 shares



JUHA INBERG, b. 1973

Dr. Tech.  
**Chief R&D and Technology Officer**  
Member of the Management Team since 1 Jan. 2009  
Joined Ponsse in 2003  
**Previous main positions:** Ponsse Plc, R&D Engineer 2003–2006, Engineering Manager 2006–2008  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 13,447 shares



TAPIO MERTANEN, b. 1965

Technician (technical college), MTD  
**Chief Service Business Officer**  
Member of the Management Team since 3 May 2010  
Joined Ponsse in 1994  
**Previous main positions:** Ponsse Plc, Distribution Development Director 2007–2010, Ponsse Plc, Service Director 2004–2007, Ponsse Plc, After Sales Manager 1997–2004, Ponsse Plc, Parts Manager 1995–1997  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 1,200 shares



TOMMI VÄÄNÄNEN, b. 1973

B. Eng.  
**Chief Operations Officer**  
Member of the Management Team since 1 Oct. 2013  
Joined Ponsse in 2013  
**Previous main positions:** Metso Corporation, Metso Automation, Director; Analyzers Product Group 2010–2013, Director; Kajaani Operations 2006–2010  
**Shareholding in Ponsse Plc on 31 Dec. 2023:** 7,148 shares

Ponsse distribution network

**MARKO MATTILA**  
Chief, Sales, Service & Marketing Officer  
Joined Ponsse in 2007

**FERNANDO CAMPOS**  
Managing Director; Ponsse Latin America Ltda.  
Area Director Brazil  
Joined Ponsse in 2006

**GARY GLENDINNING**  
Managing Director; Ponsse UK Ltd.  
Area Director Ireland  
Joined Ponsse in 1997

**JAKUB HACURA**  
Managing Director; Ponsse Czech s.r.o.  
Joined Ponsse in 2022

**CARL-HENRIK HAMMAR**  
Managing Director; Ponsse AS  
Joined Ponsse in 2015

**JUSSI HENTUNEN**  
Director; Dealer Development  
Joined Ponsse in 2006

**JYRI KYLÄ-KAILA**  
Managing Director; Epec Oy  
Joined Epec in 2019

**RISTO KÄÄRIÄINEN**  
Managing Director; Ponsse China (Beihai Ponsse Trading Co. Ltd.) Area Director; Japan  
Joined Ponsse in 2007

**JANI LUUKKONEN**  
Country Director; Finland  
Joined Ponsse in 2001

**EERO LUKKARINEN**  
Area Director; Canadian Dealers  
Joined Ponsse in 2012

**TUOMO MOILANEN**  
Area Director; Austria and Germany  
Joined Ponsse in 2011

**CLÉMENT PUYBARET**  
Sales Manager; used machines  
Joined Ponsse in 2006

**PEKKA RUUSKANEN**  
Managing Director; Ponsse North America Inc.  
Joined Ponsse in 1998

**ANTTI RÄSÄNEN**  
Area Director; Bulgaria, Croatia, Hungary, Italy, Romania, Serbia and Slovenia  
Joined Ponsse in 2002

**TARMO SAKS**  
Area Director; Baltic countries, Poland and Slovakia  
Joined Ponsse in 2019

**JEAN SIONNEAU**  
Managing Director; Ponssé S.A.S  
Joined Ponsse in 2022

**JANNE TARVAINEN**  
Area Director; Australia, New Zealand, Portugal, South Africa and Spain  
Joined Ponsse in 2017

**MARTIN TOLEDO**  
Managing Director; Ponsse Uruguay Ltd.  
Area Director; Argentina and Chile  
Joined Ponsse in 2005

**SAMUEL VIDGREN**  
Area Manager; USA dealer network  
Joined Ponsse on February 1, 2023



***Our subsidiaries and Ponsse dealers contact details can be found at [ponsse.com/contacts](https://ponsse.com/contacts)***



# FINANCIAL STATEMENTS

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Ponsse's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS. The financial statements of the parent company have been prepared in accordance with the Finnish Accounting Standards, FAS, which the company conformed with prior to the 2005 financial period. The notes constitute an essential part of the financial statements. A sum of single figures may differ from the totals presented in the financial statements, as all figures have been rounded.





INFORMATION FOR SHAREHOLDERS

Ponsse Plc’s Annual General Meeting for 2024 will be held on Tuesday 9 April 2024 at the company’s registered office at Ponssentie 22, FI-74200 Vieremä, Finland, commencing at 11:00 a.m. Finnish time.

ELIGIBILITY TO ATTEND

To be eligible to attend the AGM, shareholders must be registered by Tuesday 26 March 2024 in the company’s share register maintained by Euroclear Finland Oy. Shareholders who hold shares under their own names are automatically registered in the company’s share register. A shareholder with nominee registration can be temporarily added to the company’s share register. This must be done by 10 a.m. Finnish time on Thursday 4 April 2024 for the purpose of attending the AGM. Holders of nominee-registered shares are advised to acquire instructions from their administrator regarding registration in the share register; the issuance of powers of attorney and registration for the AGM in good time.

REGISTRATION

Shareholders wishing to attend the AGM should notify the company of their intention to do so by 4 p.m. Finnish time on Tuesday 2 April 2024, either by writing to Ponsse Plc, Share Register, FI-74200 Vieremä, Finland, by calling +358 (0)20 768 800 or by contacting the company online at [www.ponsse.com/yhtiokokous](http://www.ponsse.com/yhtiokokous). Written notifications must arrive before the above-mentioned deadline. Please submit any powers of attorney accompanying the advance registration.

DIVIDEND

Ponsse Plc’s Board of Directors will propose to the AGM that a dividend of EUR 0,55 per share be paid for 2023. The dividend shall be paid to all shareholders who are listed in the share register maintained by Euroclear Finland Oy as a company shareholder on the record date, 11 April 2024. The dividend shall be paid on 18 April 2024.

SHARE REGISTER

Ponsse Plc’s shares and shareholders are listed in the shareholder register maintained by Euroclear Finland Oy. Shareholders are requested to report any change of address and other matters related to their shareholding to the book-entry securities register in which they have a book-entry securities account.

FINANCIAL REPORTS IN 2024

In addition to the financial statements and the Annual Report for 2023, Ponsse Plc will issue three interim reports. Interim reports for the financial period 2024 will be published as follows:

- January–March 23 April 2024
- January–June 13 August 2024
- January–September 22 October 2024

The interim reports will be published in Finnish and English on the Ponsse website at [www.ponsse.com](http://www.ponsse.com).

ORDERING FINANCIAL PUBLICATIONS

This Annual Report is available in Finnish and English. You may order Annual Reports from the following address:

Ponsse Plc  
Ponssentie 22  
FI-74200 Vieremä, Finland  
Tel. +358 (0)20 768 800  
E-mail: [corporate.communications@ponsse.com](mailto:corporate.communications@ponsse.com)

The Annual Report will also be available online at [www.ponsse.com](http://www.ponsse.com).

INVESTOR RELATIONS

Ponsse maintains a silent period, which begins at the end of each reporting quarter and ends at the publication of the result for the quarter or financial period in question. During the silent period, Ponsse does not comment on the company’s financial situation, the market or the outlook. During the period, Ponsse’s top management does not meet representatives of capital markets or financial media or comment on matters concerning the company’s financial situation or the general outlook.

Should you have any questions regarding Ponsse’s business operations, please consult the following people:

Juho Nummela, President and CEO  
Tel. +358 (0)40 049 5690  
E-mail: [juho.nummela@ponsse.com](mailto:juho.nummela@ponsse.com)

Petri Härkönen, CFO  
Tel. +358 (0)50 409 8362  
E-mail: [petri.harkonen@ponsse.com](mailto:petri.harkonen@ponsse.com)

INVESTMENT ANALYSES

The following companies, among others, follow Ponsse as an investment object: Carnegie Investment Bank AB, Finland Branch, Inderes Oy, OP Bank Plc

BOARD OF DIRECTORS’ REPORT FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

General

Ponsse Group recorded net sales amounting to EUR 821.8 million (in 2022, EUR 755.1 million) and an operating result of EUR 47.2 (46.6) million for the financial year. Result before taxes was EUR 42.9 (43.2) million. Earnings per share were EUR 1.07 (EUR 1.22).

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

Net sales

Consolidated net sales for the financial year amounted to EUR 821.8 (755.1) million, which is 8.8 per cent more than in the comparison period. International business operations accounted for 74.9 (79.1) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 44.4 (38.0) per cent, Central and Southern Europe 21.9 (21.4) per cent, North and South America 30.7 (36.5) per cent and other countries 3.0 (4.0) per cent.

(1,000 EUR)	1–12/23	1–12/22
Net sales from continuing operations	821,800	755,123
Net sales from discontinued operations	3,576	32,561
Net sales total	825,376	787,684

Profit performance

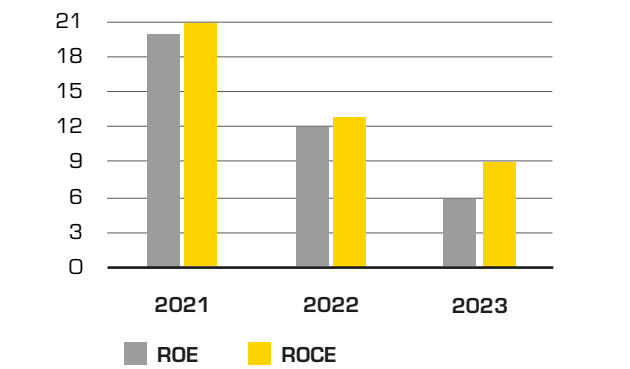
The operating profit amounted to EUR 47.2 (46.6) million. The operating profit equalled 5.7 (6.2) per cent of net sales for the financial year.

(1,000 EUR)	1–12/23	1–12/22
Operating profit from continuing operations	47,153	46,577
Operating profit from discontinued operations	1,247	5,844
Operating profit total	48,400	52,421

Consolidated return on capital employed (ROCE) stood at 8.9 (12.8) per cent.

Staff costs for the financial year totalled EUR 115.3 (107.9) million. Other operating expenses stood at EUR 95.6 (85.3)

RETURN ON EQUITY, (ROE) & RETURN ON CAPITAL EMPLOYED, (ROCE) (%)



million. The operating profit includes a total of EUR -7.8 (-8.5) million that arise from additions in a provision related to a loss-producing full service agreement of Ponsse Latin America Ltda and from changes in the net bookings of the Group’s other provisions.

The net total of financial income and expenses amounted to EUR -4.5 (-3.5) million. Exchange rate gains and losses due to currency rate fluctuations and interest swap appreciation were recognised under financial items, the former having a net impact of EUR 0.2 (-4.3) million and the latter a net impact of EUR -1.2 (3.1) million over the financial year. The parent company’s receivables from subsidiaries stood at EUR 125.1 (77.9) million net. The receivables from subsidiaries mainly consist of trade receivables, for which the Group’s effective tax rate is affected by unrecognised tax receivables that arise from unrealised exchange losses from unhedged items related to the valuation of trade receivables. The parent company has measured a net investment in Ponsse Latin America Ltda at fair value, by recognizing in the previous financial year, a credit loss provision of EUR 19.0 million in trade receivables, as the subsidiary’s operational performance and liquidity have decreased. The result for the financial year totalled EUR 30.0 (34.2) million. Diluted and undiluted earnings per share (EPS) came to EUR 1.07 (1.22).



Statement of financial position and financing activities

At the end of the financial year, the total consolidated statements of financial position amounted to EUR 606.0 (588.6) million. Inventories stood at EUR 240.8 (229,6) million. Trade receivables totalled EUR 69.1 (62.3) million, while cash and cash equivalents stood at EUR 74.0 (73.5) million. Group shareholders' equity stood at EUR 321.8 (321.8) million and parent company shareholders' equity (FAS) at EUR 278.9 (233.5) million. The amount of interest-bearing liabilities was EUR 119.5 (96.3) 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 45.5 (19.8) million, and the debt-equity ratio (net gearing) was 14.1 (6.1) per cent. The equity ratio stood at 53.5 (55.0) per cent at the end of the financial year.

Cash flow from operating activities amounted to EUR 30.4 (-17.9) million. Cash flow from investment activities came to EUR -36.1 (-46.8) million.

Order intake and order books

Order intake for the financial year totaled EUR 697.6 (796.2) million, while financial year-end order books were valued at EUR 229.5 (353.7) million.

Distribution network and group structure

The subsidiaries included in the Ponsse Group are Ponsse AB, Sweden; Ponsse AS, Norway; Ponssé S.A.S., France; Ponsse UK Ltd, the United Kingdom; Ponsse Machines Ireland Ltd, Ireland; Ponsse North America, Inc., the United States; Ponsse Latin America Ltda, Brazil; Ponsse Uruguay S.A., Uruguay; Ponsse Asia-Pacific Ltd, Hong Kong; Ponsse China Ltd, China; Ponsse Chile SpA, Chile; Ponsse Czech s.r.o., Czech Republic and Epec Oy, Finland.

The Group includes also the EAI PON1V Holding Oy in Finland, Sunit Oy in Finland, which is Ponsse Plc's associate with a holding of 34 per cent, and Bram Engineers B.V. in the Netherlands, which was acquired by Epec Oy on 11 November 2023.

Acquisitions and sales of operations

On 18 September 2023, Ponsse Plc completed the sale of all shares in OOO Ponsse, its subsidiary that provided PONSSE services in Russia and Belarus. After the conditions of the transaction were met, Ponsse's business operations in Russia transferred to OOO Bison and the trade received the approval of the local authorities. On 15 June 2022, Ponsse 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. 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. As a result of the completion of the deal, all Ponsse's activities in Russia ended. Ponsse has classified the traded functions as asset items available for sale and reported them as discontinued operations since its mid-year report published on 9 August 2022. The impact of the business arrangement is described in more detail in the note, Discontinued operations.

On 7 August 2023, Ponsse announced that it had signed a retail agreement with PacWest Machinery from the US. At the same time, the two companies signed a deed of sale, in which Ponsse undertook to sell its maintenance service operations in Coburg, Oregon, to PacWest Machinery. Hereafter, PacWest will be responsible for the sale and maintenance of PONSSE forest machines in the states of Oregon, Washington, and Idaho on the West Coast of the United States. The transaction price was not made public since the price has no impact on the measurement of Ponsse's value or result.

On 1 November 2023, Epec Oy, a technology company belonging to the Ponsse Group, acquired the Dutch company Bram Engineers B.V. The acquisition will enable the company to offer customers products and product development services related to software, electrification, autonomous systems, and control systems on a larger scale. Goodwill of EUR 1.0 million was recognized in the consolidated balance sheet.

R&D and capital expenditure

Group's R&D expenses during the financial year totalled EUR 29.5 (27.7) million, of which EUR 11.9 (12.7) million was capitalised.

Investments during the financial year totalled EUR 35.9 (41.9) million. In addition to capitalised R&D expenses, they consisted of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

Annual General Meeting 2023

Annual General Meeting was held in Vieremä, Finland 12 April 2023. The AGM approved the parent company's 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 2022 financial period. In addition to the election of the Board of Directors and the auditor, and the approval of the payment of the staff profit bonus, the remuneration report, and the remuneration of the Board of Directors, the AGM adopted the following resolutions.

The AGM authorized the Board of Directors to decide to repurchase a maximum of 250,000 treasury shares with the company's unrestricted shareholders' equity, which corresponds to approximately 0.89 per cent of company's total shares. The shares may be acquired through public trading at the market

price of the company's share at the time of the acquisition or outside public trading for a price, which at most corresponds to the market price in public trading at the time of the acquisition. The authorization includes the right to decide how to acquire treasury shares. Under the authorization, treasury shares may also be repurchased in other proportions than that of the shares held by the shareholders (directed repurchase). The decision to repurchase treasury shares under the authorization may not be taken in such a way that the total number of treasury shares held by the company and its subsidiaries would exceed 10% of the total number of shares. The authorization revokes the authorization granted to the Board of Directors by the AGM on 7 April 2022 and is valid until the closing of the next Annual General Meeting; however no longer than until 30 June 2024.

The AGM authorized 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 in one of more tranches as laid down in chapter 10, section 1 of the Finnish Companies Act. The number of shares to be issued based on the authorization may, in one or more instalments, amount to a maximum of 250,000 shares (including shares issued based on options or special rights), corresponding to approximately 0.89 per cent of all the shares in the company. The Board of Directors will decide on the terms and conditions of the issuance of shares, options and other special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance and transfer of shares, options and other special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive right (directed issue). Under the authorization, the Board of Directors may also decide on a share issue to the company itself. The authorization revokes the authorization granted to the Board of Directors by the AGM on 7 April 2022 to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization is valid until the closing of the next Annual General Meeting; however no longer than until 30 June 2024.

The AGM resolved to amend the Articles of Association by modifying Section 9 and adding a new Section 11 so that it enables the general meetings to be held elsewhere than the company's registered domicile and to be held entirely without a meeting venue, so-called remote meeting, if the Board of Directors so decides.

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 Matti Kyläivainio, Ilpo Marjamaa, Juha Vanhainen, Jukka Vidgren, and Terhi Koipijärvi.

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

The Board of Directors convened eleven times during the financial year. The attendance rate was 94.9 percent.

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

Management

The following persons were members of the Management Team: Juho Nummela, President and CEO, acting as the chairman; Petri Härkönen, Deputy CEO, Chief Financial Officer; Juha Inberg, Chief R&D and Technology Officer; Tiina Kautonen, Chief Human Resources Officer; Marko Mattila, Chief Sales, Service and Marketing Officer; Tapio Mertanen, Service Director; Katja Paananen, Chief Responsibility Officer; Miika Soininen, Chief Digital Officer and Tommi Väänänen, Chief Operations Officer. The company management has a regular management liability insurance.

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

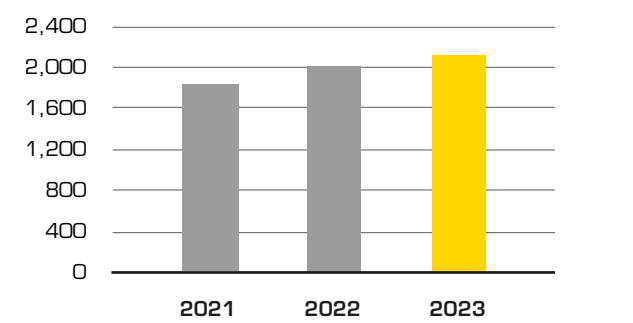
The geographical distribution and the responsible persons are presented below.

Northern Europe: Jani Liukkonen (Finland), Carl-Henrik Hammar (Sweden, Denmark and Norway) and Tarmo Saks (Estonia, Latvia and Lithuania).

Central and Southern Europe: Tuomo Moilanen (Germany and Austria), Jean Sionneau (France), Janne Tarvainen (Spain and Portugal), Gary Glendinning (United Kingdom and Ireland), Antti Räsänen (Hungary, Italy, Romania, Slovenia, Croatia, Serbia and Bulgaria), Tarmo Saks (Poland and Slovakia) and Jakub Hacura (Czech Republic).

North and South America: Pekka Ruuskanen (the United States), Eero Lukkarinen (Canada), Fernando Campos (Brazil, until 29 Jan 2024), Janne Lopenon (Brazil, from 1 Feb 2024), and Martin Toledo (Uruguay, Chile and Argentina).

AVERAGE NUMBER OR EMPLOYEES





Other countries: Janne Tarvainen (Australia and South Africa) and Risto Kääriäinen (China and Japan).

Personnel

The Group had an average staff of 2,106 (2,016) during the financial year and employed 2,110 (1,988) people at financial year-end.

Share-based incentive plans

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

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

The key employee plan consists of three performance periods, each lasting for three calendar years, performance periods

2023–2025, 2024–2026 and 2025–2027. The matching reward will be paid in 2023, 2024 and 2025 after the acquisition of the investment shares and confirmation of reward, as soon as practically possible. The matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2025, 31 December 2026, and 31 December 2027. The performance-based reward will be paid by the end of May after the end of each performance period. The share acquisitions for the first performance periods began on April 28, 2023, and ended on July 12, 2023. The number of shares acquired totaled 16,500.

During the financial year, the cost effect of the share-based incentive plans was approximately EUR 0.7 million. 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 financial period 2021, the Group implemented the restricted share plan, where the reward is based on the participant’s valid employment or director contract and the continuity of the employment or service during a restriction period. The 24-month restriction period of the system ended in 2023 and accordingly, 3,000 company shares were paid as a reward. The expenses were distributed over the entire period, of which the 2023 portion is EUR 56 thousand.

Share performance

The company’s registered share capital consists of 28,000,000 shares. The trading volume of Ponsse Plc shares for 1 January – 31 December 2023 totalled 788,385, accounting for 2.82 per cent of the total number of shares. Share turnover amounted to EUR 21.1 million, with the financial year’s lowest and highest share prices amounting to EUR 21.75 and EUR 35.00, respectively.

At the end of the financial year, shares closed at EUR 22.60, and market capitalisation totalled EUR 632.8 million.

At the end of the financial year, the company held 23,562 treasury shares.

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.

Statement of non-financial information

Ponsse’s key non-financial information is based on the obligations laid down in the Accounting Act (1376/2016), which is based on the EU directive on the disclosure of non-financial information. Further information about non-financial themes and sustainability is available in the sustainability report.

We have defined our key responsibility goals that we seek to achieve through annual function-specific targets and measures as part of the company’s strategy process. We want to improve our people’s wellbeing; innovate sustainable solutions that respect nature; develop our operations with the natural environment in mind; and be a reliable partner that values community. Ponsse’s business model is described on page 4 of the Annual Report.

Governance and management of non-financial information

Ponsse’s shareholders, Board of Directors and management are committed to promoting responsibility. The company’s Board of Directors receives regular updates on the company’s responsibility activities, as well as risks and opportunities related to corporate responsibility, and approves relevant key policies and guidelines.

In 2023, Ponsse’s Annual General Meeting appointed a specialist in strategic corporate responsibility to the company’s Board of Directors. The Board of Directors addressed sustainability issues as an integral part of other processes and business reviews. As a separate theme, the Board of Directors addressed the company’s business strategy goal to achieve carbon-neutral product solutions and operations and make related investments. The Board of Directors also assessed the company’s responsibility strategy and the key focuses of sustainability activities.

Responsibility is an integral part of Ponsse’s business strategy. The Group’s President and CEO is responsible for ensuring that corporate responsibility is included in the company’s strategy and risk management processes. The Group Management Team is responsible for setting, monitoring, and implementing the responsibility objectives for each function and for identifying operational risks and opportunities related to responsibility. A chief responsibility officer was appointed in the Group’s Management Team at the beginning of 2023. In 2023, the incentive plans for management and, to some extent, for supervisors took into account the results of the eNPS survey which measures employee experience. In 2024, the incentive plans will be extended to include the LTIF result which measures accident frequency.

Ponsse’s responsibility steering group convenes four times a year to review measures related to the promotion, execution

and monitoring of responsibility goals. The steering group’s members are the President and CEO, CFO, HR Director, and Chief Responsibility Officer, who reports the advancement of responsibility goals to the steering group.

During the year 2022, we have defined the most important strategic responsibility goals that we seek to achieve through annual function-specific targets and measures as part of the company’s annual strategy process. In addition to the company’s management, 440 company employees participated in the materiality assessment work through an electronic survey and 15 representatives of different stakeholder groups through interviews.

- Our strategic responsibility goals are:
- we improve the wellbeing of our people
  - we innovate sustainable solutions that respect nature
  - We develop our operations with the natural environment in mind; and
  - we are a reliable partner who values community

In 2023, we launched a development project to strengthen our readiness to meet the requirements of the EU Sustainability Reporting Directive (CSRD), which came into force at the beginning of 2024. During 2023, we carried out a human rights impact assessment and started work on a double materiality assessment, which will be completed by the end of Q1/2024. An ESG Controller specialising in sustainability reporting also started at the company.

In the double materiality assessment, we identify and prioritise the key economic, social and environmental sustainability issues that have the greatest impact and strategic value for our operations, both in the short and long term. The material impacts on the environment and society, and the business risks and opportunities identified in the assessment form the basis for Ponsse’s 2024 sustainability reporting and strategic responsibility development.

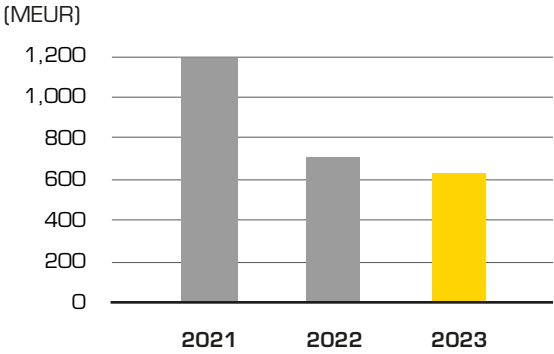
Certified management systems

The company’s management systems steer the implementation of Ponsse’s sustainable development principles and responsible leadership. The goal of the systems is to standardise the Group’s operations and ensure the company’s continuous development. The recertification conducted every three years was last carried out at Ponsse in 2022.

In 2023, internal audits and audits of the supplier and distribution network in accordance with Ponsse’s operating processes were conducted in line with the regular audit programme. Ponsse Chile S.p.A, Ponsse Group’s subsidiary in Chile, received the ISO 9001 quality management certificate and the ISO 45001 occupational health and safety management certificate in December 2023.

Ponsse Plc and its subsidiaries comply with the following management systems:

MARKET CAPITALISATION





- **ISO 9001 quality management standard:** Ponsse Plc, Ponsse Chile S.p.A., Ponsse Latin America Ltda, Ponsse Uruguay S.A.
- **ISO 14001 environmental management standard:** Ponsse Plc, Epec Oy
- **ISO 45001 occupational health and safety management standard:** Ponsse Plc, Ponsse Chile S.p.A., Ponsse Uruguay S.A, Epec Oy
- **ISO 27001 information security management system standard:** Epec Oy

In addition, the production of Epec Oy, Ponsse’s Finnish subsidiary, which develops and manufactures information system solutions, has been certified by TÜV SÜD in accordance with the EN ISO 13849, IEC 61508 and EN IEC 62061 operational safety standards. Safety components certified in accordance with operational safety help implement safety features that meet the requirements set in the standards in the safety products the company develops and manufactures. Epec also complies with the requirements of the IATF 16949 standard.

Good governance

Ponsse complies with good corporate governance in accordance with legislation applicable to listed Finnish companies, Ponsse’s Articles of Association, and the Corporate Governance Code 2020 for listed companies, while promoting openness and transparency. The purpose of the corporate governance principles is to ensure ethical business and a high level of professionalism. In accordance with the Corporate Governance Code, we have published a statement of Ponsse’s governance and control system for the 2023 financial period. It is available on

the company’s website under investors.

Ponsse’s highest decision-making body is the Annual General Meeting. The General Meeting appoints the company’s Board of Directors, which is responsible for the company’s administration and the appropriate organisation of operations. There are no separate committees within Ponsse’s Board of Directors. The company’s Board of Directors has not found it necessary to establish any committees, given the number of members of the Board of Directors and its effectiveness. The President and CEO appointed by the Board of Directors is responsible for the operational management of Ponsse Group, assisted by the Group’s Management Team.

Ponsse’s shares are listed on Nasdaq Helsinki, and we comply with the rules and regulations of the Helsinki stock exchange and the Finnish Financial Supervisory Authority. Consolidated financial statements and interim reports are prepared in accordance with the International Financial Reporting Standards (IFRS).

According to good corporate governance, Ponsse protects the rights of its shareholders, conducts diligent and correctly timed financial reporting, and provides the organisation’s managers with guidance. Auditing, internal control and audit, risk management, compliance with legislation and regulations, and management and administrative practices have been arranged appropriately, and the most significant business activities and conflicts of interest are evaluated on the basis of risks.

In economic sustainability, we focus on a balance between profitability, cash flow from business operations, and growth to ensure our company’s long-term financial performance.

Non-financial key figures and goals

WE IMPROVE THE WELLBEING OF OUR PEOPLE			
KPI	Long-term goal	Outcome in 2023	Goals and measures for 2024
Lost time injury frequency rate (LTIFR) and the number of safety observations	• Zero accidents	• LTIFR 10.7 (2022: 11.8) • 8,106 safety observations (2022: 3,982)	• LTIFR < 5, 8,500 safety observations • Developing the method of continuous improvement in safety and preventive safety activities.
Employee engagement (eNPS)	• Excellent employee engagement, eNPS > 40	• eNPS 31 (2022: 22) (on a scale from -100 to 100)	• Developing the engaging eNPS feedback process, eNPS > 40
Management quality	• High-quality management > 3, on a scale from 1 to 4	• Management quality 3.20 (2022: 3.28)	• Management quality > 3 (on a scale from 1 to 4) • Regular and topical training for supervisors. Supervisors ensure the development of their employees through annual performance appraisals.
Voluntary employee turnover	• Employee turnover < 5%	• Employee turnover 8.1% (2022: 11.3%)	• Employee turnover < 5%. • We will strengthen internal job rotation and the personnel's development opportunities through diverse tasks and training.
Management of the human rights impact and percentage of the Ponsse people who have completed Code of Conduct training	• Responsible and ethical business	• Human rights impact assessment	• Human rights commitment and roadmap based on the HRIA • Development of the Code of Conduct and related training; training to be completed by 100% of the Ponsse people

WE INNOVATE SUSTAINABLE SOLUTIONS THAT RESPECT NATURE

KPI	Long-term goal	Outcome in 2023	Goals and measures for 2024
Environmentally smart innovations	• Significant reductions in emissions from harvesting, lower energy consumption, improved productivity, and strengthening biodiversity and forest resilience when managing forests	• Start of the FORWARD’27 programme • Environmentally friendly precision harvesting project	• Research in line with the FORWARD’27 programme to develop sustainable and ecological solutions for mobile machines. • Testing fossil-free steel • Environmentally friendly precision harvesting project 2022–2024
Minimising the environmental impact of harvesting	• Sustainable power sources and low environmental impact in harvesting	• Further development of the electric PONSSE EV1 concept • Further development of the Lidar concept to measure thinning intensity and harvesting quality	• R&D based on new power sources and the energy efficiency of powertrain solutions

WE DEVELOP OUR OPERATIONS WITH THE NATURAL ENVIRONMENT IN MIND

KPI	Long-term goal	Outcome in 2023	Goals and measures for 2024
Greenhouse gas emissions from our operations (Scope 1 & 2)	• Carbon neutral factory (Scope 1 & 2) by 2025	• 337 t CO <sub>2</sub> -eq. (2022: 259 t CO <sub>2</sub> -eq.)	• Measures in line with the climate programme, including the replacement of liquefied gas with a renewable energy source in the paint shop
	• Carbon neutrality in the Nordic countries and the Group’s carbon footprint -55% (Scope 1 & 2) by 2035 (compared to 2022)	• 2,070 t CO <sub>2</sub> -eq. in the Nordic countries (2022: 1,931 t CO <sub>2</sub> -eq.) 4,499 t CO <sub>2</sub> -eq.at Ponsse as a whole (2022: 4,309.9 t CO <sub>2</sub> -eq.)	• The Group’s carbon footprint -5% • Measures in line with the Group’s climate programme, including the vehicle and leased facility policies
	• Proportion of carbon neutral (Scope 2) energy 95% by 2030	• 91.5% (2022: 89.3%)	• Increasing the proportion of carbon neutral energy (Scope 2) generated using renewable energy sources and nuclear power in our procurement of electricity and heating
Greenhouse gas emissions from our value chain (Scope 3)	• Climate change mitigation in the supply chain	• Definition of key emissions categories and data collection and reporting policies	• The first Scope 3 calculation
Volume of landfill waste and recycling rate	• Increasing the recycling rate to 70% and reducing the total volume of mixed and energy waste to 40% by 2030.	• Total waste volume 4,277 tons (2022: 3,878), with the recycling rate at 51.3% (2022: 52.2%).	• Readiness to start systematic waste monitoring • The Group’s waste plan

WE ARE A RELIABLE PARTNER WHO VALUES COMMUNITY

KPI	Long-term goal	Outcome in 2023	Goals and measures for 2024
Percentage of suppliers committed to the Code of Conduct	• 100% of suppliers committed to the Code of Conduct	• 98.2% (2022: 90%) of suppliers committed to the Code of Conduct	• 100% of suppliers committed to the Code of Conduct
Net Promoter Score (NPS)	• NPS > 60	• NPS 52 (2022: 54)	• NPS > 60 • 20 customer seminars to identify R&D needs



Environment

Here at Ponsse, we innovate sustainable solutions that respect nature and develop our operations while addressing the environment. Our product and service solutions enable sustainable forestry. We bear responsibility for the machine lifecycle and extend it through excellent maintenance services. We develop solutions that promote the circular economy and reduce the environmental impact of machines. We know the environmental impact of our operations and work systematically to improve it. We seek carbon neutrality and material efficiency in our products and operations. At Ponsse, the carbon neutrality target means that we strive to achieve zero emissions in our products and operations through our activities and product development. We will examine the need and role of offsetting as our climate programme progresses. Ponsse’s operations in Finland comply with the ISO 14001 standard for environmental management.

We have defined our emissions reduction goals for our Scope 1 and 2 emissions (our operations and purchased energy). Our goal is to reduce the Group’s carbon footprint by 55 per cent by 2035 compared to the level of emissions in 2022, have a carbon neutral factory by 2025, and achieve carbon neutrality in the Nordic countries by 2035.

We have used 2019 as the baseline for our emissions calculations, as the company started to calculate the Group’s emissions during that year. We recalculated the baseline emissions in 2022 due to the sale of our Russian subsidiary and the establishment of new subsidiaries in the Czech Republic and Chile.

In 2023, the carbon footprint of Ponsse Group’s factories increased by 30 per cent to 337 t CO<sub>2</sub>-eq. from the previous year. The increase resulted from refrigerant leaks in Epec Oy’s previous production facilities, as even small volumes cause a large impact due to high emission factors. Considering our goal, the most significant part of emissions comes from the use of liquefied gas as a surface treatment fuel in Vieremä, and we will replace it with a renewable fuel during this year.

In 2023, our carbon footprint in the Nordic countries increased by seven per cent to 2,070 t CO<sub>2</sub>-eq. The increase resulted from the increased use of vehicles in operations in Finland and the significant decrease in the proportion of biofuels of all fuel mixtures sold in Finland compared to the previous year. During the year, we purchased 14 new hybrid and electric vehicles in the Nordic countries, mainly in Sweden. We switched to renewable guarantee-of-origin district heating in six locations in Finland at the end of 2023. The full impact of this switch can only be seen in next year’s emissions calculation.

In 2023, Ponsse Group’s carbon footprint increased by six per cent to 4,499 t CO<sub>2</sub>-eq. This increase from the previous year can be explained by the increased use of vehicles, combined

EMISSIONS TO AIR

Carbon footprint, t CO <sub>2</sub> -eq.	2023	Change, %	2022	2021
Scope 1	3,961.8	9%	3,625.0	3,653.4
Scope 2 (market-based)	536.7	-15%	628.8	711.3
Scope 2 (location-based)	7,792.6	-	-	-
Total carbon footprint (market-based)	4,498.5	6%	4,253.8	4,364.7
Emission intensity, t CO <sub>2</sub> -eq./MEUR				
Carbon footprint relative to net sales	5.5	-4%	5.7	7.2
Biogenic emissions, t CO <sub>2</sub> -eq.				
Total biogenic emissions	3,842.7	56%	2,468.5	2,775.8
Other emissions to air, t				
Volatile organic compounds (VOC)	8.8	-11%	9.9	15.3

WASTE

Waste volume, t	2023	Change, %	2022
Non-hazardous waste	3,240	6%	3,069
Preparation for reuse	668	-6%	711
For recycling	972	-2%	993
Other utilisation	304	-2%	311
For waste incineration	732	-8%	794
For landfill sites	475	153%	188
Other disposal	88	24%	71
Hazardous waste	1,037	28%	809
For recycling	571	79%	318
Other utilisation	9	-	-
For energy	233	-18%	282
For landfill sites	114	-39%	188
Other disposal	111	443%	20
Total waste volume	4,277	10%	3,878

ENERGY

Energy consumption, GWh	2023	Change, %	2022	2021
Fossil fuels	16.9	-2%	17.3	16.2
Petrol	2.3	-1%	2.4	2.5
Diesel	10.8	-	10.9	9.5
Paraffin	0.0003	-	-	-
Natural gas	0.8	-21%	1.0	1.0
Liquefied petroleum gas	1.0	3%	1.0	1.0
Fuel oil	2.0	-6%	2.1	2.2
Renewable fuels	1.5	-6%	1.6	1.4
Ethanol	0.3	117%	0.1	0.3
Wood chips	0.3	-24%	0.4	-
Renewable diesel (HVO)	0.9	-14%	1.0	1.1
Renewable fuel oil	0.1	-2%	0.1	0.1
Total energy from fuels	18.5	-2%	18.9	17.5
Purchased electricity	12.5	-2%	12.7	12.1
Self-generated electricity	0.2	3%	0.2	0.2
Sold electricity	-0.02	17%	-0.02	-0.02
Purchased district heating	8.4	16%	7.2	8.3
Total electricity and heat	21.1	5%	20.1	20.6
Total energy consumption	39.6	1%	39.0	39.0
Energy intensity, MWh/MEUR				
Total energy consumption relative to net sales	48.2	-7%	51.6	62.8

WATER

Water intake, 1,000 m³	2023	Change, %	2022	2021
Total water intake	31.1	5%	29.7	31.8
Groundwater	2.3	-8%	2.5	1.2
Third party (municipal)	28.9	6%	27.2	30.6
Total water intake from water-stressed areas	1.2	15%	1.1	0

with the significant decrease in the proportion of biofuels of all fuel mixtures. For example, the proportion of biodiesel of all diesel used in Finland dropped by as many as ten percentage points. Our goal is to define a vehicle policy for the Group during 2024 to reduce emissions from the use of vehicles.

In 2023, the proportion of carbon neutral energy of all electricity and heat consumed increased to 91.5 per cent, up by 2.2 percentage points from the previous year. This largely resulted from the increase in the use of renewable heat. During the year, we switched to renewable guarantee-of-origin district heating in six locations in Finland. The full impact of the change can only be seen next year, as some of the changes were only made at the end of the year.

During 2023, we set our first goals for waste generated in our operations. Our goal is to increase the recycling rate to 70 per cent and reduce the total volume of mixed and energy waste by 40 per cent by 2030.

Water use

Our water intake increased by 5% from the previous year. Most of the water we use is taken from the municipal water network, in addition to which groundwater is taken from wells in our operations in Uruguay and Chile. Of our water intake, 4% came from water stress areas and consisted entirely of groundwater. One of our sites, our Chilean subsidiary, is located in a high-risk water stress area.

We mainly use water in our operations for washing forest machines and for sanitation purposes. The Vieremä factory consumed nearly 50% of the total water volume. Its water consumption was 13,086 m3, with a decrease of 18% from the previous year. After test driving machines, we wash them before they are delivered to customers. This prevents the spread of invasive species through exports, for example. In production, we use water to wash components for surface treatment. In surface treatment, we minimise water consumption by recycling the water several times, but we do not measure the volume of water recycled. Water is not absorbed by our products. The water we use ends up in treatment by a third party through the municipal wastewater network.

We have used the WWF Water Risk Filter tool to identify water stress areas. A location is classified as being in a water stress area if it has a risk score of 3 or higher. We do not measure the amount of wastewater in our operations.

Emissions calculation in the value chain

So far, we have only calculated emissions from our operations and purchased energy (Scope 1 & 2). Currently, we are collecting information from 2023 for our first emissions calculation



in our value chain (Scope 3). We have identified key emissions categories in our operations and defined data collection and reporting policies for them. The first calculation will cover all categories significant for the company at a Group level, including subsidiaries. The calculation results will be completed by the middle of 2024.

Even though the first Scope 3 calculation is still in progress, we have already taken measures to reduce emissions in our value chain in the future. In 2023, we signed a cooperation agreement with the steel company SSAB on the gradual start of the delivery of fossil-free steel from 2026. This would reduce emissions from purchased raw materials and products. In 2022, we launched the electric PONSSE EV1 forwarder concept, and its new technologies represent an important step on our way towards zero-emission harvesting.

Social responsibility and the personnel

At Ponsse, social responsibility means responsibility for the impact of our business activities on people, and continuously aiming to have a positive impact on our people and community. Ponsse has a strong value base that steers us to respect people and cooperation, and to develop our operations as part of our community. We want to offer our employees a safe and healthy working environment and be an equal and reliable employer.

Ponsse is an equal and non-discriminating working community, in which everyone can work safely. We appreciate and take good care of each other, our customers and our network. Our machines are safe and ergonomic for their users.

Ponsse’s culture

Ponsse has a unique corporate culture. The people at Ponsse have been the company’s strongest and most significant asset throughout its history, and our culture is our strength.

Since its establishment in 1970, Ponsse has grown into one of the leading cut-to-length forest machine companies in the world. Today, Ponsse employs 2,110 people across the world, with the number of employees having grown by 185 per cent in ten years.

Amidst all the strong growth, internationalisation and technological development, it is also good to stop in order to examine the corporate culture from time to time. While we want to foster our unique culture, we also want to move forward and ensure the fulfilment of our strategy and the achievement of our business goals, supported by our culture. In 2023, Ponsse assessed the current state of its culture and sought to identify any areas for development. This process engaged 450 Ponsse employees, with each employee being able to give feedback on our culture in the Pulssi personnel survey.

KEY PERSONNEL FIGURES

	2023	2022	2021	Change (%) from previous year
Group personnel on average	2,106	2,016	1,825	4%
Group personnel, last day	2,110	1,988	1,933	6%
Personnel in Finland, %	56%	58%	61%	-3%
Personnel in other countries, %	44%	42%	39%	5%
Permanent employees, %	98%	97%	97%	1%
Fixed-term employees, %	2%	3%	3%	-33%
Full-time employees, %	98%	97%	98%	1%
Part-time employees, %	2%	3%	2%	-33%
Average duration of employment, years	7.8	8.0	7.3	-3%
Voluntary employee turnover, %	8.1%	11.3%	7.2%	-28%
Average age of the personnel	39	39	38	0%
The personnel’s age distribution				
Under 30 years	22%	22%	24%	0%
30–49 years	59%	59%	56%	0%
Over 50 years	19%	19%	20%	0%
Gender distribution, %				
Female	11%	12%	11%	-8%
Male	89%	88%	89%	1%
Gender distribution among supervisors, %				
Female	17%	14%	12%	21%
Male	83%	86%	88%	-3%
Gender distribution in the Management Team, %				
Female	22%	13%	13%	69%
Male	78%	87%	87%	-10%
Gender distribution in the Board of Directors, %				
Female	29%	13%	14%	123%
Male	71%	88%	86%	-19%
Salaries and wages, EUR million	115.3	107.9	87.7	7%
Incentive scheme coverage	100%	100%	100%	

The assessment of our values signified the first steps in the development of our culture. We updated our company’s values while respecting the past and setting our sights on the future. The values guide our work and our behaviour every single day. By complying with our values, everyone at Ponsse can have an impact on how our customers see us. The Ponsse spirit – working together to put it briefly – is materialised when we work every day according to our values. Ponsse’s updated values are: 1. We truly care; 2. We work for our customers; 3. We are true to our word; 4. We are eager to develop ourselves.

Equality and non-discrimination

An equal and non-discriminating corporate culture promotes the wellbeing and employee experience of the personnel, reduces employee turnover, and helps recruit skilled professionals. We seek to strengthen diversity in our working community, which is why we are increasingly focusing on the fulfilment of equality and non-discrimination.

The company’s personnel group reviews Ponsse’s equality and non-discrimination plan annually. The goal of the plan is that all Ponsse people feel treated equally without any discrimination.

In promoting the wellbeing of everyone at Ponsse, we want to address physical, psychological and social wellbeing. We share this idea throughout the Group and also seek to implement practices found to be effective in the organisation in Finland within other Ponsse companies, across the world.

Measuring employee experiences and wellbeing at work

Motivated employees who feel well have a significant positive impact on work results and on customer experiences. We monitor the Ponsse people’s employee experience and wellbeing through development appraisals held twice a year, the eNPS index and wellbeing survey, and a survey to measure the quality of leadership. In addition, extensive personnel surveys are conducted every two to three years.

In 2023, the Group’s total eNPS score was 31 (22). In 2023, Ponsse conducted an extensive personnel survey, with its total score of 4.09 (on a scale from 1 to 5) based on responses from 1,365 Ponsse people. In 2023, the annual survey to measure the quality of leadership had 1,069 (1,244) respondents. The Group’s average score was 3.20 (3.28) on a scale from 1 to 4, which was in line with our target of > 3. The voluntary employee turnover decreased to 8.1% (11.3%).

Ensuring skilled employees

We ensure the competence and professional skills of our employees through regular training and through job rotation opportunities. We identify training needs which relate to our strategy, to our goals and our technological development and

also during the performance appraisals held twice a year. In addition, we support voluntary training by our personnel, including degree programmes. In 2023, we prepared larger plans for competence development from the perspectives of electrification, automation and sustainability, among others.

To support the recruitment and competence of our personnel, we are engaged in cooperation with universities, universities of applied sciences, and vocational schools. We are also monitoring job applicants’ experiences in Finland through the NPS feedback survey conducted during recruitment.

Our employer image was supported by the reputation award granted to Ponsse for the second time in the 2023 Reputation&Trust survey, in which private investors considered Ponsse to be the most highly reputed company in terms of sustainability.

Honesty and cooperation

Honesty, ethics, and communality in operations are vital factors for us. Good corporate governance and our Code of Conduct define how we treat people equally, conduct sustainable business, and engage in close cooperation with our partners.

Mutual trust with our various stakeholders is based on open and long-term cooperation. Our most important stakeholders are our customers and the people of Ponsse throughout the Ponsse network. Our key stakeholders include our customers and members of the entire Ponsse network. We want to know our customers personally and also address their families and stakeholders in our activities. By the Ponsse network we refer to our own companies, as well as our dealers who we always aim to treat equally with our own companies.

We monitor customer satisfaction in all our sales and service activities. At the end of 2023, the Ponsse network’s NPS was excellent at 52 (54) based on 944 (1,097) responses. The NPS of Ponsse’s subsidiaries increased to 48 (43) and that of our dealers was once again excellent at 59 (76). The NPS rating ranges from -100 to +100 and monitoring is a continuous process for products, service, and spare parts. Our NPS target is 60.

We know our partners

We are committed to carrying out business sustainably and responsibly. We expect that parties outside Ponsse also follow the principles of our Code of Conduct, where applicable, when they do business with Ponsse or on behalf of Ponsse. External parties include Ponsse’s business partners, suppliers and customers, as well as the Ponsse service network. We require all our suppliers to commit to the Supplier Code of Conduct. Of our direct suppliers, 98.2 (90) per cent have approved our Code of Conduct either by signing Ponsse’s Supplier Code of



Conduct (82 per cent) or by committing to their own similar guidelines (17 per cent). In addition, our procurement policy and guidelines steer our suppliers towards sustainable ways of working.

The management of supplier relationships is based on systematic contact, with which we seek to develop our suppliers' performance in the long term and thereby enable the continuous development of competitiveness throughout the supply chain. Supplier quality is assessed not only in terms of technological or manufacturing capabilities but also through cost efficiency, quality criteria, audit results, and delivery reliability. New suppliers are also assessed against ESG criteria. Ponsse uses a service that enables us to check our partners' backgrounds based on risks as part of our business processes.

In 2023, Ponsse prepared a procurement policy, which also addresses our sustainability goals. In addition, the company automated the supplier background check process and developed risk assessments for new suppliers. The assessments cover our suppliers' financial standing, background and ownership, future outlook based on risk metrics, and their sustainability and reputation in general.

Safety

Our objective for occupational safety and health is to continually develop our safety culture and mindset and to prevent accidents by investing in preventive safety. We want to be an accident-free company in the future.

At Ponsse, developing the smooth flow and high quality of work is an integral part of safety activities. We are committed to improving occupational safety and health to meet the expectations of our personnel and stakeholders, and we comply with the legislation and the Group's guidelines to ensure a safe working environment in all our operating areas.

We actively assess the risks associated with the occupational safety and health of our personnel and take the corrective measures required to eliminate or minimise these risks. We have also identified young employees and trainees as a risk group. Ponsse is a partner in various educational cooperation models and offers a workplace in which young people can take their first steps in working life. This means that Ponsse also has trainees aged under 18, and we pay special attention to protecting their health and development.

In 2023, we developed our safety strategy, harmonised cooperation between the group's subsidiaries, and shared best safety practices with our stakeholders. In addition, we strengthened our occupational safety and health organisation through recruitment and by specifying job descriptions in greater detail. A person responsible for occupational safety and health has

now been appointed to all group companies. This supports safety management, helps to build a systematic occupational safety and health culture, and boosts the implementation of shared practices. Our goal is that safety is a significant part of the strong Ponsse culture, which the company is known for.

In 2023, we invested particularly in safety training in production in Finland, which was reflected in a significant decrease in the lost time injury frequency rate.

Ponsse measures occupational safety and health using the lost time injury frequency rate (LTIFR), which represents the number of accidents leading to absences per one million working hours. The Group's LTIFR was 10.7 in 2023 (2022: 11.8).

We engage our employees in safety activities in various ways. For 2023, we set a target for the number of safety observations for the first time. Our goal was for each Ponsse employee to make at least five safety observations during the year. Compared to the previous year, the number of safety observations increased by 103 per cent, resulting in 8,106 observations (2022: 3,982).

Governance

Code of Conduct and whistleblowing channel

Harmonised responsibility practices are ensured based on the company's Code of Conduct and values. We require Ponsse's employees and partners to comply with the principles of our Code of Conduct and respect our values whenever they work with or represent Ponsse.

Code of Conduct training is part of the induction programme for our new employees, and supervisors monitor the completion of training in annual performance appraisals. Our ethical business is also supported by our whistleblowing channel, which has been used since 2020 and allows any suspected misuse related to Ponsse and its operations to be reported. The whistleblowing channel is open to both Ponsse employees and external stakeholders. When the Code of Conduct was prepared in 2020, training was completed by 92.4% of Ponsse people.

The update of the Code of Conduct approved by the company's Board of Directors in 2020 and related training was postponed from 2023 to 2024, as it will address the assessment of the impact on human rights conducted at the end of 2023. According to our induction programme, each new Ponsse employee must complete Code of Conduct training. The Code of Conduct is available on our website.

We use an ethical whistleblowing channel maintained by an external service provider to monitor for issues related to our ways of working. The whistleblowing team appointed by

Ponsse's Board of Directors processes reports submitted through the channel and forwards them to the Management Team or the Board of Directors, if required. The whistleblowing team consists of the company's internal auditor, CFO and HR director. The team supervises that reports are processed and consequences are imposed identically in similar cases and that corrective measures are carried out.

In 2023, 15 reports were submitted to the whistleblowing channel. The anonymously submitted reports were divided into the following topics: 3 discrimination and harassment (2022: 1); 1 misuse (1); 2 corruption (2); 4 HR procedures and guidelines (2); 1 privacy protection and the protection of personal data, and security in network and information systems (1); 1 compliance (0); 1 environment (0); 2 conflicts of interest (0); 0 other (6); 0 not relevant (1).

The single case of misuse was reported to the authorities and is being investigated by the police. The financial value of the case is low. All other investigated cases were processed internally. In 2023, we started to divide reports into risk categories at the beginning of the process. Two of the submitted reports were assigned to the high-risk category, two to the medium-risk category and the rest to the low-risk category.

In addition to the cases reported through the whistleblowing channel, the company obtained information, through auditing in 2023, about ongoing legal cases involving Ponsse Latin America Ltda, Ponsse's subsidiary in Brazil. The cases are related to the employment relationships of local employees, and their estimated financial value is low.

Human rights

At Ponsse, we are committed to ensuring that human rights are respected throughout our group and in all our operations. Our work for human rights is based on the UN's Guiding Principles on Business and Human Rights and compliance with law, as well as the OECD Guidelines for Multinational Enterprises. In accordance with the UN's Guiding Principles, we are committed to respecting and supporting all internationally recognised human rights, including working life rights, regardless of the location.

Furthermore, we are committed to all equality and non-discrimination principles concerning human rights in all situations. This means that everyone must be treated equally without any discrimination regardless of their personal characteristics such as gender, ethnic origin, indigenous or minority status, language, religion, age, sexual orientation or any other personal reason.

Ponsse's human rights due diligence (HRDD) process was conducted and described at the end of 2023, assisted by external human rights specialists. The process was started by

conducting a human rights impact assessment (HRIA), to assess the human rights impact and risks of Ponsse's operations and to identify the most significant human rights themes and standards. After the HRIA, we further specified the internal processes and monitoring and communication requirements contained within Ponsse's responsibility for human rights and also assessed development areas with consideration for the four key groups of people related to these: 1) *our working community*; 2) *customers and end users*; 3) *employees in procurement chains*; and 4) *people in local areas and communities*.

We will continue to develop the HRDD process to monitor the human rights impact and risks of our operations, prevent any negative impact, and intervene in any diminishment of human rights.

Corruption and competition

We are committed to combating corruption in all its forms, including extortion and bribery. We do not use bribes or other unlawful payments, nor do we authorise these payments to gain or maintain business. The company neither offers nor accepts any favours, gifts or benefits, which could be reasonably assumed to inappropriately influence decision making or even give such an impression. The company has internal guidelines for gifts and hospitality.

We do not accept or facilitate money laundering, and we comply with legislation related to the prevention of money laundering everywhere in the world. We conduct business only with reputable parties involved in legitimate business activities, with funds derived from legitimate sources. During the offer and negotiations process, we carry out background checks to ensure that the supplier or its management and owners do not violate any laws or regulations and are not subject to economic sanctions.

We promote fair and honest competition. We comply with applicable competition law, regardless of the market area, and refrain from entering into or carrying out any illegal practices.

Our assets may not be used for unlawful or improper purposes. In accordance with the GDPR requirements, we respect and protect personal data, and employees processing it are expected to exercise special caution when processing data.

Ponsse assesses corruption risks as part of its continuous risk management process. Key risks are summarised in conjunction with the strategy round for assessment by the Board of Directors and management. We are developing the group's corruption risk assessment and management process during 2024. Ponsse also has in place a 'know your customer' audit tool for customers, suppliers and, where appropriate, other stakeholders to prevent money laundering and terrorism.



Responsibility – risks and opportunities

The risk management policy approved by the Board of Directors guides risk management as part of the company's management system. Ponsse's management actively monitors the development of the business environment, and responsibility risks and opportunities affecting our business are also considered in the annual risk assessment. Within them, aspects related to climate change, biodiversity and resource efficiency, as well as digitalisation and technological development, are emphasised.

At the end of 2023, we conducted an internal climate risk assessment, and we will continue to develop the assessment as part of our climate activities on the basis of its results. More than 40 Ponsse people from different functions and subsidiaries participated in the assessment of climate risks and opportunities. The climate risk assessment was conducted applying the reporting framework of the Task Force on Climate-Related Financial Disclosures (TCFD).

The most significant opportunities were related to new technological solutions and services that enable low-emission harvesting. Key risks included physical risks associated with an increase in extreme weather and the impact caused by the average global temperature rise on our operations and value chains. The risk of extreme weather became a reality in Vieremä in June 2023 when exceptionally heavy rainfall clogged storm drains in the factory area, causing water damage in our facilities. As a result of the incident, storm drains were modified and our preparedness for crises was evaluated.

At the end of 2023, we carried out the Human Rights Due Diligence (HRDD) process assisted by external human rights specialists. Based on this human rights impact and risk assessment, which was the first of its kind for Ponsse, the specialists recommended a specific focus on the prioritised themes listed in the table below.

CLIMATE RISKS

Transition risks	Impact	Control measures	Opportunities
Regulation	<ul style="list-style-type: none"><li>Impact of regulation and taxation on competitiveness and financial performance.</li><li>Additional costs from reporting and the monitoring of legislation.</li><li>An increase in raw material and transport costs. For example, the impact of the discontinuation of free emission allowances on the steel industry, the energy sector and sea and road transport.</li><li>Regulation to mitigate climate change and nature loss may also have an impact on the processing of commercial forests.</li></ul>	<ul style="list-style-type: none"><li>The monitoring of legislation and reporting capabilities, including the development of systems and competence, and resourcing.</li><li>Emissions reduction, carbon neutrality and material efficiency goals.</li><li>Systematic development of the environmental programme.</li><li>Resource efficiency, long-term procurement agreements and alternative procurement channels.</li><li>The suitability of PONSSE forest machines for different forest management methods.</li></ul>	<ul style="list-style-type: none"><li>Compliance and responsible operations enable the long-term success and vitality of business operations.</li><li>Regulation on corporate responsibility harmonises companies' sustainability data and allows stakeholders to compare different companies.</li><li>Regulation on corporate responsibility facilitates the identification of any adverse impact on business operations.</li><li>New business opportunities.</li></ul>
Reputation and markets	<ul style="list-style-type: none"><li>Negative changes in stakeholders' attitudes and mindsets regarding the use of forests.</li><li>A negative impact on our reputation if we are unable to respond to our stakeholders' expectations of responsible business.</li></ul>	<ul style="list-style-type: none"><li>Sustainability as part of the business strategy.</li><li>R&amp;D activities that enable continuously more ecological harvesting.</li><li>Open and transparent stakeholder communication and active interaction.</li><li>Flexibility in operations and sensitivity to changes help adapt to changes in the operating environment.</li><li>The large market area evens out any risks of economic fluctuations.</li><li>Our confidential stakeholder relations and advanced product and service range enable growth and development.</li></ul>	<ul style="list-style-type: none"><li>Producing value in society through responsible solutions.</li><li>New business opportunities through sustainable innovation.</li><li>Opportunities offered by green funding to constantly develop sustainable products with lower emissions and reduce the environmental impact of operations.</li></ul>
Products and technological solutions	<ul style="list-style-type: none"><li>Changes in operating models and competence needs.</li><li>Any failure or incorrect timing in the development of new low-emission technologies, development costs or high product prices.</li></ul>	<ul style="list-style-type: none"><li>The world's first electric forwarder concept.</li><li>Development of forest machine automation, safety, ergonomics, digitalisation, and technologies related to biodiversity and forest resilience.</li><li>Close cooperation with our customers and stakeholders ensures technological development that advances in the correct direction and meets the future needs of forestry.</li><li>Cooperation with higher education institutions, universities and research organisations.</li><li>Focus on the cut-to-length method and reducing the environmental impact of products.</li><li>Circular economy solutions to extend the lifecycle of used machines and spare parts.</li></ul>	<ul style="list-style-type: none"><li>Responsibly made and innovative products that reduce the environmental impact of harvesting and promote the efficient use of renewable raw materials.</li><li>Technologies related to enhancing biodiversity and forest resilience in forest management and education</li><li>New technological solutions that enable zero-emission harvesting.</li><li>New business opportunities in the circular economy.</li><li>Improving the efficiency of operations and transport.</li><li>New low-emission energy sources and technologies.</li></ul>



Physical risks	Impact	Control measures	Opportunities
Acute	<ul style="list-style-type: none"><li>• Extreme weather causes interruptions in production, deliveries or the availability of energy, and makes field maintenance more difficult.</li><li>• An increase in insurance premiums and the repair of damage generate costs.</li><li>• Increasing wildfires have a local impact on harvesting.</li></ul>	<ul style="list-style-type: none"><li>• The availability of electricity in our production facilities has been secured, and they are located in areas where extreme weather is rare.</li><li>• Raw materials and components are mainly procured from areas where extreme weather is uncommon.</li><li>• We invest in supplier relationships and develop cooperation while addressing the environment.</li></ul>	<ul style="list-style-type: none"><li>• New technologies applicable to changed conditions.</li><li>• PONSSE firefighting equipment to help adapt to increasing wildfires.</li></ul>
Chronic	<ul style="list-style-type: none"><li>• Changes in average temperatures and weather models change forest growth seasons and locations, as well as the distribution of species. Impact on market areas and forest use methods.</li><li>• Wildfire risks and more difficult working conditions in harvesting operations.</li><li>• Damage caused by tree diseases and pests, invasive alien species, and changes in the distribution of species. Deteriorated forest health and recovery ability reduce tree growth.</li><li>• A shorter frost period has a negative impact on harvesting conditions and wood transport and shortens the harvesting season.</li></ul>	<ul style="list-style-type: none"><li>• Science-based emissions reduction measures.</li><li>• Solutions that support sustainable forestry and the preservation of nature.</li><li>• CTL forest machines enable different forest use methods and harvesting in various harvesting conditions.</li><li>• Extensive experience in different harvesting conditions and market areas.</li><li>• Cooperation and development with various parties in the value chain.</li><li>• Use of the Ponsse training network in disseminating and collecting information.</li></ul>	<ul style="list-style-type: none"><li>• Longer growth seasons in the northern hemisphere.</li><li>• Closer cooperation in terms of technological development in the value chain.</li><li>• Business opportunities offered by new technologies, including in the assessment of commercial forest regeneration, harvesting quality and diversity and in the monitoring of forest resources.</li></ul>

HUMAN RIGHTS RISKS (TO BE PRIORITISED)

Human rights theme	Prioritised risk	Control measures and activities
Protection of life and health, as well as young employees	<ul style="list-style-type: none"><li>• Safety in production processes and maintenance.</li><li>• Safe use and transport of products.</li><li>• Tasks, working hours and supervision of employees and trainees aged under 18 years, without placing their development and health at risk.</li></ul>	<ul style="list-style-type: none"><li>• Development of the occupational safety culture.</li><li>• Monitoring, intervention, and engagement throughout the organisation in accordance with the strategic role of occupational safety and health, as well as the management’s example to develop the safety culture.</li><li>• Preparing global guidelines for occupational safety and health.</li><li>• Already addressing safe maintenance measures in the product design phase.</li><li>• Protecting employees aged under 18 years from tasks that place their development and health at risk.</li></ul>
Equality and non-discrimination, opportunity to show one’s own identity	<ul style="list-style-type: none"><li>• Equal and respectful treatment in the working community.</li><li>• Opportunities of diverse target groups to use machinery and equipment safely and appropriately.</li><li>• Diversity and acceptance in the working community, understanding of different perspectives and backgrounds.</li><li>• Gender-biased tasks and communication.</li></ul>	<ul style="list-style-type: none"><li>• Strengthening diversity and inclusion.</li><li>• Addressing diversity in machine and equipment design and product safety, while engaging stakeholders.</li></ul>
Responsible procurement	<ul style="list-style-type: none"><li>• The planned and systematic management of responsibility in the procurement chain, while addressing high-risk human rights industries, raw materials and countries.</li></ul>	<ul style="list-style-type: none"><li>• Development of a responsibility programme for procurement.</li><li>• Identification of country- and industry-specific human rights risks for Tier 1 suppliers, including suppliers inside and outside the EU.</li><li>• Concrete and strengthened human rights perspectives in the Supplier Code of Conduct.</li><li>• An action plan for the responsible procurement of high-risk raw materials.</li></ul>

Report in accordance with the EU taxonomy regulation

Introduction

The EU taxonomy regulation, a classification system for environmentally sustainable economic activities, requires Ponsse to assess its economic activities using three different key figures. In accordance with the technical criteria set out in the taxonomy regulation and its climate and environmental objectives, companies within the scope of reporting must annually publish the proportion of their turnover, capital expenditure and operating expenditure associated with economic activities that qualify as environmentally sustainable.

The taxonomy is based on regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088 (taxonomy regulation).

Criteria for climate change mitigation and adaptation are defined in the delegated climate regulation of 4 June 2021. The delegated regulation to supplement the climate objectives was issued on 9 March 2022, and targeted amendments to the climate regulation were issued in June 2023. The delegated regulation on the environment was issued on 27 June 2023.

The taxonomy regulation defines six environmental

objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Interpretation of taxonomy eligibility

Taxonomy-eligible activities mean all economic activities for which more specific technical screening criteria are established in the taxonomy regulation. In taxonomy reporting for 2023, companies are also required to publish information not only about the climate objectives but also about the proportion of their turnover, capital expenditure and operating expenditure associated with taxonomy-eligible economic activities for the first time regarding the four other environmental objectives. Companies must also publish information about taxonomy-aligned activities regarding the climate objectives.

We have assessed Ponsse’s taxonomy eligibility during the financial period closed on 31 December 2023 based on the descriptions of economic activities and the related NACE codes.

The assessment also covers Ponsse’s subsidiaries. Ponsse’s activities are in category 3.6 *Manufacture of other low carbon technologies* and cover at least the following NACE codes of the EU statistical classification of economic activities (EU 1893/2006): C22, C25, C26, C27 and C28.

Assessment of taxonomy-aligned activities

Taxonomy-aligned activities mean that they significantly promote one or more environmental objectives, meet the specific technical screening criteria, do no significant harm to other environmental objectives, and follow the minimum social safeguards established in the taxonomy regulation.

The proportion of total turnover, capital expenditure and operating expenditure associated with taxonomy-aligned, taxonomy-eligible and non-eligible activities are presented in separate tables below.

Taxonomy-eligible and taxonomy-aligned activities were assessed in cooperation between sustainability and financial management under the guidance of an external specialist. The assessment covered the business activities carried out by Ponsse and its subsidiaries and identified taxonomy-eligible and taxonomy-aligned activities.

Double counting does not present any risks, as the volume of taxonomy-eligible activities is limited. The reported turnover is based on external income in financial reporting. Capital expenditure and operating expenditure are based on financial reporting, for which information is collected from operating group companies. R&D projects are monitored under separate project identifiers.

Requirements for social sustainability

Taxonomy-aligned activities require that companies comply with the following requirements for social sustainability, to which Ponsse Plc is publicly committed in its Code of Conduct.

- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights
- The Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
- The UN International Bill of Human Rights

During 2023, we assessed the human rights impact of the parent company and foreign subsidiaries assisted by external human rights specialists. The company’s Code of Conduct applies to all Ponsse people and external people, companies and organisations linked closely to Ponsse. The obligations set out in our Code of Conduct are also included in our Supplier Code of Conduct. In our operations, we are committed to complying with good corporate governance and the local acts and regulations of the country in which we operate. Ponsse Plc, the



parent company of Ponsse Group, is listed on the Helsinki stock exchange (Nasdaq Helsinki Ltd.) and complies with the acts and regulations on the management of limited liability companies valid in Finland.

Turnover

The turnover defined for taxonomy reporting has been calculated following the same principles as in the International Financial Reporting Standards (IFRS). This means that it includes all income from the sale of products and services related to the company’s business activities. The total turnover presented in taxonomy reporting corresponds to the net sales presented in the consolidated financial statements.

- Ponsse has identified the following as its taxonomy-eligible turnover:
- Turnover associated with the remanufacturing of Ponsse’s spare parts
  - Turnover associated with Ponsse’s used machines
  - Turnover associated with Epec Oy’s PDU product for electric forest machines
  - Total EUR 1 14,454,665.72

Ponsse has solid expertise in the circular economy, especially in its spare parts and used machine operations. We sell and remanufacture used machines in all our market areas and also spare parts in a growing number of markets. Remanufactured and reused spare parts support Ponsse’s goals to develop its material efficiency and achieve carbon neutrality.

In 2023 taxonomy reporting, we identified the net sales associated with the remanufacturing of Ponsse’s spare parts as our taxonomy-eligible turnover, which is included in activity 5.1 *Repair, refurbishment and remanufacturing*. Ponsse’s used machine operations are in activity 5.4 *Sale of second-hand goods*. Regarding the transition to the circular economy, the taxonomy-eligible turnover is only reported for 2023 in accordance with the taxonomy regulation. We understand that taxonomy-aligned activities require a more specific waste plan in the Group, which we will develop in 2024.

The activities of Ponsse’s technology company Epec Oy are mainly based on solutions that enable the electrification of utility vehicles and heavy-duty machines, and they are considered to be taxonomy-eligible to a significant extent. The Epec Flow Power Distribution Unit (PDU) enables the combination of electric motors, batteries and various devices. The PDU product is considered to be in category 3.6 *Manufacture of other low carbon technologies*. We consider Epec Oy’s activities to be largely in line with the EU Green Deal.

For 2023, we have reported the taxonomy-eligible turnover associated with the PDU product insofar as the product has

been sold for the development of Ponsse’s electric forest machine. We seek to develop Epec Oy’s reporting further in 2024. Currently, we cannot assess Epec Oy’s taxonomy-aligned turnover at a sufficient level of accuracy, as further measures are still required to meet all the criteria established for taxonomy-aligned activities, which we will develop by conducting a human rights impact assessment for Epec Oy, for example.

Capital expenditure

The taxonomy-eligible capital expenditure includes increases in tangible and intangible assets before depreciation, impairment or changes in fair value during the financial period. The reported figures have been recognised applying IAS 16 *Property, Plant and Equipment*, IAS 38 *Intangible Assets* and IFRS 16 *Leases* standards.

Ponsse’s activities are based on the design, manufacture and maintenance of cut-to-length forest machines. The company’s activities do not generate any significant emissions, but we can have an impact on emissions from the operation of forest machines through innovative R&D activities. A significant part of our R&D investments enables harvesting with even lower emissions in the future.

- We have identified the following taxonomy-eligible capital expenses:
- Epec Oy’s factory investment
  - Activated R&D expenses associated with the PONSSE EV1 forwarder
  - Activated R&D expenses associated with Epec Oy’s PDU product
  - Investment expenses associated with solar panels and electric vehicle charging stations
  - Investment expenses associated with LEDs and the E-Power hybrid filter
  - Investment expenses associated with hybrid vehicles and electric forklifts
  - Total EUR 12,493,201.77

The taxonomy-eligible capital expenditure includes the activated construction expenses associated with Epec Oy’s factory completed in November 2023. The factory’s energy-efficient solutions include the electricity generated by more than 600 solar panels and the geothermal heating system. Heat recovery is based on effective needle tube heat exchangers, and the aluminium grating on the external wall of the building significantly reduces the need for cooling energy. All electric and heating energy is obtained from renewable sources. We have classified the factory investment in activity 7.1 *Construction of new buildings*. The Lead environmental certificate has been applied for the new Epec Oy factory, and its criteria are considered to be met.

In autumn 2022, Ponsse launched the PONSSE EV1 forwarder concept with a fully electric powertrain. It is still in the R&D phase, and its final emission reduction potential is not yet known. As part of our R&D process, a life cycle assessment (LCA) has been conducted for the machine, and its fuel consumption has been investigated in field tests. The current concept has achieved a 25 per cent reduction in fuel consumption, and therefore emissions reductions. According to our preliminary estimate, the machine meets the majority of the taxonomy criteria, and we seek to specify our estimate in 2024. The concept generates significant emissions reductions through a higher fuel economy in harvesting and is a step towards zero-emission forest machines. R&D expenses consist of expenses associated with the development of the machine activated on the balance sheet, which are monitored under a separate project identifier.

In addition, the R&D expenses associated with the PDU product have been reported as capital expenses. The R&D expenses consist of expenses activated for the project, which are monitored under a separate project identifier. The R&D expenses associated with EV1 and PDU have been identified to be in activity 3.6 *Manufacture of other low carbon technologies*. In 2023, an external consultant conducted an energy review in all of Ponsse’s properties in Finland. In addition, a separate review was conducted in Ponsse’s property in Jyväskylä, as a result of which recommendations were given to improve energy efficiency. In 2023, investments were made in our properties to improve energy efficiency, including the procurement and installation of solar panels in six properties, the replacement of regular lights with LEDs, and the installation of electric vehicle charging stations at the Vieremä factory. In addition, the E-Power hybrid filter was installed at the Vieremä factory in 2023. It improves the quality of electricity, extends the service life of electrical equipment connected to the power grid, and increases energy efficiency.

In 2023, Ponsse Group invested in 14 hybrid vehicles and two electric forklifts.

We have classified the hybrid vehicles and electric forklifts in activity 3.6 *Manufacture of other low carbon technologies*. The expenses associated with LEDs and the E-Power hybrid filter are considered to be in activity 7.3 *Installation, maintenance and repair of energy efficiency equipment*. The investments in solar panels and electric vehicle charging stations have been classified in activity 7.6 *Installation, maintenance and repair of renewable energy technologies*.

Taxonomy-aligned activities cannot have been reported because sufficient information about the fulfilment of the DNSH criteria and minimum social safeguards by our suppliers was not available.

Operating expenditure

Taxonomy-eligible operating expenses include direct expenses associated with R&D activities, the renovation of buildings, and maintenance and repairs.

- We have identified the following taxonomy-eligible operating expenses:
- Expenses from the procurement of renewable energy
  - Rail transport using renewable electricity
  - Expenses associated with the FORWARD’27 development project
  - Research expenses associated with the PONSSE EV1 forwarder
  - Siemens Navigator service platform
  - Total EUR 2,627,749.28

We have identified the purchases of renewable energy that meet the taxonomy criteria as taxonomy-eligible operating expenses and classified them in activity 4.28 *Electricity generation from nuclear energy in existing installations*, which is the closest activity category.

In addition, rail transport using renewable energy has been reported as taxonomy-eligible operating expenses in activity 6.1 *Passenger interurban rail transport*.

In 2023, Business Finland granted funding of EUR 10 million for the FORWARD’27 programme of Ponsse and Epec in its challenge competition for leading companies. The five-year FORWARD’27 programme is a leading project, around which a research ecosystem of partner companies and organisations will be built. The project parties seek to achieve the programme’s goals together: significant emissions reductions in mobile machines, lower energy consumption and improved productivity. We have classified the R&D expenses associated with the FORWARD’27 project and the PONSSE EV1 forwarder in activity 3.6 *Manufacture of other low carbon technologies*.

During 2023, Siemens Navigator, a digital service platform that collects and analyses property data converting them into visual reports, was acquired at the Vieremä factory. The service platform helps optimise property maintenance and servicing, and control energy consumption. We have classified the expenses associated with the Navigator service platform in activity 7.3 *Installation, maintenance and repair of energy efficiency equipment*.

The criteria for taxonomy-aligned operating expenditure are only met in rail transport using renewable electricity. Taxonomy-aligned activities cannot have been reported otherwise, as sufficient information about the fulfilment of the DNSH criteria and the minimum social safeguards by our suppliers was not available.



Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial Contribution Criteria								DNSH criteria ('Does Not Significantly Harm')[h]							
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category enabling activity (19)	Category transitional activity (20)
Text		EUR	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.6 Manufacture of other low carbon technologies	CCM 3.6	-€	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							Y	0%		
5.1 Repair, refurbishment and remanufacturing	CE 5.1	-€	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							Y	0%		
5.4 Sale of second-hand goods	CE 5.4	-€	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-€	0%	0%	0%	0%	0%	0%	0%							Y	0%		
Of which Enabling		-€	0%	0%	0%	0%	0%	0%	0%							Y	0%	E	
Of which Transitional		-€	0%	0%												Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)										
3.6 Manufacture of other low carbon technologies	CCM 3.6	13,054 €	0.002%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
5.1 Repair, refurbishment and remanufacturing	CE 5.1	1,261,951 €	0.2%	N/EL	N/EL	N/EL	N/EL		N/EL								0%		
5.4 Sale of second-hand goods	CE 5.4	113,179,661 €	13.8%	N/EL	N/EL	N/EL	N/EL		N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		114,454,666 €	13.9%	0.002%	0%	0%	0%	13.93%	0%								0%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		114,454,666 €	13.9%	0.002%	0%	0%	0%	13.93%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		707,345,295 €	86.1%																
TOTAL		821,799,961 €	100%																

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial Contribution Criteria								DNSH criteria ('Does Not Significantly Harm')[h]							
Economic Activities (1)	Code (a) (2)	CapEX (3)	Proportion of CapEX, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEX, year 2022	Category enabling activity (19)	Category transitional activity (20)
Text		EUR	%	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
3.6 Manufacture of other low carbon technologies	CCM 3.6	-€	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							Y	0%		
7.1 Construction of new buildings	CCA 7.1	-€	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	-€	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							Y	0%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	-€	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							Y	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-€	0%	0%	0%	0%	0%	0%	0%							Y	0%		
Of which Enabling		-€	0%	0%	0%	0%	0%	0%	0%							Y	0%	E	
Of which Transitional		-€	0%	0%												Y	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)	EL; N/ EL (f)										
3.6 Manufacture of other low carbon technologies	CCM 3.6	1,837,929 €	5.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
7.1 Construction of new buildings	CCA 7.1	10,153,990 €	28.3%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	184,315 €	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	316,967 €	0.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		12,493,202 €	34.8%	6.5%	28.3%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		12,493,202 €	34.8%	6.5%	28.3%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		23,399,042 €	65.2%																
TOTAL		35,892,244 €	100%																



Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')[h]										
	Economic Activities [1]	Code (a) [2]	OpEx (3)	Proportion of OpEx, year 2023 [4]	Climate Change Mitigation [5]	Climate Change Adaptation [6]	Water [7]	Pollution [8]	Circular Economy [9]	Biodiversity [10]	Climate Change Mitigation [11]	Climate Change Adaptation [12]	Water [13]	Pollution [14]	Circular Economy [15]	Biodiversity [16]	Minimum Safeguards [17]	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity [19]	Category transitional activity [20]
					Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y; N; N/EL (b)(c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Text																				
EUR																				
%																				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
6.1 Passenger interurban rail transport	CCM 6.1	558,258 €	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0.0%		
3.6 Manufacture of other low carbon technologies	CCM 3.6	-€	0%														Y	0.0%		
4.28 Electricity generation from nuclear energy in existing installations	CCM 4.28	-€	0%														Y	0.0%		
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	-€	0%														Y	0.0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		558,258 €	0.3%	0.3%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y	0.0%		
Of which Enabling		-€	0%	0%	0%	0%	0%	0%	0%								Y	0.0%	E	
Of which Transitional		-€	0%	0%													Y	0.0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																				
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
3.6 Manufacture of other low carbon technologies	CCM 3.6	894,567 €	0.42%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									1.80%		
4.28 Electricity generation from nuclear energy in existing installations	CCM 4.28	1,127,358 €	0.53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.00%		
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	47,566 €	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.00%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,069,491 €	0.98%	0.98%	0%	0%	0%	0%	0%									1.80%		
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		2,627,749 €	1.2%	1.2%	0%	0%	0%	0%	0%									1.80%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		208,233,696 €	98.8%																	
TOTAL		210,861,445 €	100%																	

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

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 political strikes in Finland continue, 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.

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 in 2024 is expected to be on par with the operating profit in 2023 (EUR 47.2 million).

Due to the uncertainty in the markets, the company will consider carefully its investments, continues to monitor its costs, and develops its operative model in order to improve competitiveness. The company monitors changes both in the operating environment and customers’ operating conditions closely.

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

Events after the period

Janne Loponen has been appointed as the new Managing Director of Ponsse Latin America Ltda, effective 1 February 2024. Janne Loponen will be based in Brazil and will report to Marko Mattila, Chief Sales, Service & Marketing Officer of the Ponsse Group. Fernando Campos Passos, the former Managing Director of Ponsse Latin America Ltda, held the position since 2018.

Ponsse has published a press release on 20 February 2024, in which it tells the plans to update its operating model globally to strengthen its long-term competitiveness and profitability and provide even better customer services. The Group’s Management Team is moving the planning and execution of these changes forward. They would affect our organisation globally, and any local negotiations with employee representatives will be held in accordance with the local legislation of each country. If the planned operating model is realised, the changes would enter into force at the beginning of June 2024. The planned measures could result in total annual savings of approximately EUR 10 million from 2026 onwards. According to initial estimates, the planned measures could result in the reduction of approximately 120–140 jobs globally.

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.

Board of Directors’ proposal for the disposal of profit

The parent company Ponsse Plc had 231,603,128.02 euros of distributable funds on 31 December 2023.

The company’s Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.55 per share shall be paid for the year 2023. 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 2023 to the personnel employed by the Group.

Vieremä, 29 February 2024

Ponsse Plc  
Board of Directors





Financial indicators

	IFRS 2023	IFRS 2022	IFRS 2021
Extent of operations, continuing operations			
Net sales, (1,000 EUR)	821,800	755,123	608,271
Change, %	8.8	24.1	8.4
R&D expenditure, total (1,000 EUR)	29,466	27,702	23,786
of which capitalised (1,000 EUR)	11,888	12,692	9,196
as % of net sales	3.6	3.7	3.9
Gross capital expenditure (1,000 EUR),	35,892	41,917	24,856
including discontinued operations			
as % of net sales	4.4	5.6	4.1
Average number of employees	2,106	2,016	1,825
Net sales/employee (1,000 EUR)	390	375	333
Order stock, EUR million	229.5	353.7	312.6
Profitability, continuing operations			
Operating profit (1,000 EUR)	47,153	46,577	49,998
as % of net sales	5.7	6.2	8.2
Profit before taxes, (1,000 EUR)	42,949	43,219	48,107
as % of net sales	5.2	5.7	7.9
Profit for the period (1,000 EUR)	30,026	34,182	35,171
as % of net sales	3.7	4.5	5.8
Profitability, including discontinued operations			
Return on equity, % (ROE)	5.9	12.0	19.9
Return on capital employed, % (ROCE)	8.9	12.8	20.7
Financing and financial position, including discontinued operations			
Current ratio	2.0	1.8	2.2
Equity ratio, %	53.3	55.0	60.7
Net gearing, %	14.1	6.1	-22.2
Interest-bearing liabilities (1,000 EUR)	119,453	96,300	54,796
Koroton vieras pääoma, (1 000 EUR)	164,759	170,547	160,559

The Group has applied ESMA's (the European Securities and Markets Authority) Guidelines on Alternative Performance Measures, which entered into effect on 3 July 2016.

In addition to the consolidated financial statements produced in compliance with IFRS, Ponsse Plc is presenting alternative performance measures to describe the financial development of its business operations and to provide a comparable overall view of the company's profitability, solvency and liquidity, as well as to provide additional information for analysing its result and capital structure.

The alternative performance measures should not be reviewed separately or in lieu of the figures presented in the audited IFRS-compliant financial statements.

The alternative performance measures have not been audited.



Per-share data<sup>1</sup>

	IFRS 2023	IFRS 2022	IFRS 2021
Earnings per share (EPS), EUR, continuing operations	1.07	1.22	1.26
Earnings per share (EPS), EUR, discontinued operations	-0.40	0.10	0.71
Earnings per share (EPS), EUR (including discontinued operations)	0.67	1.33	1.97
Equity per share, EUR (including discontinued operations)	11.49	11.49	10.62
Nominal dividend per share, EUR	0.55 <sup>1</sup>	0.60	0.60
Dividend per share adjusted for share issues EUR	0.55 <sup>1</sup>	0.60	0.60
Dividend per earnings, % (including discontinued operations)	82.1 <sup>1</sup>	45.1	30.5
Effective dividend yield, %	2.4 <sup>1</sup>	2.4	1.4
Price/earnings ratio (P/E) (including discontinued operations)	33.7	19.0	21.4
Share performance			
Lowest trading price	21.75	22.80	29.15
Highest trading price	35.00	44.40	48.80
Closing price	22.60	25.30	42.20
Average price	26.72	30.14	40.31
Market capitalisation, EUR million	632.8	708.4	1,181.6
Dividends paid, EUR million	15.4 <sup>1</sup>	16.8	16.8
Shares traded	788,385	1,219,318	1,351,899
Shares traded, %	2.8	4.4	4.8
Weighted average number of shares during			
the period, adjusted for share issues	28,000,000	28,000,000	28,000,000
Number of shares on the closing date,			
adjusted for share issues	28,000,000	28,000,000	28,000,000

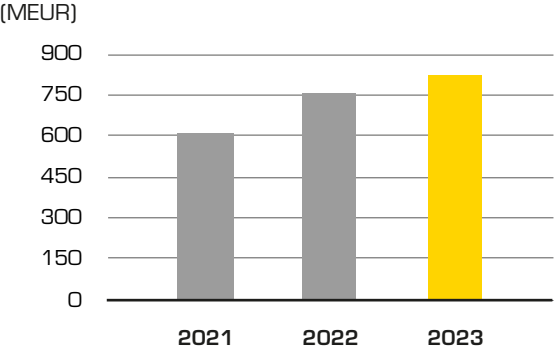
<sup>1</sup> The company's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share be paid for 2023.

Formulae for financial indicators

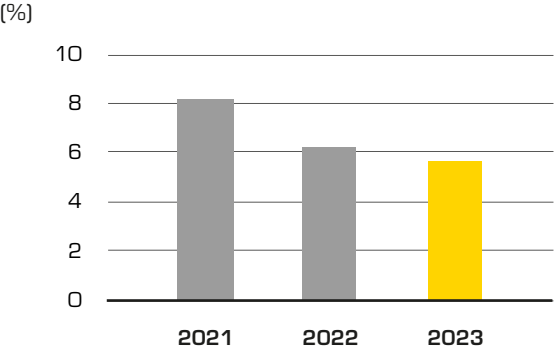
<b>1. Return on equity,% (ROE)</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Net profit for the period}}{\text{Shareholders' equity} + \text{minority interest (average during the year)}}$	<b>x 100</b>
<b>2. Return on capital employed, % (ROCE)</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Profit before taxes} + \text{financial expenses}}{\text{Shareholders' equity} + \text{financial liabilities (average during the year)}}$	<b>x 100</b>
<b>3. Equity ratio, %</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Shareholders' equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advance payments received}}$	<b>x 100</b>
<b>4. Net gearing, %</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Financial liabilities} - \text{cash and cash equivalents}}{\text{Shareholders' equity}}$	<b>x 100</b>
<b>5. Average number of personnel</b> <b>during the financial year</b>	=	Average of the number of personnel at the end of each month from continuing operations. The calculation has been adjusted for part-time employees.	
<b>6. Earnings per share (EPS),</b> <b>continuing operations</b>	=	$\frac{\text{Net profit from continuing operations for the period} - \text{minority interest}}{\text{Average number of shares during the accounting period, adjusted for share issues}}$	
<b>7. Earnings per share (EPS),</b> <b>discontinued operations</b>	=	$\frac{\text{Net profit from discontinued operations for the period} - \text{minority interest}}{\text{Average number of shares during the accounting period, adjusted for share issues}}$	
<b>8. Earnings per share (EPS),</b> <b>including discontinued operations</b>	=	$\frac{\text{Net profit for the period} - \text{m inority interest}}{\text{Average number of shares during the accounting period, adjusted for share issues}}$	
<b>9. Equity per share</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Shareholders' equity}}{\text{Number of shares at closing of the accounts, adjusted for share issues}}$	
<b>10. Dividend per share, adjusted for share issues</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Dividend per share}}{\text{Adjustment factors for share issues afer financial period}}$	
<b>11. Dividend per earnings, %</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	<b>x 100</b>
<b>12. Effective dividend yield, %</b>	=	$\frac{\text{Dividend per share, adjusted for share issues}}{\text{Last trading price for the period, adjusted for share issues}}$	<b>x 100</b>
<b>13. Price/earnings ratio (P/E)</b> <b>(including discontinued operations)</b>	=	$\frac{\text{Last trading price for the period, adjusted for share issues}}{\text{Earnings per share}}$	
<b>14. Market capitalisation</b>	=	Number of shares at end of the financial year multiplied by the closing price on the last trading day of the financial year adjusted for share issues.	
<b>15. Shares traded, %</b>	=	$\frac{\text{Shares traded during the financial period}}{\text{Average number of shares during the period}}$	<b>x 100</b>



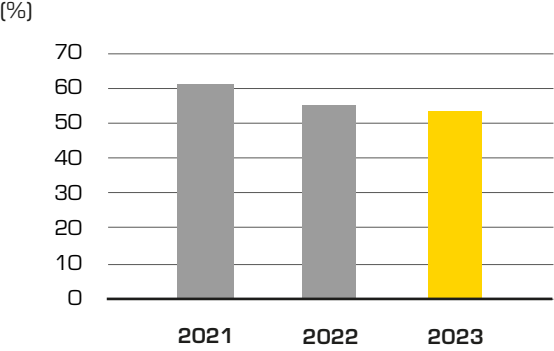
NET SALES



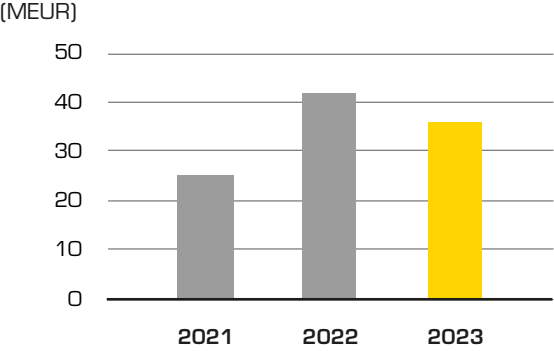
OPERATING PROFIT OF NET SALES



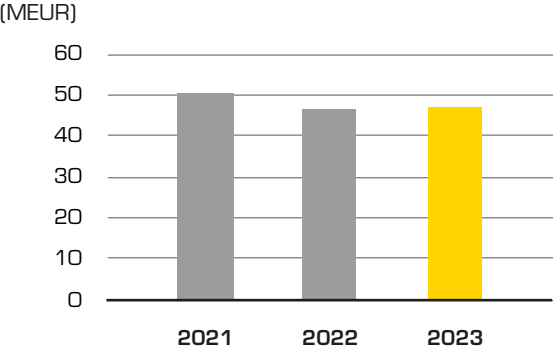
EQUITY RATIO



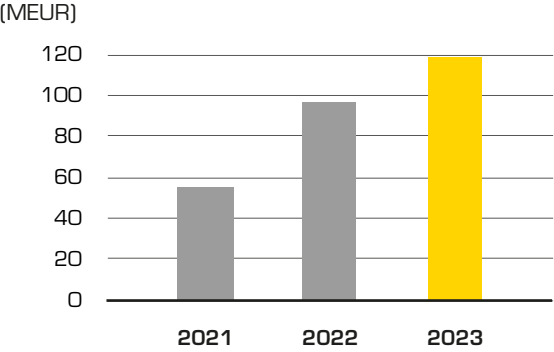
GROSS CAPITAL EXPENDITURE



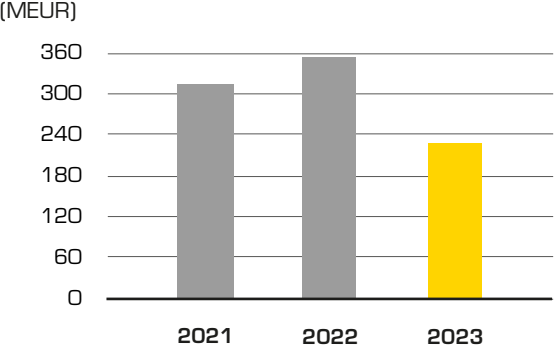
OPERATING PROFIT



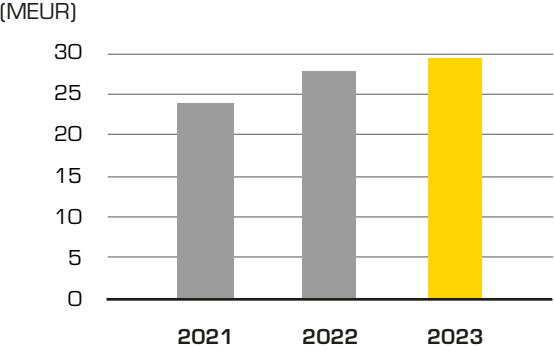
INTEREST-BEARING LIABILITIES



ORDER BOOKS



R&D EXPENDITURE



Consolidated statement of comprehensive income

(1,000 EUR)	Note <sup>1</sup>	2023	2022
Net sales	2.2	821,800	755,123
Other operating income	2.3	5,593	3,677
Change in inventories of finished goods and work in progress		-3,545	33,633
Raw materials and services		-534,497	-525,040
Expenditure on employment-related benefits	3	-115,262	-107,873
Depreciation and amortisation	4.3	-31,337	-27,671
Other operating expenses	2.4	-95,599	-85,270
Operating profit		47,153	46,577
Financial income and expenses	5.2	-4,459	-3,504
Share of results of associated companies	7.3	255	147
Profit before taxes		42,949	43,219
Income taxes	6.1	-12,924	-9,037
Net profit from the continuing operations		30,026	34,182
Net profit from the discontinued operations	4.1	-11,149	2,930
Net profit for the period		18,877	37,113
Other items included in total comprehensive result:			
Translation differences related to foreign units		3,001	4,353
Total comprehensive result for the financial period		21,878	41,466
Earnings per share calculated from the result belonging to parent company shareholders:			
Diluted and undiluted earnings per share from continuing operations	2.5	1.07	1.22
Diluted and undiluted earnings per share from discontinued operations	2.5	-0.40	0.10
Diluted and undiluted earnings per share	2.5	0.67	1.33

<sup>1</sup> The note refers to the Notes to the Accounts on pages 67 – 102.



## Consolidated statement of financial position

(1,000 EUR)	Note <sup>1</sup>	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	4.1	119,017	114,732
Goodwill	4.2	6,698	5,707
Intangible assets	4.2	52,736	49,583
Financial assets	5.3, 5.7	374	375
Investments in associated companies	7.3	1,067	881
Receivables	4.5	3,229	63
Deferred tax assets	6.2	8,446	4,422
<b>Total non-current assets</b>		<b>191,569</b>	<b>175,763</b>
<b>Current assets</b>			
Inventories	4.4	240,837	229,648
Trade receivables and other receivables	4.5	98,355	87,122
Tax receivable based on taxable income for the period		1,249	1,013
Cash and cash equivalents	5.4, 5.7	74,002	73,451
<b>Total current assets</b>		<b>414,443</b>	<b>391,234</b>
Assets related to assets held for sale		0	21,650
<b>TOTAL ASSETS</b>		<b>606,011</b>	<b>588,648</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	5.1	7,000	7,000
Treasury shares		-463	-274
Translation differences		15,702	12,701
Other reserves		3,460	3,460
Retained earnings		296,101	298,926
<b>Equity owned by parent company shareholders</b>		<b>321,799</b>	<b>321,813</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	6.2	1,120	942
Interest-bearing liabilities	5.5, 5.7	66,637	42,484
Other liabilities	4.6, 5.7	6,284	81
<b>Total non-current liabilities</b>		<b>74,041</b>	<b>43,507</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	5.5, 5.7	52,816	53,804
Trade creditors and other liabilities	4.6	141,407	153,476
Income tax liabilities	4.6	1,257	4,664
Provisions	4.7	14,690	10,647
<b>Total current liabilities</b>		<b>210,171</b>	<b>222,591</b>
Liabilities related to assets held for sale		0	738
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>606,011</b>	<b>588,648</b>

<sup>1</sup> The note refers to the Notes to the Accounts on pages 67 – 102.

## Consolidated statement of cash flows

### Continuing and discontinued operations

(1,000 EUR)	Note <sup>1</sup>	2023	2022
<b>Cash flows from operating activities:</b>			
Net profit for the period		18,877	37,113
Adjustments:			
Financial income and expenses	5.2	16,647	5,893
Change in provisions		3,677	6,291
Share of the result of associated companies	7.3	-255	-147
Depreciation and amortisation	4.3	31,402	28,853
Income taxes	6.1	13,115	9,562
Other adjustments		1,304	-3,753
Cash flow before changes in working capital		84,767	83,812
Change in working capital:			
Change in trade receivables and other receivables		-17,531	-21,858
Change in inventories		-10,166	-67,087
Change in trade creditors and other liabilities		-4,451	-4,173
Interest received		960	309
Interest paid		-3,927	-1,627
Other financial items		-294	600
Income taxes paid		-18,966	-7,921
<b>Net cash flows from operating activities (A)</b>		<b>30,391</b>	<b>-17,945</b>
<b>Cash flows used in investing activities:</b>			
Investments in tangible and intangible assets		-35,892	-41,917
Proceeds from sale of tangible and intangible assets		1,282	612
Acquisition of subsidiaries *		-1,458	-5,516
<b>Net cash flows used in investing activities (B)</b>		<b>-36,068</b>	<b>-46,821</b>
<b>Cash flows from financing activities:</b>			
Withdrawal/repayment of current loans		14,121	29,575
Withdrawal of non-current loans		10,000	11,170
Withdrawal/repayment of finance lease liabilities		-4,066	-3,755
Dividends paid	5.1	-16,794	-16,800
<b>Net cash flows from financing activities (C)</b>		<b>3,261</b>	<b>20,191</b>
<b>Change in cash and cash equivalents (A+B+C)</b>		<b>-2,416</b>	<b>-44,575</b>
Cash and cash equivalents 1 Jan		76,545	120,900
Impact of changes in exchange rates		-127	220
Cash and cash equivalents 31 Dec	5.4, 5.7	74,002	76,545

<sup>1</sup> The note refers to the Notes to the Accounts on pages 67 – 102.

\* During financial year 2022, acquisition of subsidiaries Ponsse Chile SpA, Chile, and Ponsse Czech s.r.o., Czech Republic, decreased by cash and cash equivalents at the time of acquisition. During financial year 2023, acquisition of Bram Engineers B.V., the Netherlands.



Consolidated statement of changes in equity

(1,000 EUR)		Equity owned by parent company shareholders					
	Note <sup>1</sup>	Share capital	Share premium account and other reserves	Translation differences	Treasury shares	Retained earnings	Shareholders' equity total
Shareholders' equity, 1 Jan 2023		7,000	3,460	12,701	-274	298,926	321,813
Correction for previous 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		0	0	0	0	18,877	18,877
Other items included in total comprehensive result:							
Translation differences		0	0	3,001	0	0	3,001
Total comprehensive result for the period		0	0	3,001	0	18,877	21,878
Direct entries to retained earnings		0	0	0	0	54	54
Transanctions with shareholders							
Share Plan		0	0	0	343	0	343
Dividend distribution	5.1	0	0	0	0	-16,794	-16,794
Acquisition of treasury shares*	3.3, 5.1	0	0	0	-532	0	-532
Transanctions with shareholders in total		0	0	0	-189	-16,794	-16,983
Shareholders' equity, 31 Dec 2023		7,000	3,460	15,702	-463	296,101	321,799

Shareholders' equity, 1 Jan 2022		7,000	3,460	8,347	-2	278,462	297,267
Comprehensive result:							
Net result for the period		0	0	0	0	37,113	37,113
Other items included in total comprehensive result:							
Translation differences		0	0	4,353	0	0	4,353
Total comprehensive result for the period		0	0	4,353	0	37,113	41,466
Direct entries to retained earnings*		0	0	0	0	89	89
Transanctions with shareholders							
Share Plan		0	0	0	0	63	63
Dividend distribution	5.1	0	0	0	0	-16,800	-16,800
Acquisition of treasury shares*	3.3, 5.1	0	0	0	-272	0	-272
Transanctions with shareholders in total		0	0	0	-272	-16,737	-17,009
Shareholders' equity, 31 Dec 2022		7,000	3,460	12,701	-274	298,926	321,813

<sup>1</sup> The note refers to the Notes to the Accounts on pages 67 – 102.

\* Treasury shares procured for incentive schemes  
\*\* Correction related to defined benefit plans, see Note 3.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting principles

**Basic information on the Group**  
Ponsse Group is a sales, maintenance, technology and industrial company committed to creating success for its customers and determined to secure its position as a global leader in the field of environmentally friendly cut-to-length forest machines. The Ponsse Group includes the parent company Ponsse Plc as well as the wholly-owned subsidiaries Ponsse AB in Sweden, Ponsse AS in Norway, Ponssé S.A.S. in France, Ponsse UK Ltd. in Great Britain, Ponsse Machines Ltd. in Ireland, Ponsse North America Inc. in the United States, Ponsse Latin America in Brazil, Ponsse Asia-Pacific Ltd in Hong Kong, Ponsse China Ltd in China, Ponsse Uruguay S.A. in Uruguay, Ponsse Chile SpA in Chile, Ponsse Czech s.r.o in Czech Republic and Epec Oy in Finland. The Group includes also the EAI PON1V Holding Oy in Finland, Sunit Oy in Finland, which is Ponsse Plc’s associate with a holding of 34 per cent, and Bram Engineers B.V. in the Netherlands, which is a wholly owned subsidiary of Epec Oy (from 1 1 November 2023).

On 18 September 2023, Ponsse Plc completed the sale of all shares in OOO Ponsse, its subsidiary that provided PONSSE services in Russia and Belarus. After the conditions of the transaction were met, Ponsse’s business operations in Russia transferred to OOO Bison and the trade received the approval of the local authorities. On 15 June 2022, Ponsse 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. 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. As a result of the completion of the deal, all Ponsse’s activities in Russia ended. Ponsse has classified the traded functions as asset items available for sale and reported them as discontinued operations since its mid-year report published on 9 August 2022. The impact of the business arrangement is described in more detail in the note 4.1 Tangible assets.

On 7 August 2023, Ponsse announced that it had signed a retail agreement with PacWest Machinery from the US. At the same time, the two companies signed a deed of sale, in which Ponsse undertook to sell its maintenance service operations in

Coburg, Oregon, to PacWest Machinery. Hereafter, PacWest will be responsible for the sale and maintenance of PONSSE forest machines in the states of Oregon, Washington, and Idaho on the West Coast of the United States. The transaction price was not made public since the price has no impact on the measurement of Ponsse’s value or result.

On 1 November 2023, Epec Oy, a technology company belonging to the Ponsse Group, has acquired the Dutch company Bram Engineers B.V. The acquisition will enable the company to offer customers products and product development services related to software, electrification, autonomous systems, and control systems on a larger scale.

The Group’s parent company is Ponsse Plc, a Finnish public limited company incorporated under Finnish law. Ponsse Plc’s shares are listed on the NASDAQ OMX Nordic list. The parent company is domiciled in Vieremä and its registered address is Ponssentie 22, 74200 Vieremä.

A copy of the consolidated financial statements is available on the Internet at [www.ponsse.com](http://www.ponsse.com) or at the Group’s Headquarters at Ponssentie 22, 74200 Vieremä.

Ponsse Plc’s Board of Directors has approved the disclosure of these financial statements at its meeting on 29 February 2024. According to the Finnish Companies Act, shareholders have the option to approve or reject the financial statements at the General Meeting of Shareholders, which is to be held after the disclosure. The General Meeting of Shareholders may also amend the financial statements.

Accounting policies

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as SIC and IFRIC interpretations valid on 31 December 2023. In the Finnish Accounting Act and regulations enacted by virtue of the Act, International Financial Reporting Standards refer to the standards approved for use in the European Union in accordance with the procedure specified in the EU regulation (EC) No 1606/2002. The notes to the financial statements are also in compliance with Finnish legislation concerning accounting and corporate law. This legislation complements the IFRS regulations.

The information in the consolidated financial statements is presented in thousands of euro and is based on original acquisition costs, with the exception of financial assets and liabilities as



well as derivative contracts that are measured at fair value. The financial statements have been presented in accordance with the profit and loss account by type of expense.

The consolidated financial statements have been prepared in compliance with the same accounting principles as in 2022 apart from the following new standards, interpretations and amendments to existing standards valid as of 1 January 2023.

- The Group has adopted the following standards and stand-ard amendments in the beginning of year 2022.
- IFRS 17 *Insurance Contracts*, including *Comparative Information – Amendments to IFRS 17 Insurance Contracts: initial application of IFRS 17 and IFRS 9* (effective for financial years beginning on or after 1 January 2023)

The new standard applies to insurance contracts and will help investors and other stakeholders to better understand the exposure of insurers to risks and their profitability and financial position. This standard replaces IFRS 4. The amendments will reduce conflicts in comparative information arising from the different transitional requirements of IFRS 9 and IFRS 17. The amendments also allow comparative information about financial assets to be presented in a way that is more consistent with the requirements of IFRS 9 *Financial Instruments*.

- *Presentation of accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements* (effective for financial years beginning on or after 1 January 2023)

The amendments clarify the application of the materiality princi-ple to disclosures about accounting policies.

- *Definition of accounting estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (effective for financial years beginning on or after 1 January 2023)

The amendments clarify how entities should distinguish chang-es in accounting policies from changes in accounting estimates and focus on the definition of an accounting estimate and clarifications.

- *Deferred tax relating to assets and liabilities arising from a single transaction – Amendments to IAS 12 Income Taxes* (effective for financial years beginning on or after 1 January 2023)

The amendments narrow the scope of the initial recognition exemption and clarify that the exemption does not apply to transactions, such as leases and asset retirement obligations, that give rise to equal and opposite temporary differences.

- International tax reform – Pillar 2 model rules – Amendments to IAS 12 Income Taxes (temporary manda-tory exemption effective immediately after publication on 28 May 2023; disclosure requirements related to annual financial statements are to be applied for financial years beginning on or after 1 January 2023)

The amendments provide relief for the accounting treatment of deferred taxes resulting from the OECD’s (Organization for Economic Cooperation and Development) international tax reform and require new disclosures in the notes to the financial statements to compensate for any loss of information that may result from the relief.

The amendments had no material impact on the consolidated financial statements.

Foreign currency translation

The figures indicating the earnings and financial position of Group entities are measured in the currency of each unit’s primary operating environment (“functional currency”). The consolidated financial statements are presented in euro, which is the operat-ing and presentation currency of the Group’s parent company.

Transactions denominated in a foreign currency

Transactions denominated in a foreign currency have been converted into the functional currency at the exchange rate valid on the transaction date. In practice, the applicable exchange rate is often a near estimate of the rate valid on the transaction date. Monetary items in a foreign currency have been converted into the functional currency at the exchange rates valid on the closing date of the reporting period. Non-monetary items in a foreign currency are measured at the exchange rates valid on the transaction date. Gains and losses originating from business transactions in a foreign currency and the conversion of mone-tary items are recognised through profit or loss. Exchange rate gains and losses from operations, as well as exchange rate gains and losses on foreign currency loans, are included in financial income and expenses.

Conversion of the financial statements of foreign Group companies

The income and expense items in the comprehensive profit and loss accounts of non-Finnish consolidated companies have been converted into euro at the average exchange rate of the account-ing period, and their balance sheets have been converted at the exchange rate quoted on the closing date of the accounting period. The different exchange rates applicable to the conversion of profit on the profit and loss account and balance sheet result in a translation difference recognised in shareholders’ equity. This change is recognised under other comprehensive profit,/loss items. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries, as well as translation differences in equity items accumulated after the acquisition, are recognised under other comprehensive profit,/loss items. When a subsidiary is divested in full or in part, accumulated translation differences are recognised through profit or loss as part of the sales gain or loss..

THE MOST IMPORTANT EXCHANGE RATES

	Closing exchange rate 31 Dec 2023	Average exchange rate 2023	Closing exchange rate 31 Dec 2022	Average exchange rate 2022
SEK	11.09600	11.45634	11.12180	10.62583
NOK	11.24050	11.39499	10.51380	10.10272
GBP	0.86905	0.87019	0.88693	0.85370
USD	1.10500	1.08160	1.06660	1.05634
BRL	5.36180	5.41283	5.63860	5.47475
RUB	98.59600	91.89923	79.14900	74.26313
CNY	7.85090	7.65887	7.35820	7.08361
CLP	970.43000	907.00923	909.28000	917.89769
CZK	24.72400	23.98208	24.11600	24.56238

Operating result

The standard IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net amount created by adding other operating income to net sales, subtracting purchase costs adjusted by change in inventories of finished and unfinished products and costs of manufacture for own use, and subtracting costs of employee benefits, depreciation and amortisation, any impairment losses and other operating expenses. All profit and loss items other than the above are presented below operating profit. Exchange rate differences are recognised in financial items.

Accounting estimates and accounting policies requiring consideration by management

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. Furthermore, the application of accounting policies requires consideration.

Group management utilises their best judgement when making decisions regarding accounting policies and their adoption. This refers to those cases in particular where the valid IFRS standards offer several alternative booking, recognition or presentation methods.

Uncertainties connected with estimates

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 balance sheet date. These are connected to, for example, the expected development of the Group’s financial operating environment regarding the sales and the level of expenditure. The Group regularly monitors the realisation of estimates and assumptions, as well as changes in the underlying factors, together with the business unit by utilising several

internal and external sources of information. Any changes in the estimates and assumptions are recognised in the financial pe-riod during which the estimates and assumptions are adjusted, and in all subsequent financial periods.

The essential assumptions concerning the future and crucial factors of uncertainty associated with the estimates on the closing date of the reporting period that will impose a significant risk of substantial changes in the book values of assets and liabilities during the next financial period are given in the notes for each profit and loss account item or balance sheet item. The Group’s most significant management estimates are regarding the measurement of trade receivables, the assumptions used for write-downs of inventories, changes in guarantee provisions, the recognition and measurement of other provisions, the activation of R&D expenses, the recognition of deferred taxes, and the testing of goodwill. Group management has deemed these the most important sectors in the financial statements because the compilation principles connected with these issues are the most complex from the Group’s viewpoint, and their adoption requires using the most major estimates and assumptions when, for example, evaluating asset items. Furthermore, the potential impacts of the assumptions and estimates used in these sectors of the financial statements are deemed the greatest.

Application of new and amended IFRS standards

The following new or revised standards, interpretations or annu-al improvements to standards will enter into force on or after 1 January 2024. Ponsse will assess their impact and implement them as appropriate.

- *Lease liabilities on sale and leaseback – Amendments to IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2024, earlier application permitted)

The amendments add a new accounting model for variable payments and require a seller-lessor to reassess and potentially adjust sale and leaseback transactions that have been made after the adoption of IFRS 16 in 2019.



— *Amendments to IAS 1 Presentation of Financial Statements*  
\*: *Classification of Liabilities as Current or Non-current*  
*Date; Classification of Liabilities as Current or Non-current*  
– *Deferral of Effective Date; Non-current Liabilities with*  
*Covenants* [effective for financial years beginning on or after  
1 January 2024, earlier application permitted]

The amendments aim to harmonise application practice and clarify the requirements for classifying liabilities as current or non-current. The amendments clarify that covenants that must be met after the reporting period end date do not affect the classification of a liability as current or non-current at the reporting period end date. Such covenants shall be disclosed in the notes to the financial statements. The amendments also clarify that a transfer of an entity’s own equity instruments is treated as settlement of a liability. If a conversion right is attached to a liability, this may affect the classification of the liability as current or non-current, unless these conversion rights are recognised in equity in accordance with IAS 32.

— *Supplier Finance Arrangements – Amendments to IAS 7 Cash Flow Statements and IFRS 7 Financial Instruments: Disclosures* \* [effective for financial years beginning on or after 1 January 2024, earlier application permitted]

The amendments aim to improve the transparency of supplier financing arrangements and clarify their impact on financial liabilities, cash flows and overall liquidity risk. The amendments require the disclosure of qualitative and quantitative information on supplier financing arrangements.

— *Non-convertibility – amendments to IAS 21 The effects of changes in foreign exchange rates* \* [effective for financial years beginning on or after 1 January 2025, earlier application permitted]

The amendments require a consistent approach in assessing when a currency is exchangeable for another currency and, if it is not exchangeable, in determining which exchange rate can be used and what notes must be disclosed.

— *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures* \* [voluntary application permitted, effective date deferred]

The amendments remove the inconsistency between existing guidance on consolidation and the equity method and require the recognition of a full gain when the transferred assets meet the definition of a business in IFRS 3 *Business Combinations*.

Other new or amended standards, interpretations or annual improvements applicable from January 1, 2024 or later are not material for the Group’s consolidated financial statements.

\* This requirement has not been adopted for application in the EU by 31.12.2023.

## 2. Profitability

### 2.1 Segment information

#### ACCOUNTING PRINCIPLES

##### Segment reporting

The operating segments are reported in a way that is consistent with the internal management reporting used by the Group Management Team in operational decision-making.

##### Revenue recognition

Revenue can be recognised over time or at a specific point in time, with the transfer of control being the key criterion.

- Contracts with customers are itemized
- Separate contractual obligations are itemized
- The contractual transaction price is defined
- The transaction price is allocated to separate performance obligations
- Revenue is recognised when each performance obligation has been met

The most significant part of the Group's net sales comes from machine sales where revenue is recognised at a specific point in time when control transfers to the customer in accordance with agreement terms. With regard to maintenance services, control transfers over time. However, a significant part of the Group's maintenance services comprises short-term services. Revenue from long-term maintenance agreements is recognised over time so that the revenue corresponds with the maintenance services carried out by the Group. Agreements may include discounts and other than cash remuneration, i.e. trade-in machines. Discounts are allocated as items adjusting net sales to the period to which sales gains are allocated, and other than cash remuneration is recognised at fair value. Systems solutions are recognised as revenue at one point in time when control is transferred to the customer in accordance with the terms of the contract.

The Group has four operating segments based on a geographical division of regions. The operating segments are based on reporting used by the Group Management Team in operational decision-making. The group has changed its segmentation, when the operations in Russia were classified as discontinued operations and assets held for sale in accordance with the IFRS 5 standard and were no longer included in the report of continuing operations.

The net sales of the reported operating segments are mainly generated by sales of forest machines and maintenance services. Reported segments do not depart from operating segments.

The Group Management Team assesses the performance of the operating segments on the basis of operating profit (EBIT).

Income from each segment is allocated in accordance with the location of the customer. The expense items include items that can be allocated to the segment on reasonable grounds.

Expense items allocated to a segment are based on the normal production degree.

The Group’s reported segments are:

- Northern Europe
- Central and Southern Europe
- North and South America
- Other countries

Pricing between segments is based on fair market price.

#### OPERATING SEGMENTS 2023

(1,000 EUR)	Northern Europe	Central and Southern Europe	North and South America	Other countries	Total
Net sales of the segments	549,224	183,087	255,780	25,145	1,013,236
Revenues between segments	-184,587	-2,820	-3,680	-349	-191,436
Net sales from external customers	364,636	180,268	252,100	24,796	821,800
Operating profit of the segment	9,170	23,943	10,649	4,546	48,308
Unallocated items					-1,154
Operating profit	9,170	23,943	10,649	4,546	47,153
Depreciation and amortisation	26,512	943	3,701	181	31,337

#### OPERATING SEGMENTS 2022

(1,000 EUR)	Northern Europe	Central and Southern Europe	North and South America	Other countries	Total
Net sales of the segments	466,889	166,662	279,138	30,877	943,565
Revenues between segments	-179,838	-4,856	-3,422	-327	-188,443
Net sales from external customers	287,052	161,806	275,715	30,549	755,123
Operating profit of the segment	-1,399	18,284	22,740	4,777	44,403
Unallocated items					2,174
Operating profit	-1,399	18,284	22,740	4,777	46,577
Depreciation and amortisation	23,180	927	3,357	207	27,671



2.2 Net sales

RECONCILIATIONS

(1,000 EUR)	2023	2022
Net sales		
Net sales of the reporting segments	1,013,236	943,565
Elimination of income between segments	-191,436	-188,443
Group's net sales, total	821,800	755,123
Operating profit		
Result of the reporting segments	48,308	44,403
Items not allocated to any segment	-1,154	2,174
Group's operating profit, total	47,153	46,577

NET SALES BY INTERNATIONAL BUSINESS OPERATIONS

%	2023	2022
Export share of net sales	74.9	79.1

NET SALES BY CONTRACT TYPE

(1,000 EUR)	2023	2022
Machine sales	616,562	569,151
Service	177,460	161,008
Systems solutions	27,778	24,964
Total	821,800	755,123

2.3 Other operating income

ACCOUNTING PRINCIPLES

Public subsidies

Public subsidies, such as government grants associated with the acquisition of tangible assets, are recognised as deductions in the book values of tangible assets when it is reasonably certain that the subsidies will be received and the Group fulfils the preconditions for receiving such subsidies. The subsidies will be recognised as income during the useful life of the asset items. Any subsidies covering already realised expenses are recognised through profit or loss for the accounting period during which the right to obtain the subsidy arises. Such subsidies are presented in other operating income.

OTHER OPERATING INCOME

(1,000 EUR)	2023	2022
Rental income	178	266
Sales profits on tangible assets	1,109	452
Public subsidies	1,246	1,015
Recycling income	379	368
Other	2,681	1,577
Total	5,593	3,677

2.4 Other operating expenses

OTHER OPERATING EXPENSES

(1,000 EUR)	2023	2022
Voluntary employee expenses	6,526	6,028
Travel expenses	6,313	4,606
Operating and maintenance expenses	16,309	15,453
Sales related expenses	16,796	16,599
Rent expenses	2,748	2,025
Marketing and representation expenses	5,665	5,222
Administrative expenses	11,590	9,568
Saas expenses	4,727	3,282
R&D expenditure	6,300	3,841
Other expense items	18,625	18,647
Total	95,599	85,270

AUDITOR'S REMUNERATIONS

(1,000 EUR)	2023	2022
KPMG		
Auditor's remunerations	292	249
Certificates and statements	14	7
Tax advice	16	3
Other remunerations	67	16
	388	275

Above-mentioned other remunerations than auditor's remunerations paid to KPMG Oy AB amounted to EUR 96 thousand (EUR 26 thousand in 2022).

Other organisations		
Auditor's remunerations	47	36
Certificates and statements	4	4
Tax advice	26	17
Other remunerations	46	54
	124	110
Total	512	385

2.5 Earnings per share

Undiluted earnings per share are calculated by dividing the profit for the financial period belonging to the parent company's shareholders by the weighted average of shares outstanding during the financial period.

(1,000 EUR)	2023	2022
Profit for the financial period belonging to parent company shareholders (1,000 EUR)	18,877	37,113
Weighted average number of shares during the financial period (1,000 pcs)	27,985	27,990
Undiluted earnings per share (EUR/share), continuing operations	1.07	1.22
Undiluted earnings per share (EUR/share), discontinued operations	-0.40	0.10
Undiluted earnings per share (EUR/share)	0.67	1.33

In the calculation of earnings per share adjusted for dilution, the weighted average number of shares includes the diluting effect of the conversion of all potential ordinary shares. In year 2023, the Group's share-based incentive scheme did not produce a diluting effect, which means that the earnings per share adjusted for dilution equal the undiluted earnings per share.



### 3. Remuneration

#### 3.1 Expenditure on employment-related benefits

ACCOUNTING PRINCIPLES
<b>Pension liabilities</b>
The Group's pension schemes are defined contribution plans. Under defined contribution plans, the Group makes fixed payments to a separate entity. Contributions paid to defined contribution pension plans are recognised through profit or loss during the financial period to which the charge applies.
Pension cover for the personnel of the Group's Finnish companies is arranged through statutory pension insurance policies with external pension insurance companies. Foreign Group companies have arranged pensions for their personnel in accordance with local legislation.

EXPENDITURE ON EMPLOYMENT-RELATED BENEFITS

(1,000 EUR)	2023	2022
Wages and salaries	91,302	87,083
Pension expenditure defined contribution plans	11,187	11,074
Share plan	1,513	95
Other long-term employee benefits – Long service plan	586	0
Other social security costs	10,674	9,621
Total	115,262	107,873

AVERAGE NUMBER OF STAFF DURING THE FINANCIAL PERIOD

(1,000 EUR)	2023	2022
Employees	1,278	1,227
Clerical workers	828	789
Total	2,106	2,016

#### 3.2 Management’s employment-related benefits

(1,000 EUR)	2023	2022
Salaries and other short-term employment-related benefits	3,967	3,913
Pension liabilities, statutory and voluntary pension security	1,166	1,096
Total	5,133	5,009

Management’s employment-related benefits include salaries and bonuses of the President and CEO, parent company’s Management Team and Managing Directors of subsidiaries.

(1,000 EUR)	2023	2022
<b>President and CEO</b>		
Salaries and other short-term employment-related benefits	669	732
Pension liabilities, statutory and voluntary pension security	392	365
Total	1,061	1,097
<b>Compensation of the members of the Board of Directors</b>		
Kaario Mammu	45	45
Koipijärvi Terhi (from 12 Apr 2023)	28	0
Kylävaio Matti	38	38
Marjamaa Ilpo	38	28
Vanhainen Juha	38	38
Vidgren Janne (until 12 Apr 2023)	12	38
Vidgren Jarmo	48	48
Vidgren Juha (until 12 Apr 2023)	12	38
Vidgren Jukka	38	38
Total	297	311

The President and CEO is included in the performance-based bonus scheme. The bonus is based on a performance target approved by the Board of Directors. The President and CEO’s period of notice is six months if service is terminated by the company, or six months if service is terminated by the President and CEO. The terms and conditions of the President and CEO’s employment are defined in writing in a service contract approved by the Board of Directors. No loans have been granted to management.

#### 3.3 Share-based payment plans

ACCOUNTING PRINCIPLES
The Group has valid incentive schemes, which have been paid or will be paid partly in the company’s shares and partly in cash. The effect of the scheme on profit is disclosed in expenditure on employment-related benefits.

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

PLAN: RESTRICTED SHARE PLAN 2021

TYPE	SHARE
	<b>Restricted Share Plan 2021–2023</b>
Instrument	
Initial amount, pcs	15,000
Dividend adjustment	No
Issuing date	15 Feb 2021
Vesting date	31 Dec 2028
Vesting conditions	Continued employment
Maximum contractual life, yrs	3
Remaining contractual life, yrs	n/a
Number of persons at the end of reporting year	0
Payment method	Cash and equity

PLAN: RESTRICTED SHARE PLAN 2021

TYPE	SHARE
	<b>Restricted Share Plan 2021–2023</b>
Changes during period	
1 Jan 2023	
Outstanding in the beginning of the period	3,000
Reserve in the beginning of the period	12,000
Changes during period	
Granted	0
Forfeited	0
Earned	3,000
31 Dec 2023	
Outstanding at the end of the period	0
Reserved at the end of the period	12,000

During the financial year 2023, the Board of Directors of Ponsse Plc approved two new share-based incentive plans for the Group (release on 3 March 2023):

- the Key Employee plan
- the CEO plan

During the financial year, the cost effect of the share-based incentive plans was approximately EUR 0.7 million. 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.

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



PLAN: KEY EMPLOYEE PERFORMANCE-BASED MATCHING SHARE PLAN 2023–2027

TYPE	SHARE	SHARE
Instrument	Matching reward 2023–2025	Performance Period 2023–2025
Initial amount, pcs	30,000	30,000
Dividend adjustment	No	No
Issuing date	3 Mar 2023	3 Mar 2023
Vesting date	31 Dec 2025	31 May 2026
Vesting conditions	Continued employment	Continued employment, Revenue growth, EBIT & eNPS
Maximum contractual life, yrs	2.8	3.2
Remaining contractual life, yrs	2.0	2.4
Number of persons at the end of reporting year	88	88
Payment method	Cash and equity	Cash and equity
Changes during period	Matching reward 2023–2025	Performance Period 2023–2025
1 Jan 2023		
Outstanding in the beginning of the period, pcs	0	0
Reserve in the beginning of the period, pcs	0	0
Changes during period, pcs		
Granted, pcs	9,224	27,606
Forfeited, pcs	52	155
Earned, pcs	0	0
31 Dec 2023		
Outstanding at the end of the period, pcs	9,172	27,452
Reserved at the end of the period, pcs	52	2,549

The CEO plan consists of five performance periods, calendar years 2023, 2023–2024, 2023–2025, 2024–2026 and 2025–2027. A restriction period is included in performance periods 2023 and 2023–2024, which begins from the reward payment and ends on 31 December 2025. The matching reward will be paid by the end of May 2024, 2025, and 2026. The matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2025, 31 December 2026, and 31 December

2027. The performance-based reward will be paid by the end of May after the end of each performance period. The shares received as reward based on performance periods 2023 and 2023–2024 cannot be transferred during the restriction period, i.e. 31 December 2025. The amount of rewards to be paid based on the performance periods that began in 2023 will correspond to an approximate maximum total of 75,000 Ponsse Plc shares, also including the portion to be paid in cash [gross reward].

PLAN: THE CEO PERFORMANCE-BASED SHARE OWNERSHIP PLAN 2021–2027

TYPE	SHARE	SHARE	SHARE	SHARE	SHARE
Instrument	Performance-Based Share Ownership Plan 2021–2025	Performance Period 2023–2025 Matching Reward	Performance Period 2023	Performance Period 2023–2024	Performance period 2023–2025
Initial amount, pcs	3,551	10,653	14,204	14,204	28,408
Dividend adjustment	No	No	No	No	No
Issuing date	1 Jan 2019	3 Mar 2023	3 Mar 2023	3 Mar 2023	3 Mar 2023
Vesting date	31 May 2023	31 May 2024	31 May 2024	31 May 2025	31 May 2026
Vesting conditions	Continued employment	Continued employment, Revenue growth, EBIT & eNPS	Continued employment, Revenue growth, EBIT & eNPS	Continued employment, Revenue growth, EBIT & eNPS	Continued employment, Revenue growth, EBIT & eNPS
Maximum contractual life, yrs	4.4	1.2	1.2	2.2	3.2
Remaining contractual life, yrs	0.0	0.4	0.4	1.4	2.4
Number of persons at the end of reporting year	1	1	1	1	1
Payment method	Cash and equity	Cash and equity	Cash and equity	Cash and equity	Cash and equity
Changes during period	Performance-Based Share Ownership Plan 2021–2025	Performance Period 2023–2025 Matching Reward	Performance Period 2023	Performance Period 2023–2024	Performance period 2023–2025
1 Jan 2023					
Outstanding in the beginning of the period, pcs	0	0	0	0	0
Reserve in the beginning of the period, pcs	0	0	0	0	0
Changes during period					
Granted, pcs	3,551	10,653	14,204	14,204	28,408
Forfeited, pcs	0	0	0	0	0
Earned, pcs	3,551	0	0	0	0
31 Dec 2023					
Outstanding at the end of the period, pcs	0	10,653	14,204	14,204	28,408
Reserved at the end of the period, pcs	0	0	0	0	0



PLAN: THE CEO PERFORMANCE-BASED SHARE OWNERSHIP PLAN 2021–2027

TYPE	SHARE
Changes during period	Total
1 Jan 2023	
Outstanding in the beginning of the period, pcs	3,000
Reserve in the beginning of the period, pcs	12,000
Changes during period	
Granted, pcs	107,850
Forfeited, pcs	207
Earned, pcs	6,551
31 Dec 2023	
Outstanding at the end of the period, pcs	104,093
Reserved at the end of the period, pcs	14,601

Fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The key parameters of the fair value of share based incentives granted in the financial year 2023 are set out in the table below:

VALUATION PARAMETERS FOR INSTRUMENTS GRANTED DURING THE FINANCIAL YEAR

Share price at grant, EUR	29.64
Share price at reporting period end, EUR	22.60
Discount rate	5.8%
Present value of expected dividends, EUR	1.47
Valuation model	Dividend discount
Fair value 31 Dec 2023, (EUR)	1,956,792

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT AND FINANCIAL POSITION OF THE FINANCIAL YEAR

(1,000 EUR)	
Expenses for the financial year, share-based payments	685
Liabilities arising from share-based payments 31 Dec 2023	10
Estimated amount of cash to be paid	596

3.4 Other long-term employee benefits

ACCOUNTING PRINCIPLES
Among other long-term employee benefits, Ponsse has defined benefit plans. Under a defined benefit plan, the liability recognised on an actuarial basis is the net of the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan assets. The amount of the defined benefit obligation is calculated by an independent actuary who applies the projected unit credit method, under which the estimated future cash flows are discounted to their present value using a discount rate that reflects the duration of the obligation. Judgements are made in relation to the assumptions used in the calculations and the actual assumptions may not be the same as those estimated. Under this method, the costs of the plan are recognised in profit or loss as a regular expense over the employees' working lives. Performance-based employee benefit costs are recognised in the income statement under personnel costs and net interest is recognised in financial income and expenses.

Other long-term employee benefits consist of the Long Service plan which is recognised by the parent company and Epec Oy.

AMOUNT RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

(1,000 EUR)	2023
Actuarial gain (-) / loss (+) on liabilities due to change in financial assumptions	586
Total gain (-) / loss (+)	586

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

(1,000 EUR)	2023
Present value of obligation at beginning of the period	6,203
Liabilities extinguished on settlements	0
Actuarial gain (-) / loss (+) due to change in demographic assumptions	0
Actuarial gain (-) / loss (+) due to change in financial assumptions	586
Present value of defined benefit obligation at end of the period	6,789

AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(1,000 EUR)	2023
Present value of the defined benefit obligation	6,789
Asset (-) / liability (+)	6,789
Liabilities recognized in the Consolidated statement of financial position	6,789

THE PRINCIPAL ACTUARIAL ASSUMPTIONS USED TO DETERMINE THE DEFINED BENEFIT OBLIGATION

	2023
Discount rate	3.3%
Assumed inflation rate	2.2%
Rate of salary increase	3.5%
Employment turnover	4.5%
Disability rate	fee category 1

WEIGHTED AVERAGE DURATION OF THE DEFINED BENEFIT OBLIGATION

	2023
Finland	10

SENSITIVITY ANALYSIS

(1,000 EUR)	2023
Discount rate	
decrease of 0.5%	290
increase of 0.5%	-267
Salary increase rate	
decrease of 0.5%	-274
increase of 0.5%	288
Pension increase rate	
decrease of 0.5%	0
increase of 0.5%	0
Employment turnover	
decrease of 0.5%	-
increase of 0.5%	-288
Medical cost trend	
decrease of 0.5%	-
increase of 0.5%	-334
Life expectancy	
decrease of one year	9
increase of one year	9

In connection with the arrangement, EUR 4.962 million of retained earnings from previous financial years have been restated. The expected payments in the next financial year are estimated at EUR 0.6 million.

3.5 Pension liabilities

The Group did not have any pension obligations.

4. Capital employed

4.1 Tangible assets

Discontinued operations

On 18 September 2023, Ponsse Plc completed the sale of all shares in OOO Ponsse, its subsidiary that provided PONSSE services in Russia and Belarus. After the conditions of the transaction were met, Ponsse's business operations in Russia transferred to OOO Bison and the trade received the approval of the local authorities. On 15 June 2022, Ponsse 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. 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. As a result of the completion of the deal, all Ponsse's activities in Russia ended. Ponsse has classified the traded functions as asset items available for sale and reported them as discontinued operations since its mid-year report of 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 18 months. 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 reserves is EUR +14.9 million.



PROFIT AND LOSS STATEMENT FROM DISCONTINUED OPERATIONS

(1,000 EUR)	18 Sep 2023	31 Dec 2022
Net sales	3,576	32,561
Other operating income	534	496
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-17	-1,992
Raw materials and services	-1,190	-17,320
Expenditure on employment-related benefits	-1,019	-4,246
Depreciation and amortisation	-68	-1,182
Other operating expenses	-570	-2,472
Operating profit	1,247	5,844
Financial income and expenses	95	-2,389
Profit before taxes	1,342	3,456
Income taxes	-194	-526
Net profit for the period	1,148	2,930
Sales loss from discontinued operations	-2,628	0
Translation difference	-9,669	0
Net result from discontinued operations	-11,149	2,930

THE EFFECT OF DISCONTINUED OPERATIONS ON THE STATEMENT OF FINANCIAL POSITION

(1,000 EUR)	18 Sep 2023
Sold assets	
Intangible assets	13
Property, plant and equipment	6,480
Deferred tax assets	370
Inventories	4,073
Trade receivables	3,480
Income tax receivables	-16
Other current receivables	1,420
Cash and cash equivalents	1,802
Sold assets total	17,622
Sold liabilities	
Interest-bearing liabilities	0
Deferred tax liabilities	10
Tax liabilities for the period	3
Trade creditors and other current liabilities	221
Sold liabilities total	234

ACCOUNTING PRINCIPLES

Tangible assets are recognised at acquisition cost less accumulated depreciation and impairment losses.

Expenses incurred from the direct acquisition of tangible assets are included in the acquisition. The acquisition cost of a self-manufactured asset item includes material expenses, direct expenses incurred for employee benefits and other direct expenses incurred for the completion of the tangible assets for the intended use.

If tangible assets consist of several parts whose estimated useful lives differ, each part is treated as a separate item. In such a case, all replacement costs are activated and any remaining book value in connection with replacement is derecognised. In any other cases, costs arising at a later date are included in the book value of tangible assets only if it is likely that the future economic benefits related to the item will benefit the Group and the item's acquisition cost can be reliably defined. Other repair and maintenance costs are recognised through profit or loss as they are realised.

Asset items are depreciated by the straight-line method over their estimated useful life. Depreciation is not booked on land areas. Estimated useful lives are the following:

Buildings	20 years
Machinery and equipment	5 to 10 years

The residual value, useful life and the depreciation method of asset items are reviewed at least upon each closing of the accounts and adjusted, if necessary, to reflect any changes in the expected economic benefit.

Depreciation and amortisation begins when the asset item is ready for use, i.e. when it is in such a location and condition that it can function in the manner intended by management. Depreciation on tangible assets will be discontinued when the item is classified as available for sale in accordance with standard IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Sales gains and losses arising from the decommissioning and transfer of tangible assets is recognised through profit or loss and presented under other operating income and expenses. The sales gain is defined as the difference between the selling price and residual acquisition cost.

Lease contracts

Group as lessee

According to the standard IFRS 16 – Leases, the Group recognises non-cancellable leases on the balance sheet. The Group has made use of an easement allowed in the standard according to which short-term leases of assets with minor value do not need to be recognised on the balance sheet. For non-fixed-term leases, the Group only recognises on the balance sheet leases with a term of notice longer than 12 months that do not include a significant sanction related to the termination of the lease agreement.

Group as lessor

Leases where the Group has not substantially transferred the risks and benefits of ownership of the asset to the lessee are included in tangible assets or inventories on the balance sheet. Lease income is recognised through profit or loss in equal instalments over the lease period.

TANGIBLE ASSETS

(1,000 EUR)	Land and water	Buildings	Machinery and equipment	Prepayments and unfinished acquisitions	Total
Acquisition cost 1 Jan 2023	3,623	114,261	134,349	9,612	261,846
Increase	42	21,552	12,117	3,606	37,317
Acquired operations	0	0	0	0	0
Decrease	-406	-1,122	-4,915	-10,061	-16,504
Transfers between items; assets related to assets held for sale	0	0	0	0	0
Exchange rate difference	-45	-335	160	-22	-242
Acquisition cost 31 Dec 2023	3,215	134,356	141,711	3,135	282,416

Accumulated depreciation and impairment 1 Jan 2023	0	-54,165	-92,948	0	-147,113
Depreciation and amortisation, continuing operations	0	-7,120	-11,686	0	-18,806
Depreciation and amortisation, discontinued operations	0	0	0	0	0
Accumulated depreciation on decrease and transfers	0	150	2,259	0	2,409
Exchange rate difference	0	108	3	0	111
Accumulated depreciation and impairment 31 Dec 2023	0	-61,028	-102,372	0	-163,399

Book value 1 Jan 2023	3,624	60,095	41,401	9,612	114,732
Book value 31 Dec 2023	3,215	73,328	39,339	3,135	119,017

Acquisition cost 1 Jan 2022	3,741	113,816	120,343	1,857	239,757
Increase	278	4,113	16,610	12,819	33,819
Acquired operations	0	736	455	0	1,191
Decrease	0	-40	-3,182	-5,085	-8,307
Transfers between items; assets related to assets held for sale	-486	-5,372	-2,317	-9	-8,183
Exchange rate difference	90	1,008	2,440	31	3,569
Acquisition cost 31 Dec 2022	3,623	114,261	134,349	9,612	261,846

Accumulated depreciation and impairment 1 Jan 2022	0	-47,493	-80,138	0	-127,631
Depreciation and amortisation, continuing operations	0	-6,472	-11,470	0	-17,943
Depreciation and amortisation, discontinued operations	0	-298	-640	0	-938
Accumulated depreciation on decrease and transfers	0	0	-31	0	-31
Exchange rate difference	0	98	-669	0	-571
Accumulated depreciation and impairment 31 Dec 2022	0	-54,165	-92,948	0	-147,113

Book value 1 Jan 2022	3,741	66,323	40,205	1,857	112,126
Book value 31 Dec 2022	3,624	60,095	41,401	9,612	114,732



BALANCE SHEET VALUES OF RIGHT-OF-USE  
ASSETS INCLUDED IN TANGIBLE ASSETS

(1,000 EUR)	Buildings	Machinery and equipment	Total
Book value 1 Jan 2023	8,455	4,285	12,740
Increase	1,908	1,032	2,940
Acquired operations	0	0	0
Depreciation and amortisa- tion, continuing operations	-1,585	-1,300	-2,885
Depreciation and amortisa- tion, discontinued operations	0	0	0
Assets related to assets held for sale	0	0	0
Exchange rate difference	-737	-262	-999
Book value 31 Dec 2023	8,041	3,755	11,796
Book value 1 Jan 2022	7,696	4,579	12,275
Increase	1,992	873	2,865
Acquired operations	736	0	736
Depreciation and amortisa- tion, continuing operations	-1,904	-1,548	-3,451
Depreciation and amortisa- tion, discontinued operations	-4	-1	-5
Assets related to assets held for sale	-12	0	-12
Exchange rate difference	-49	381	332
Book value 31 Dec 2022	8,455	4,285	12,740

LEASE LIABILITIES, BALANCE SHEET VALUES

(1,000 EUR)	2023	2022
Book value 1 Jan	13,071	12,364
Exchange rate difference	-223	574
Increase	2,940	3,601
Interest expense	385	302
Lease payments	-4,066	-3,759
Decrease	0	0
Liabilities related to assets held for sale	0	-12
Book value 31 Dec	12,107	13,071
Non-current lease liabilities	8,063	9,192
Current lease liabilities	4,044	3,880
Total	12,107	13,071

Maturity of lease liabilities is presented in note 5.5, section Due dates and reconciliation of lease liabilities.

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

(1,000 EUR)	2023	2022
Depreciation charge of right-of-use assets	2,885	3,451
Interest expense	385	302
Expense relating to leases of low-value assets or short-term leases	3,148	1,465
Expense relating to variable lease pay- ments not included in lease liabilities	-400	559
Total	6,018	5,779

The Group made use of an easement allowed in the standard according to which short-term leases of assets with minor value do not need to be recognised on the balance sheet. For non-fixed-term leases, the Group only recognises on the balance sheet leases with a term of notice longer than 12 months that do not include a significant sanction related to the termination of the lease agreement.

The rents are discounted using the internal interest rate of the lease contract. If this rate of interest cannot be easily determined, which is often the case in the Group's lease contracts, the interest rate of the lessee's additional credit is used. This refers to the interest rate which the lessee concerned would have to pay when borrowing for an equivalent period and with equivalent guarantees the money required to acquire an asset with a value equivalent to that of the right-of-use asset in a similar economic environment.

4.2 Intangible assets and goodwill

ACCOUNTING PRINCIPLES

Intangible assets

An intangible asset item is only recognised in the balance sheet at original cost if its acquisition cost can be reliably determined and it is probable that the expected economic benefit from the item will be to the Group's advantage

Intangible assets with a limited useful life are recognised as expenses through profit or loss by straight-line amortisation over their known or estimated useful life. The Group does not have any intangible assets with an unlimited useful life.

The amortisation periods for intangible assets are the following:

Capitalised development expenditure	3 to 10 years
Patents	5 years
Computer software	5 years
Other intangible assets	5 to 10 years

The residual value, useful life and depreciation and amortisation method of asset items are reviewed at least upon each closing of accounts and adjusted, if necessary, to reflect any changes in the expected economic benefit.

Depreciation and amortisation of intangible assets begins when the asset item is ready for use, i.e. when it is in such a location and condition that it can function in the manner intended by management.

The recording of depreciation and amortisation is discontinued when an intangible asset item is classified as held for sale (or included in a group of assignable items classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

R&D expenditure

Research costs are recognised as expenses through profit or loss. Development costs arising from the design of new or more advanced products are capitalised as intangible assets in the balance sheet starting from the time the product is technically feasible, it can be utilised commercially, and future economic benefit is expected from the product. Capitalised development expenditure consists of the costs of materials, labour and testing arising directly from the preparation of an asset for its intended use. Development costs previously recognised as expenses will not be subsequently capitalised.

Amortisation is booked on an item starting from the time it is ready for use. An item that is not yet ready for use is tested annually for impairment. After initial recognition, capitalised development expenditure is measured at original cost less accumulated amortisation and impairment. The useful life of capitalised development expenditure is from three to ten years, during which the capitalised expenditure will be recognised as expenses by straight-line amortisation.

Goodwill

Goodwill arising on business combinations is recognised to the extent that the aggregate of the consideration transferred, the non-controlling share of the acquisition, and the previously held share exceeds the fair value of the net assets acquired. Goodwill represents the value of unidentified intangible assets and expected future benefits that do not meet the definition of an asset and expected synergies. Goodwill is measured at original cost less impairment losses. Impairment losses are recognised in the income statement. Goodwill is written off when the subsidiary is sold.

No amortisation is booked on goodwill but it is tested annually for impairment. For this purpose, goodwill is allocated to cash-generating units. The recoverable amount of cash by cash-generating units is determined on the basis of a value-in-use calculation. The value in use is determined by calculating the present value of the projected net cash flows of the cash-generating unit under test. The discount rate used for value-in-use calculations is the weighted average pre-tax cost of capital, which takes into account the market's view of the time value of money and the specific risks associated with the unit under test.

Impairment testing

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.



## INTANGIBLE ASSETS

(1,000 EUR)	Development expenditure	Patent costs	Intangible rights	Other intangible assets	Prepayments and unfinished acquisitions	Total
Acquisition cost 1 Jan 2023	67,727	3,248	4,355	19,829	11,919	107,079
Increase	5,338	240	234	3,405	10,606	19,823
Transfers between items; assets related to assets held for sale	0	0	0	0	0	0
Decrease	0	0	0	-26	-4,104	-4,130
Exchange rate difference	0	0	-32	-9	-5	-46
Acquisition cost 31 Dec 2023	73,065	3,488	4,557	23,199	18,416	122,726
Accumulated depreciation and impairment 1 Jan 2023	-39,912	-2,127	-3,355	-12,102	0	-57,496
Depreciation and amortisation, continuing operations	-9,376	-343	-264	-2,547	0	-12,531
Depreciation and amortisation, discontinued operations	0	0	0	0		0
Accumulated depreciation on decrease and transfers	0	0	0	22	0	22
Exchange rate difference	0	0	4	10	0	14
Accumulated depreciation and impairment 31 Dec 2023	-49,288	-2,470	-3,615	-14,617	0	-69,991
Book value 1 Jan 2023	27,815	1,121	1,001	7,726	11,919	49,583
<b>Book value 31 Dec 2023</b>	<b>23,777</b>	<b>1,018</b>	<b>942</b>	<b>8,582</b>	<b>18,416</b>	<b>52,736</b>
Acquisition cost 1 Jan 2022	56,087	2,904	3,651	16,175	10,786	89,603
Increase	11,640	344	704	3,672	17,944	34,305
Transfers between items	0	0	0	-18	0	-18
Decrease	0	0	0	0	-16,811	-16,811
Acquisition cost 31 Dec 2022	67,727	3,248	4,355	19,829	11,919	107,079
Accumulated depreciation and impairment 1 Jan 2022	-32,655	-1,814	-3,060	-9,988	0	-47,516
Depreciation and amortisation, continuing operations	-7,092	-306	-292	-2,040	0	-9,729
Depreciation and amortisation, discontinued operations	-166	-7	-3	-68		-244
Accumulated depreciation on decrease and transfers	0	0	0	0	0	0
Exchange rate difference	0	0	0	-7	0	-7
Accumulated depreciation and impairment 31 Dec 2022	-39,912	-2,127	-3,355	-12,102	0	-57,496
Book value 1 Jan 2022	23,432	1,090	592	6,187	10,786	42,087
<b>Book value 31 Dec 2022</b>	<b>27,815</b>	<b>1,121</b>	<b>1,001</b>	<b>7,726</b>	<b>11,919</b>	<b>49,583</b>

Intangible rights include computer software licence fees, among others. Other intangible assets include fees for computer software tailored for the Group, among others. Prepayments

and unfinished acquisitions include R&D expenditure, patent application expenses and computer software acquisition costs.

## ALLOCATION OF GOODWILL

(1,000 EUR)	2023	2022
Goodwill is allocated to the following cash-generating units:		
Northern Europe segment: Epec Oy	3,440	3,440
Northern Europe segment: Business in Norrbotten region, Sweden	333	333
Central and Southern Europe segment: Czech	1,887	1,934
Central and Southern Europe segment: the Netherlands	1,038	0
<b>Total</b>	<b>6,698</b>	<b>5,707</b>

The recognised goodwill value is the amount of acquisition cost exceeding the fair value of identifiable assets and liabilities of the acquired companies at the time of purchase. The goodwill includes intangible assets such as business expertise, customer relationships and synergy values.

## Impairment testing

For impairment testing, the recoverable amounts have been determined on the basis of value in use. The cash flow forecast is based on three-year forecasts approved by management. The applicable discount rate before tax is 9–12.5%. The discount rate before tax is determined on the basis of weighted average cost of capital (WACC). Cash flows following the forecast period approved by management have been extrapolated with a country-specific growth factor which considers the operating environment in the entities concerned. The growth factor applied does not exceed long-term realised growth of the sectors in question.

The essential variables used for the calculation of value in use are the following:

1. Budgeted EBITDA – Determined on the basis of forecast EBITDA for the next three years. The value of the variable is based on realised development.
2. Forecast residual value – Determined on the basis of the last budgeted year 2026 and adjusted by a country-specific growth factor which considers the local operating environment. The residual value is not expected to change substantially as continuous product development and anticipated intensification of competition are considered.
3. Discount rate – Determined on the basis of the weighted average cost of capital (WACC) method representing the total cost of equity and liabilities taking into account any specific risks associated with the assets and the sector of business.

## Sensitivity analysis for impairment testing

As part of Ponsse's impairment testing, sensitivity analyses have been performed on key assumptions based on two different scenarios. The changes tested in the calculations are, in the first scenario, the increase in the discount rate and how high the discount rate could rise before indicating impairment. The second scenario tested how much turnover could fall to cause an impairment. Sensitivity analyses were performed for all cash-generating units recognised as goodwill and did they not indicate impairment.

## R&amp;D EXPENDITURE

(1,000 EUR)	2023	2022
R&D expenditure in total	29,466	27,702
Share activated in the balance sheet	11,888	12,692



### 4.3 Depreciation, amortisation and impairment

#### ACCOUNTING PRINCIPLES

##### Impairments to tangible and intangible assets

On each closing date of a reporting period, the Group estimates whether there is evidence that the value of an asset may have been impaired. If there is such evidence, the amount recoverable from the asset will be estimated. Furthermore, the recoverable amount will be estimated annually for the following assets regardless of whether there is evidence of impairment: goodwill and unfinished intangible assets. The need for impairment is reviewed at the level of cash-generating units, which refers to the lowest level of unit that is mainly independent of other units and whose cash flows can be separated from other cash flows.

The recoverable amount equals the fair value of an asset deducted by costs arising from its sale, or value in use if this is higher. Value in use refers to estimated future net cash flows available from the asset or the cash-generating unit discounted to present value. The applicable discount rate is a rate determined before tax that reflects the market opinion on the time value of money and the specific risks associated with the asset.

An impairment loss is recognised when the book value of an asset exceeds its recoverable amount. Impairment losses are immediately recognised through profit or loss. If an impairment loss is attributable to a cash-generating unit, it is first allocated to reduce the goodwill attributable to the cash-generating unit and then to reduce other asset items within the unit on a pro rata basis. In connection with the recognition of an impairment loss, the useful life of the asset subject to depreciation or amortisation is reassessed. Impairment losses on assets other than goodwill will be reversed if there is a change in the estimates used for determining the recoverable amount from the asset. However, any impairment loss reversal may not exceed the amount that would be the book value of the asset item if the impairment loss were not recognised. Impairment losses recognised on goodwill are not to be reversed under any circumstances.

#### KEY ESTIMATES AND JUDGEMENTS

##### Capitalisation of R&D expenditure

On the date of the reporting period, the Group assesses whether the new product is technically feasible, whether it can be commercially utilised and whether future economic benefits will be received from the product, which makes it possible to capitalise development expenditure arising from the design of new or advanced products on the balance sheet as intangible assets.

#### DEPRECIATION, AMORTISATION AND IMPAIRMENT

(1,000 EUR)	2023	2022
<b>Intangible assets</b>		
Capitalised development expenditure	9,376	7,092
Patents	343	306
Intangible rights	264	292
Other intangible assets	2,547	2,040
<b>Total</b>	<b>12,531</b>	<b>9,729</b>
<b>Tangible assets</b>		
Buildings	7,120	6,472
Machinery and equipment	11,686	11,470
<b>Total</b>	<b>18,806</b>	<b>17,943</b>
<b>Total</b>	<b>31,337</b>	<b>27,671</b>

### 4.4 Inventories

#### ACCOUNTING PRINCIPLES

Inventories are valued at acquisition cost or a lower net realisable value. The Average Cost method is used as a basis for calculating the value of materials and supplies in stock. The acquisition cost of finished and unfinished products comprises raw materials, direct expenses due to work performed, other direct expenses, and the appropriate proportion of the variable and fixed overheads of manufacturing at the normal utilised capacity. The inventory of second-hand machines is valued at acquisition cost or a lower probable net realisable value. Net realisable value refers to an estimated sales price available through normal business operations less the estimated costs of finishing the product and the costs of sale.

#### KEY ESTIMATES AND JUDGEMENTS

On the date of the financial statements, the Group recognises impairment losses according to its best judgement, particularly with regard to trade-in machines. The assessment takes into account the age structure of the trade-in machine stock and the likely selling prices.

#### INVENTORIES

(1,000 EUR)	2023	2022
Raw materials and consumables	133,988	139,650
Work in progress	13,916	28,565
Finished products/goods	46,018	36,494
Other inventories	46,915	31,785
Assets related to assets held for sale	0	-6,846
<b>Total</b>	<b>240,837</b>	<b>229,648</b>

EUR 4.5 million was recognised as an expense item, which was used to reduce the book value of inventories to correspond to the net realisable value (EUR 3.5 million in 2022).

### 4.5 Trade receivables and other receivables

#### KEY ESTIMATES AND JUDGEMENTS

##### Trade receivables

On the date of the financial statements, the Group recognises a credit loss on receivables for which no payment will probably be received according to its best judgement.

The Group applies the general model specified in IFRS 9 on recognising expected credit losses.

To determine the expected credit losses, the trade receivables from each customer were grouped on the basis of the probability of credit risk and lateness of payment. The credit loss risk is deemed to have increased significantly if the payment is more than 30 days overdue. A customer-specific assessment of the expected credit loss is made on that basis. The sold machine serving as security is taken into account when determining the credit loss.

The estimates are based on systematic and continuous review of receivables as part of credit risk control. The assessment of credit risks is based on previously realised credit losses, amount and structure of the receivables and short-term financial events and conditions.

#### RECEIVABLES (NON-CURRENT)

(1,000 EUR)	2023	2022
Accrued income	3,229	63
<b>Total</b>	<b>3,229</b>	<b>63</b>

There are no significant concentrations of credit risk associated with the receivables.

#### TRADE RECEIVABLES AND OTHER RECEIVABLES (CURRENT)

(1,000 EUR)	2023	2022
Trade receivables	69,129	64,610
Accrued income	8,191	8,258
Other receivables	18,682	11,344
Derivative contracts held for trading	2,353	5,470
Assets related to assets held for sale	0	-2,560
<b>Total</b>	<b>98,355</b>	<b>87,122</b>

Definition established of expected credit losses is described in note 5.6. The fair value of receivables is presented in note 5.7.



TRADE RECEIVABLES BY AGE AND ITEMS RECOGNISED AS A CREDIT LOSS

(1,000 EUR)	Non-matured	Matured less than 30 days	Matured 30–90	Matured 91–180 days	Matured 181–360 days	Matured more than 360 days	Total
2023							
Gross book value of trade receivables	44,648	19,361	4,330	1,451	-471	475	69,794
Assets related to assets held for sale	0	0	0	0	0	0	0
Deductible item concerning expected loss	0	0	0	-190	0	-475	-665
Net book value of trade receivables	44,648	19,361	4,330	1,261	-471	0	69,129
2022							
Gross book value of trade receivables	47,086	10,053	4,809	288	157	487	62,879
Assets related to assets held for sale	116	6	2,051	50	299	19	2,542
Deductible item concerning expected loss	0	0	0	0	-305	-506	-811
Net book value of trade receivables	47,202	10,059	6,861	338	150	0	64,610

DEDUCTION THROUGH PROFIT AND LOSS FOR THE LOSS

ASSOCIATED WITH TRADE RECEIVABLES:

(1,000 EUR)	2023	2022
Change in the deduction for the expected loss associated with trade receivables	-146	242
Final credit losses	230	-158
Cancelled final credit losses	-84	-84
Discontinued operations	0	0
Total	0	0

4.6 Trade creditors and other liabilities

TRADE CREDITORS AND OTHER LIABILITIES

(1,000 EUR)	2023	2022
Trade creditors (other financial liabilities)	85,785	93,133
Advances received	2,024	3,462
Other liabilities	18,648	14,157
Accruals and deferred income		
Accrued staff expenses	30,576	23,049
Interest accruals	1,223	240
Liabilities based on sales contracts	4,110	4,047
Income tax liability	1,257	4,664
Other accruals and deferred income	4,509	15,920
Derivative contracts held for trading	816	168
Liabilities related to assets held for sale	0	-700
Total	148,948	158,140

4.7 Provisions

ACCOUNTING PRINCIPLES

A provision is recognised when the Group has a legal or factual obligation based on a previous event, the realisation of a payment obligation is probable and the amount of the obligation can be reliably estimated. The amount of the provisions is measured on each closing date and modified according to the best estimate at the time of assessment. Changes in provisions are recognised in the income statement at the same amount as the initial recognition of the provision.

A guarantee provision is recognised upon the sale of a product subject to a guarantee condition. The amount of guarantee provision is based on empirical data on actual guarantee costs.

Other provision is recognised when Group is found to have an onerous contract. An existing obligation under the contract is recognized and measured as a provision.

KEY ESTIMATES AND JUDGEMENTS

Guarantee provision

The guarantee provision is based on realised guarantee expenses. The guarantee period granted for the products is 12 months or 2,000 hours, and defects in the products observed during the guarantee period are repaired at the company's cost. The guarantee provision is based on failure history recorded in the previous years. The guarantee provisions are expected to be used during the next year:

Other provisions

The group has recognised a provision in the item of other provisions based on an agreement entered into by Ponsse Latin America Ltda, as the fulfilment of the contractual obligations is estimated to generate expenses that exceed the expected economic benefits obtained from the agreement. The provision has been measured based on the best possible estimate of the expenses arising from the fulfilment of the obligations on the closing date.

PROVISIONS

(1,000 EUR)	Guarantee provision	Other provisions	Total
31 Dec 2022	4,164	6,483	10,647
Increase	922	4,147	5,069
Decrease	-691	-335	-1,026
31 Dec 2023	4,395	10,295	14,690



## 5. Capital structure and financial risks

### 5.1 Notes on shareholders’ equity

#### ACCOUNTING PRINCIPLES

Share capital is presented as the nominal value of ordinary shares. Expenses associated with the issuance or purchase of equity instruments are presented as an equity reduction item.

The dividend distribution to shareholders proposed by the Board of Directors is recognised as a deduction of shareholders’ equity in the period during which the general meeting of shareholders has approved the dividend.

#### Treasury shares

If the Group buys the company’s own shares, the consideration paid for the shares and any expenses directly resulting from the purchase are deducted from the capital attributable to equity holders until the shares are cancelled or reissued. The value date of treasury shares is their actual date of purchase.

If the shares are reissued, any consideration paid for them will be included in the capital attributable to equity holders, less the amount of direct transaction costs incurred.

The following table is a presentation of the effects of changes in the numbers of shares and equity.

	Number of shares	Share capital	Other reserves	Treasury shares
	(1,000 pcs)	(1,000 EUR)	(1,000 EUR)	(1,000 EUR)
31 Dec 2022	28,000	7,000	3,460	-274
Share-based incentive plan	0	0	0	-189
31 Dec 2023	28,000	7,000	3,460	-463

The maximum number of shares is 48 million (48 million in 2022). The nominal value of each share is EUR 0.25, and the Group’s maximum share capital is EUR 12 million (EUR 12 million in 2022). The number of issued shares is 28 million (28 million in 2022). All issued shares have been paid in full.

All shares are of the same series and each share entitles its holder to one vote at shareholders’ meetings and gives an equal right to dividends.

Ponsse Plc has no outstanding convertible notes or bonds with warrants.

The Ponsse Plc Board of Directors is not currently authorised to increase the share capital or issue convertible notes or bonds with warrants.

The Ponsse Plc Board of Directors is authorised by AGM to decide upon the acquisition of the treasury shares using the company’s unrestricted shareholders’ equity and to decide on the assignment of treasury shares.

Below are descriptions of the equity reserves:

#### Treasury shares

The company holds 23,562 treasury shares.

#### Translation differences

The translation differences reserve comprises translation differences arising from the translation of financial statements of foreign units.

#### Other reserves

Other reserves comprises increase for the issue of the treasury shares related to the share based incentive plan.

#### Dividends

In 2023, a dividend of EUR 0.60 was paid per share, for a total of EUR 16.8 million (in 2022, EUR 0.60 per share, for a total of EUR 16.8 million). After the end of the financial year, the company’s Board of Directors has decided to propose to the Annual General Meeting that a dividend of EUR 0.55 per share shall be paid for 2023. The dividend distribution totals EUR 15.4 million.

### 5.2 Financial income and expenses

#### ACCOUNTING PRINCIPLES

#### Dividends

Dividend income is recognised once the dividend becomes vested.

#### Exchange rate gains and losses

The principles for recognising the exchange rate gains and losses are presented in the notes section 1. Accounting principles, Foreign currency translation.

#### FINANCIAL INCOME

(1,000 EUR)	2023	2022
Dividend income from the investment of non-current assets	2	3
Interest income from loans and receivables	851	200
Exchange rate gains, realised	1,458	0
Exchange rate gains, unrealised	1,328	0
Change in the fair value of derivative instruments	0	2,436
Other financial income	899	3,206
<b>Total</b>	<b>4,539</b>	<b>5,846</b>

#### FINANCIAL EXPENSES

(1,000 EUR)	2023	2022
Interest expenses for financial loans	4,433	924
Exchange rate losses, realised	0	4,094
Exchange rate losses, accruals	0	2,599
Change in the fair value of derivative instruments	2,592	0
Other financial expenses	1,973	1,733
<b>Total</b>	<b>8,999</b>	<b>9,350</b>
<b>Financial income and expenses in total</b>	<b>-4,459</b>	<b>-3,504</b>

The item Other financial expenses includes an appreciation loss on interest rate swaps of EUR 1.2 million.

The exchange rate accruals mainly consist of the revaluation of intra-group items in Ponsse Plc and Ponsse Latin America Ltda.

### 5.3 Other financial assets

#### OTHER FINANCIAL ASSETS

(1,000 EUR)	Muut sijoitukset
Acquisition cost 31 Dec 2022	375
Increase	0
Decrease	-1
<b>Acquisition cost 31 Dec 2023</b>	<b>374</b>

Other financial assets mainly contain unquoted shares in enterprises serving the company’s operations.

### 5.4 Cash and cash equivalents

#### CASH AND CASH EQUIVALENTS

(1,000 EUR)	2023	2022
Cash in hand and at banks	74,002	76,545
Assets related to assets held for sale	0	-3,094
<b>Total</b>	<b>74,002</b>	<b>73,451</b>



5.5 Interest-bearing liabilities

ACCOUNTING PRINCIPLES		
Interest-bearing liabilities Interest-bearing liabilities are classified as short-term liabilities unless the Group has the unconditional right to postpone the payment of the liabilities by at least 12 months from the end of the reporting period.		
INTEREST-BEARING LIABILITIES		
(1,000 EUR)	2023	2022
Non-current interest-bearing liabilities		
Loans from financial institutions	58,413	32,339
Other liabilities	161	953
Lease liabilities	8,063	9,192
Total	66,637	42,484
Current interest-bearing liabilities		
Loans from financial institutions	47,980	49,122
Other liabilities	792	803
Lease liabilities	4,044	3,892
Liabilities related to assets held for sale	0	-12
Total	52,816	53,804

The fair values for commitments is presented in Note 8.1.

The fair values for liabilities is presented in Note 5.7.

The Group has both floating rate and fixed rate non-collaretal bank loans.

EUR 13,415 thousand of all liabilities have a fixed interest rate (EUR 15,237 thousand in 2022). Other loans EUR 106,038 thousand (EUR 81,051 thousand in 2022) have a variable interest rate.

DUE DATES AND RECONCILIATION OF LEASE LIABILITIES

(1,000 EUR)	2023	2022
Lease liabilities – total amount of minimum rents		
Within less than twelve months	4,220	4,093
Within one to five years	7,004	7,746
After more than five years	1,640	2,002
Total	12,864	13,840
Lease liabilities – present value of minimum rents		
Within less than twelve months	4,044	3,880
Within one to five years	6,533	7,304
After more than five years	1,530	1,888
Total	12,107	13,071
Financial expenses to be accrued in the future	757	769
Total lease liabilities	12,864	13,840

5.6 Management of financing risks

The Group is exposed to several financing risks in its normal course of business. The objective of the Group’s risk management is to minimise the adverse effects of changes in the financial markets on the Group’s earnings. The primary types of financing risks are foreign exchange risk and interest rate risk. The Group uses forward exchange agreements, foreign currency loans and interest rate swaps for risk management. The general principles of the Group’s risk management are approved by the Board of Directors of the parent company, and the Group management with the business operations is responsible for their practical implementation. The Group management will identify and assess the risks, and acquire the instruments required for hedging against risks in close cooperation with operating units.

The Group operates internationally and is therefore exposed to transaction risks arising from different foreign exchange positions, as well as risks arising from the conversion of investments in different currencies to the parent company’s operating currency. The most important currencies for the Group are the United States dollar (USD), the Swedish krona (SEK), the pound sterling (GBP), and the Brazilian real (BRL) of which USD, SEK and GBP are hedged according to Group’s hedging policy.

Foreign exchange risks arise from commercial transactions, monetary balance sheet items and net investments in foreign subsidiaries. The equity of the Group subsidiaries is EUR 73.1 million (EUR 73.3 million in 2022), including a dividend of EUR 1.3 million (EUR 1.0 million in 2022) paid to the parent company.

The Group processes foreign currency denominated receivables and liabilities at net amounts for hedging purposes, and hedges them with forward exchange agreements. Hedging transactions are carried out in accordance with written risk management principles approved by Group management. Hedge accounting in accordance with IFRS 9 is not applied to these items (Note 5.2).

The following table is a presentation of the strengthening or weakening of the euro against the United States dollar, the Swedish krona, the pound sterling, and Brazilian real, with all other factors remaining unchanged. The total net position of the aforementioned currencies is -51.7 million euros (-50.6 million euros in 2022). The change percentages reflect average volatility during the previous 12 months. The sensitivity analysis is based on foreign currency assets and liabilities on the balance sheet date. The sensitivity analysis also takes into consideration the effects of currency derivatives, which off-set the effects of exchange rate changes. Under these assumptions, the changes would be mainly due to exchange rate changes in trade receivables and liabilities denominated in foreign currencies.

(1,000 EUR)		2023			
Change in EUR exchange rate		Strengthening		Weakening	
Effect on profit after taxes					
USD	2%	-35	0%	9	
SEK	3%	46	3%	-47	
GBP	1%	-36	1%	19	
BRL	2%	856	2%	-942	

(1,000 EUR)		2022			
Change in EUR exchange rate		Strengthening		Weakening	
Effect on result after taxes					
USD		8%	52	7%	-49
SEK		4%	255	5%	-337
GBP		3%	-60	4%	90
BRL		7%	2,412	15%	-5,326

Interest rate risk

The Group’s short-term money market investments expose its cash flow to interest rate risk, but the overall effect is not significant. The Group’s income and operational cash flows are mainly independent of market interest rate fluctuations. The Group is mainly exposed to interest rate risk associated with the non-current loan portfolio. The Group hedges the interest rate risk associated with future cash flows by interest rate swaps. The degree of hedging is about 26 per cent of all floating rate loans.

(1,000 EUR)		
Sensitivity analysis for floating interest loans:		
Change percentage	+2%	-0.5%
Floating interest loans	-1,697	424
Interest rate swaps	448	-112
Net effect on profit after tax	-1,249	312



Credit risk

The Group's policy defines creditworthiness requirements for customers, investment transactions and counterparties to derivatives, as well as investment principles. The Group does not have any significant concentrations of credit risk on receivables because its customer base is wide and geographically diversified. The Group aims at cautious and secured credit granting. As a rule, the sold machine is guarantee for trade receivables until the purchase price has been paid. The Group's maximum credit risk corresponds to the book value of financial assets at period-end. Trade receivables are presented by age in Note 4.5.

The Group applies the IFRS 9 general model for measuring expected credit losses, according to which probable credit losses are recognised from trade receivables over 30 days overdue and over EUR 10 thousand. To determine the credit loss, the overdue trade receivables are grouped based on payment delay, probability of payment default and secure of the trade receivable. The credit loss risk is deemed to have increased significantly if the payment is more than 30 days overdue. A customer-specific assessment of the expected credit loss is made on that basis. The sold machine serving as security is taken into account when determining the credit loss.

Liquidity risk

The Group aims to continuously estimate and monitor the amount of financing required for business operations in order to maintain sufficient liquid assets for financing the operations and repaying any loans falling due. Group management has not identified significant liquidity risk concentrations in financial assets or sources of financing.

The availability and flexibility of financing is ensured through credit facilities and other financial instruments, as well as through co-operation with several banks. The amount of unused credit facilities on 31 December 2023 was EUR 95.0 million, which equals 68 per cent of the total credit facilities (2022, EUR 110.0 million, 79 per cent). The credit limit facilities mainly mature for renewal every three years. The Group has available an EUR 100 million corporate paper programme, of which EUR 0 has been taken out. In addition, the group has in use bank account limits worth 3 million euros during the financial period.

The average maturity of the bank loans was 3.1 years (2.7 years) at the end of the financial year.

The following is a presentation of a contractual maturity analysis regarding financial liabilities. The figures are non-discounted and include both interest payments and repayment of capital including discontinued operations.

	Balance sheet value	Cash flow *	Within less than one year	Within one to five years	After more than five years
<b>31 Dec 2023</b>					
Loans from financial institutions	106,393	118,264	52,077	56,274	9,913
Other liabilities	953	959	797	162	0
Lease liabilities	12,107	12,864	4,220	7,004	1,640
Trade creditors and other liabilities	148,132	148,132	148,132	0	0
Derivative contract liabilities	816	816	816	0	0
Off-balance sheet liabilities* *	0	5,488	5,488	0	0

	Balance sheet value	Cash flow *	Within less than one year	Within one to five years	After more than five years
<b>31 Dec 2022</b>					
Loans from financial institutions	81,460	80,820	51,046	29,773	0
Other liabilities	1,756	1,775	812	964	0
Lease liabilities	13,071	13,840	4,093	7,746	2,002
Trade creditors and other liabilities	158,053	158,053	158,053	0	0
Derivative contract liabilities	168	168	168	0	0
Off-balance sheet liabilities* *	0	6,300	6,300	0	0

\* Contractual cash flow from contracts cleared in gross values.  
\* \* Maximum cash flow based on off-balance sheet agreements, not taking into account the probability of the payment being realised. Detailed information in Note 8.1.

Capital management

The purpose of the Group's capital management is to support business through an optimum capital structure by ensuring normal operating conditions and to increase shareholder value with the aim of providing the best possible return. An optimum capital structure also ensures smaller capital costs.

The capital structure can be affected through e.g. dividend distribution. The Group can change and adjust the dividends paid to shareholders or the amount of capital returned to them or the number of new issued shares or decide on selling assets held for sale in order to reduce liabilities.

The Group's interest-bearing net liabilities at the end of 2023 were EUR 45.5 million (31 Dec 2022: EUR 19.8 million) and net gearing was 14.1 per cent (31 Dec 2022: 6.1 per cent). For calculating net gearing, interest-bearing net financial liabilities were divided by the amount of equity. Net liabilities include interest-bearing liabilities deducted by interest-bearing receivables and liquid assets including discontinued operations.

(1,000 EUR)	2023	2022
Interest-bearing liabilities	119,453	96,300
Interest-bearing receivables	0	0
Cash and cash equivalents	-74,002	-76,545
<b>Net liabilities</b>	<b>45,451</b>	<b>19,755</b>
Total shareholders' equity	321,799	321,813
Net gearing	14.1%	6.1%

(1,000 EUR)	Financing liabilities			Other assets		
	Loans	Leases	Sub total	Cash and cash equivalents	Liquid investments	Total
<b>Net liabilities 1 Jan 2023</b>	<b>-83,213</b>	<b>-13,087</b>	<b>-96,300</b>	<b>76,545</b>	<b>0</b>	<b>-19,755</b>
Cash flow effects	-24,121	4,066	-20,055	-2,416	0	-22,471
Acquisition – leases	0	-2,940	-2,940	0	0	-2,940
Exchange rate adjustments	-9	-149	-158	-127	0	-285
Assets/liabilities related to assets held for sale	0	0	0	0	0	0
<b>Net liabilities 31 Dec 2023</b>	<b>-107,343</b>	<b>-12,111</b>	<b>-119,454</b>	<b>74,002</b>	<b>0</b>	<b>-45,451</b>
<b>Net liabilities 1 Jan 2022</b>	<b>-42,430</b>	<b>-12,366</b>	<b>-54,796</b>	<b>120,900</b>	<b>0</b>	<b>66,104</b>
Cash flow effects	-40,745	3,755	-36,990	-47,669	0	-84,659
Acquisition – leases	0	-4,130	-4,130	0	0	-4,130
Exchange rate adjustments	-38	-334	-372	220	0	-152
Assets/liabilities related to assets held for sale	0	-12	-12	3,094	0	3,082
<b>Net liabilities 31 Dec 2022</b>	<b>-83,213</b>	<b>-13,087</b>	<b>-96,300</b>	<b>76,545</b>	<b>0</b>	<b>-19,755</b>

5.7 Financial instruments by groups and fair values

ACCOUNTING PRINCIPLES

Financial assets

The Group's financial assets are classified as assets to be recognised at fair value through profit or loss or to be recognised as amortised cost. The classification is based on the purpose of acquiring financial assets and in connection with the original acquisition.

Financial asset items are classified as *Financial assets at fair value through profit or loss* if they are acquired for trading purposes or if they are categorised as assets to be recognised at fair value through profit or loss upon initial recognition. The Group has classified investments and derivatives to be recognised at fair value through profit or loss. The derivatives are included in current assets and liabilities.

Financial asset items are classified as assets to be recognised as amortised cost if both of the following conditions are met: a) financial asset items are held pursuant to a business model aimed at holding financial assets for the purpose of collecting cash flows based on an agreement and b) the terms of contract for an item belonging to financial assets stipulates for cash flows that will be implemented at specific points in time and that solely involve the payment of capital and the remaining interest on such capital. The Group has classified trade receivables, other receivables and cash as financial assets to be classified as assets to be recognised as amortised cost. In terms of their nature, the financial assets recognised as amortised cost are included in current or non-current assets in the balance sheet – to non-current assets if they are due to mature after more than 12 months.

Impairment of financial assets

With regard to a decline in the value of financial assets, an expected credit loss model is applied.

Interest-bearing liabilities

Interest-bearing liabilities are classified as assets to be recognised at fair value through profit or loss or to be recognised as amortised cost. The Group recognises derivative instruments at fair value through profit or loss. Loans from financial institutions, finance leasing liabilities, accounts payable and other liabilities are recognised as amortised cost.

Derivative contracts and hedge accounting

The Group does not apply hedge accounting pursuant to the IFRS 9 Standard. Derivatives are forward contracts and interest rate swaps that are recognised at fair value through profit or loss. The fair value of the derivatives is recognised in other current assets and liabilities.

The Group's items measured at fair value includes unlisted shares and derivative instruments.

Unlisted shares belong to level 3 and derivative instruments belong to level 2 in the fair value hierarchy.

The nominal values of forward agreements were EUR 70.8 million in 2023 and EUR 58.7 million in 2022.

The following price quotations, assumptions and valuation models have been used for the determination of fair values for financial assets and liabilities presented in the table:

- The book values of current financial assets and liabilities can be considered to correspond to their fair values.
- The company values unquoted equity investments at fair value. At the closing date, the original book value of the receivables corresponds to their fair value.
- The fair values of forward exchange agreements are determined using the market prices for agreements of similar duration on the balance sheet date. The fair values of interest rate swaps have been determined using the method of present value of future cash flows, supported by market interest rates and other market information on the balance sheet date.
- The fair values of interest-bearing liabilities have been calculated by discounting the cash flows associated with each liability at the market interest rate on the balance sheet date.

[1,000 EUR]			
31 Dec 2023 Balance sheet assets	Assets at fair value through profit or loss	Assets at original amortised cost	Total
Unlisted shares	374	0	374
Derivative instruments	2,353	0	2,353
Trade receivables and other receivables (excluding prepayments)	0	69,129	69,129
Cash and cash equivalents	0	74,002	74,002
Assets related to assets held for sale	0	0	0
Total	2,727	143,131	145,858

31 Dec 2023 Balance sheet liabilities	Liabilities at fair value through profit or loss	Liabilities at original amortised cost	Total
Loans (excluding lease liabilities)	0	106,393	106,393
Lease liabilities	0	12,107	12,107
Derivative instruments	816	0	816
Trade creditors and other liabilities (excluding statutory obligations)	0	85,785	85,785
Liabilities related to assets held for sale	0	0	0
Total	816	204,285	205,102

[1,000 EUR]			
31 Dec 2022 Balance sheet assets	Assets at fair value through profit or loss	Assets at original amortised cost	Total
Unlisted shares	375	0	375
Derivative instruments	5,470	0	5,470
Trade receivables and other receivables (excluding prepayments)	0	64,610	64,610
Cash and cash equivalents	0	76,545	76,545
Assets related to assets held for sale	0	-5,399	-5,399
Total	5,845	135,755	141,600

31 Dec 2022 Balance sheet liabilities	Liabilities at fair value through profit or loss	Liabilities at original amortised cost	Total
Loans (excluding lease liabilities)	0	81,460	81,460
Lease liabilities	0	9,180	9,180
Derivative instruments	168	0	168
Trade creditors and other liabilities (excluding statutory obligations)	0	93,133	93,133
Liabilities related to assets held for sale	0	-738	-738
Total	168	183,035	183,202



## 6. Income taxes

### ACCOUNTING PRINCIPLES

**Tax based on the taxable income for the period and deferred tax**  
Tax expenses comprise tax based on the taxable income for the financial period and deferred tax. Taxes are recognised through profit and loss, except if they are directly related to items recognised in equity or comprehensive profit and loss account. In such a case, the tax is also recognised under these items. The tax based on the taxable income for the period is calculated on the basis of taxable income in accordance with the tax rate valid in each country.

Deferred taxes are calculated on temporary differences between book value and the tax base. However, no deferred tax will be recognised if the tax arises from the original recognition of an asset or liability in accounting, when it is not a question of a business combination and the recognition of such an asset or liability does not affect the profit in accounting or taxable income at the time the transaction is realised.

Deferred tax is recognised in the case of investments in subsidiaries or associated companies, except if the Group is able to determine the time the temporary difference was eliminated and the extent to which the difference will probably not be eliminated during the foreseeable future.

The most substantial temporary differences arise from the depreciation of tangible assets, as well as adjustments at fair value upon acquisitions.

Deferred taxes are calculated at tax rates enacted by the closing date of the reporting period. Said tax rates have in practice been approved by the closing date of the reporting period.

Deferred tax receivables are recognised up to the probable amount of taxable income in the future against which the temporary difference can be utilised. The conditions for recognising a deferred tax liability are estimated in this respect on each closing date of a reporting period.

The Group deducts deferred tax receivables and liabilities from each other only in the case that the Group has a legally enforceable right to set off tax receivables and tax liabilities based on the taxable income for the period against each other and the deferred tax receivables and liabilities are related to income taxes levied by the same tax recipient, either from the same taxpayer or different taxpayers, who intend either to set off the tax receivables and liabilities based on the taxable income for the period against each other, or to realise the receivable and pay the liabilities simultaneously in each such future period during which a significant amount of deferred tax liabilities are expected to be paid or a significant amount of deferred tax receivables are expected to be utilised.

### KEY ESTIMATES AND JUDGEMENTS

#### Income 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 recognised as the result of the differences. The possibilities of utilising a deferred tax asset are estimated and adjusted to the extent that the possibility of utilisation is unlikely.

### 6.1 Income taxes

#### INCOME TAXES

(1,000 EUR)	2023	2022
Tax based on the taxable income for the period	15,115	10,884
Taxes from previous financial periods	461	61
Deferred taxes	-2,653	-1,909
<b>Total</b>	<b>12,924</b>	<b>9,037</b>

#### Reconciliation of tax expenses in the consolidated statement of comprehensive income and taxes calculated at the Group's domestic tax rate (2023: 20.0%, 2022: 20.0 %)

(1,000 EUR)	2023	2022
Profit before taxes	42,949	43,219
Tax calculated using the domestic tax rate	8,590	8,644
Effect of the different tax rates used in foreign subsidiaries	-1,860	1,185
Tax-exempt income	-3,264	-129
Non-deductible expenses	-1,248	299
Tax reliefs and supports	-665	-29
Unbooked deferred tax assets	8,212	6,591
Taxes for previous financial periods	461	61
Other items	2,698	-7,586
<b>Taxes in the consolidated statement of comprehensive income</b>	<b>12,924</b>	<b>9,037</b>

In 2023, the Group's effective tax rate was affected by consolidation. No deferred tax is recognised for it, because it is treated as a permanent difference. The tax impact of the permanent difference shows on the tax reconciliation on rows “Unbooked deferred tax assets” and “Other items”. Ponsse is preparing for the implementation of the Pillar 2 minimum tax rules from the beginning of 2024 and is currently assessing its impact

### 6.2 Deferred tax receivables and liabilities

#### CHANGES IN DEFERRED TAXES DURING 2023:

(1,000 EUR)				
	31 Dec 2022	Recognised through profit or loss	Recognised through equity	31 Dec 2023
<b>Deferred tax assets:</b>				
Inventories	3,719	1,840	0	5,559
Confirmed losses in taxation	595	-118	0	477
Other items	690	527	1,194	2,410
Tax receivable based on the taxable income for the period	-582	582	0	0
<b>Total</b>	<b>4,422</b>	<b>2,831</b>	<b>1,194</b>	<b>8,446</b>

	31 Dec 2022	Recognised through profit or loss	Recognised through equity	31 Dec 2023
<b>Deferred tax liabilities:</b>				
Inventories	0	0	0	0
Fixed assets	968	152	0	1,120
Other items	0	0	0	0
Liabilities related to assets held for sale	-26	26	0	0
<b>Total</b>	<b>942</b>	<b>178</b>	<b>0</b>	<b>1,120</b>

#### CHANGES IN DEFERRED TAXES DURING 2022:

(1,000 EUR)				
	31 Dec 2021	Recognised through profit or loss	Recognised through equity	31 Dec 2022
<b>Deferred tax assets:</b>				
Inventories	2,116	1,602	0	3,719
Confirmed losses in taxation	683	-88	0	595
Other items	561	129	0	690
Tax receivable based on the taxable income for the period	0	-582	0	-582
<b>Total</b>	<b>3,360</b>	<b>1,061</b>	<b>0</b>	<b>4,422</b>

	31 Dec 2021	Recognised through profit or loss	Recognised through equity	31 Dec 2022
<b>Deferred tax liabilities:</b>				
Inventories	0	0	0	0
Fixed assets	967	1	0	968
Other items	0	0	0	0
Liabilities related to assets held for sale	0	-26	0	-26
<b>Total</b>	<b>967</b>	<b>-25</b>	<b>0</b>	<b>942</b>

The deferred tax recognised through shareholders' equity relates to Other long-term employee benefits (Note 3.4).  
A deferred tax asset of EUR 0.5 million has been recognised for confirmed losses EUR 36.4 million (25.6 million in 2022) associated with the Group's foreign subsidiaries. The confirmed losses mentioned have no maturity time.

## 7. Group structure

### ACCOUNTING PRINCIPLES

#### Subsidiaries

The consolidated financial statements include the parent company Ponsse Plc and all of its subsidiaries, as well as Epec Oy's subsidiary Bram Engineers B.V. Subsidiaries are entities in which the Group exercises control. A position of control arises when the Group, by being an investor, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-Group shareholdings have been eliminated using the acquisition method. The consideration paid and the identifiable assets and obtained liabilities of the acquiree are measured at fair value at the time of acquisition. Acquisition-related expenses, excluding expenses arising from the issuance of debt or equity securities, are recorded as an expense. The consideration paid does not include business operations processed separately from the acquisition. Their effect has been recognised in connection with the acquisition through profit or loss. Processing of the goodwill arising from subsidiary acquisitions is described in part "Goodwill".

Acquired subsidiaries are included in the consolidated financial statements as of the date the Group acquired a position of control, and divested subsidiaries are included until the date the Group's control is discontinued. All intra-Group business transactions, receivables, liabilities, unrealised gains and internal profit distributions are eliminated during the preparation of the consolidated financial statements. Unrealised losses are not eliminated if they are caused by impairment.

In connection with an acquisition that takes place in phases, the previous interest is measured at fair value and the arising profit or loss is recognised through profit or loss. When the Group loses control of a subsidiary, the remaining investment is measured at fair value on the date when control was lost, and the resulting difference is recognised through profit or loss.

#### Associates

Associates are entities in which the Group exercises significant power. Significant power mainly arises when the Group holds more than 20 per cent of the voting rights in an entity or the Group otherwise has significant power but no position of control.

Associates are consolidated using the equity method. If the Group's share of an associate's loss exceeds the book value of the investment, the investment is recognised in the balance sheet at zero value and loss exceeding the book value is not consolidated unless the Group is committed to the fulfilment of the associate's obligations. An investment in an associate includes the goodwill arising from its acquisition. A share of associate profits corresponding to the Group's share of holding is presented as a separate item after operating profit.

### 7.1 Related party transactions

The Group's related parties include the parent company, subsidiaries and associates. Related parties also include the members of the Board of Directors, the President and CEO and the members of the management team, including their family members and controlled corporations.

The Group's parent and subsidiary relationships are the following:

Name and domicile	Group and parent company share of shares and votes,%
Parent company Ponsse Plc, Vieremä, Finland	
Ponsse AB, Västerås, Sweden	100.00
Ponsse AS, Kongsvinger, Norway	100.00
Ponssé S.A.S., Gondreville, France	100.00
Ponsse UK Ltd., Annan, United Kingdom	100.00
Ponsse Machines Ireland Ltd., Port Laoise, Ireland	100.00
Ponsse North America, Inc., Rhinelander, United States	100.00
Ponsse Latin America Indústria de Máquinas Florestais Ltda, Mogi das Cruzes, Brazil	100.00
Epec Oy, Seinäjoki, Finland	100.00
Bram Engineers B.V., Barendrecht, the Netherlands (owned by Epec Oy, since 1 Nov 2023)	100.00
Ponsse Asia-Pacific Ltd., Hong Kong	100.00
Ponsse China Ltd., Beihai, China (owned by Ponsse Asia-Pacific Ltd.)	100.00
Ponsse Uruguay S.A., Paysandú, Uruguay	100.00
Ponsse Czech s.r.o, Hostinné, Czech	100.00
Ponsse Chile SpA Chillán, Chile	100.00
EAI PON1V Holding Oy, Finland	100.00

### 7.2 Business combinations

EAI PON1V Holding Oy, a member of the Ponsse Group, is engaged in the business of incentive scheme management, buying and selling securities of Ponsse Plc related to incentive schemes and acting as a party to related financing agreements. An arrangement has been entered into with Evli Alexander Incentives Oy to establish EAI PON1V Holding Oy to acquire shares, funded by Ponsse Plc, for distribution to personnel in accordance with the terms of the Ponsse Plc Share Plan. EAI PON1V Holding Oy is legally owned by Evli Alexander Incentives Oy, but under the pledge agreement Ponsse Plc effectively controls the arrangement by acting as principal and Evli Alexander Incentives Oy acts as agent through the holding company. This contractual control results in EAI PON1V Holding Oy being consolidated in the IFRS consolidated financial statements as a so-called structured entity, thus being included in the list of group companies.

On 1 November 2023, Epec Oy, a technology company belonging to the Ponsse Group, has acquired the Dutch company Bram Engineers B.V.. The acquisition will enable the company to offer customers products and product development services related to software, electrification, autonomous systems, and control systems on a larger scale. The transaction price of the deal was not published and it is not material for the valuation of Ponsse. Goodwill of EUR 1.0 million was generated by the deal.

A list of associated companies is presented in Note 7.3. The Group has no joint ventures.

### 7.3 Investments in associated companies

(1,000 EUR)	2023	2022
At beginning of financial period	881	785
Adjustment for previous periods	0	0
Dividends received	-68	-51
Share of the result of the financial period	255	147
At the end of financial period	1,068	881

Information concerning the Group's associated company, its assets, liabilities, net sales and profit:

(1,000 EUR)	2023	2022
Associated company		
Sunit Oy, Kajaani, Finland		
Assets	4,152	3,531
Liabilities	11,013	941
Net sales	6,061	4,010
Profit for the period	749	359
Share of ownership	34%	34%

Sunit Oy specialises in telematics and manufactures vehicle computers.



8. Other notes

8.1 Commitments

COMMITMENTS		
(1,000 EUR)	2023	2022
Guarantees given on behalf of others	0	0
Responsibility of checking the VAT deductions made on real property investments, returns responsibility	5,349	6,100
Other commitments	139	200
Total	5,488	6,300

(1,000 EUR)	2023	2022
Minimum rents due based on other non-cancellable leases	964	1,047

8.2 Events after the closing date of the reporting period

Janne Loponen has been appointed as the new Managing Director of Ponsse Latin America Ltda, effective 1 February 2024. Janne Loponen will be based in Brazil and will report to Marko Mattila, Chief Sales, Service & Marketing Officer of the Ponsse Group. Fernando Campos Passos, the former Managing Director of Ponsse Latin America Ltda, held the position since 2018.

Ponsse has published a press release on 20 February 2024, in which it tells the plans to update its operating model globally to strengthen its long-term competitiveness and profitability and provide even better customer services. The Group's Management Team is moving the planning and execution of these changes forward. They would affect our organisation globally, and any local negotiations with employee representatives will be held in accordance with the local legislation of each country. If the planned operating model is realised, the changes would enter into force at the beginning of June 2024. The planned measures could result in total annual savings of approximately EUR 10 million from 2026 onwards. According to initial estimates, the planned measures could result in the reduction of approximately 120–140 jobs globally.

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.

Parent company’s profit and loss account

(1,000 EUR)	Note <sup>1</sup>	2023	2022
Net sales	2	654,268	625,225
Increase (+)/decrease (-) in inventories of finished goods and work in progress		-16,070	12,230
Other operating income	3	3,461	2,219
Raw materials and services	4	-436,516	-454,723
Staff costs	5, 6, 7	-65,199	-64,918
Depreciation, amortisation and impairment	8	-22,413	-20,039
Other operating expenses		-56,777	-70,114
Operating profit		60,754	29,880
Financial income and expenses	10	14,004	-3,037
Profit before extraordinary items		74,759	26,843
Appropriations	11	166	2,372
Income taxes	12	-12,698	-5,771
Net profit for the period		62,227	23,444

<sup>1</sup> The note refers to the Notes to the Accounts on pages 106–113.

Parent company’s balance sheet

(1,000 EUR)	Note <sup>1</sup>	2023	2022
ASSETS			
Non-current assets			
Intangible assets	13	48,185	46,424
Tangible assets	13	65,232	69,416
Financial assets	14	17,112	17,166
Total non-current assets		130,529	133,006
Current assets			
Inventories	15	115,769	128,348
Non-current receivables	16	13,398	11,031
Current receivables	16	158,726	107,357
Cash in hand and at banks		50,445	52,014
Total current assets		338,338	298,750
TOTAL ASSETS		468,867	431,756
LIABILITIES			
Shareholders' equity			
Share capital	17, 18	7,000	7,000
Revaluation reserve		841	841
Other reserves		3,458	3,458
Retained earnings		205,374	198,724
Net profit for the period		62,227	23,444
Total shareholders' equity		278,900	233,467
Appropriations			
Provisions for liabilities and charges	20	4,611	4,442
Creditors			
Non-current creditors	21	41,161	21,953
Current creditors	22	144,194	171,727
Total creditors		185,355	193,680
TOTAL LIABILITIES		468,867	431,756

<sup>1</sup> The note refers to the Notes to the Accounts on pages 106–113.

Parent company’s cash flow statement

(1,000 EUR)	2023	2022
Cash flows from operating activities:		
Operating profit	60,754	29,880
Depreciation, amortisation and impairment	22,413	20,039
Change in provisions	39	-636
Other adjustments	-260	18,967
Cash flow before changes in working capital	82,946	68,249
Change in working capital:		
Increase (-)/decrease (+) in current non-interest-bearing receivables	-52,792	-69,261
Increase (-)/decrease (+) in inventories	12,579	-32,038
Increase (+)/decrease (-) in current non-interest-bearing liabilities	-24,023	9,891
Cash flow from operations before financial items and income taxes	18,711	-23,159
Interest received		
Interest paid	-2,221	-411
Dividends received	1,368	1,051
Other financial items	646	-2,222
Direct taxes paid	-14,239	-2,754
Net cash flows from operating activities (A)	6,227	-26,513
Cash flows used in investing activities:		
Investments in tangible and intangible assets	-19,883	-26,631
Proceeds from sale of tangible and intangible assets	14,949	33
Net cash flows used in investing activities (B)	-4,934	-26,599
Cash flows from financing activities:		
Increase (+)/decrease (-) in current loans	14,197	29,845
Increase (+)/decrease (-) in non-current loans	2,000	-718
Increase (-)/decrease (+) in non-current receivables	-2,265	-2,835
Dividends paid and other distribution of profit	-16,794	-16,800
Net cash flows from financing activities (C)	-2,862	9,492
Increase (+)/decrease (-) in liquid assets (A+B+C)	-1,569	-43,619
Cash and cash equivalents on 1 Jan		
Cash and cash equivalents on 31 Dec	52,014	95,633
	50,445	52,014



# NOTES TO THE PARENT COMPANY’S ACCOUNTS

## 1. Accounting policies

Ponsse Plc’s financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The information in the financial statements is given in thousands of euro and is based on original acquisition costs unless otherwise stated in the accounting policies.

### Non-current assets

Non-current assets are recognised in the balance sheet at immediate cost less planned depreciation and amortisation. Planned depreciation and amortisation has been calculated on a straight-line basis over the useful life of the assets. Depreciation and amortisation has been calculated starting from the month during which the asset was taken into use.

The depreciation and amortisation periods are:

R&D expenses	3 to 10 years
Intangible rights	5 years
Other intangible assets	5 years
Buildings and structures	20 years
Machinery and equipment	5 to 10 years

### Investments

Subsidiary shares and other shares and participations in the investments of non-current assets are measured at the original acquisition cost or the lower fair value.

### Inventories

Inventories are valued at acquisition cost or a lower probable net realisable value. The Weighted Average Cost method is used as a basis for calculating the value of materials and supplies in stock. The acquisition cost of finished and unfinished products comprises raw materials, direct expenses due to work performed, other direct expenses, and the appropriate proportion of the variable and fixed overheads of manufacturing at the normal utilised capacity. The inventory of second-hand machines is valued at acquisition cost or a lower probable net realisable value. Net realisable value refers to an estimated sales price available through normal business operations less the estimated costs of finishing the product and the costs of sale.

### Guarantee provision

Probable guarantee expenses in respect of products delivered are booked under provisions for liabilities and charges.

### Recognition of sales

Sales are recognised upon the delivery of performance. Items such as indirect taxes and discounts granted have been deducted from the sales revenue before calculating net sales. Exchange rate differences in sales are recognised in financial items.

### Leasing expenses

Leasing payments have been recognised as expenses.

### R&D expenditure

Development costs that fulfil the capitalisation requirements of Chapter 5, Section 8 of the Accounting Act have been booked under intangible assets in the balance sheet and are subject to amortisation. Research costs are recognised directly as annual expenses.

### Pensions

Statutory pension cover for Group employees has been arranged through pension insurance companies and there are no outstanding pension liabilities. Pension insurance contributions have been allocated to match the wages and salaries booked on an accrual basis in the annual accounts.

### Derivatives

Derivatives of the parent company include currency derivatives and interest rate swaps. The fair values of the currency derivatives are capitalised and the change of fair values is recognised through profit or loss for the financial period. The fair values of interest rate swaps are presented in notes to the off-balance sheet.

### Income taxes

Income taxes have been recognised according to Finnish tax legislation.

### Foreign currency items

Business transactions in a foreign currency are recognised at the exchange rate on the transaction date, while receivables and liabilities in the balance sheet are converted at the exchange rate on the balance sheet date. Exchange rate differences arising from the measurement of balance sheet items are booked under financial items in the profit and loss account.

### Comparability with the previous year

The data for the financial year 1 January to 31 December 2023 is comparable with the previous year.

## 2. Net sales by market area

(1,000 EUR)	2023	2022
Northern Europe	308,861	236,691
Southern and Central Europe	141,081	134,913
Russia and Asia	11,039	32,100
North and South America	188,363	217,660
Other countries	4,924	3,860
<b>Total</b>	<b>654,268</b>	<b>625,225</b>

## 3. Other operating income

(1,000 EUR)	2023	2022
Sales profits on tangible assets	3	33
Public subsidies	930	865
Other	2,529	1,321
<b>Total</b>	<b>3,461</b>	<b>2,219</b>

## 4. Raw materials and services

(1,000 EUR)	2023	2022
Raw materials and consumables		
Purchases during the financial period	427,590	463,622
Increase (-)/decrease (+) in inventories	-2,487	-19,808
External services	11,413	10,910
<b>Total</b>	<b>436,516</b>	<b>454,723</b>

## 5. Average number of staff

Persons	2023	2022
Employees	514	526
Clerical workers	471	476
<b>Total</b>	<b>985</b>	<b>1,002</b>

## 6. Staff costs

(1,000 EUR)	2023	2022
Salaries and bonuses	53,757	53,655
Pension costs	9,070	9,081
Other social security costs	2,372	2,181
<b>Total</b>	<b>65,199</b>	<b>64,918</b>

## 7. Management salaries and remunerations

(1,000 EUR)	2023	2022
President and CEO	895	732
Members of the Board of Directors	365	413
<b>Total</b>	<b>1,260</b>	<b>1,145</b>

## 8. Depreciation and value adjustments

(1,000 EUR)	2023	2022
Depreciation according to plan	22,413	20,039
<b>Total</b>	<b>22,413</b>	<b>20,039</b>

## 9. Auditor's remunerations

(1,000 EUR)	2023	2022
	KPMG	KPMG
Auditor's remunerations	95	85
Certificates and statements	14	7
Tax advice	16	3
Other remunerations	0	16
<b>Total</b>	<b>124</b>	<b>112</b>

10. Financial income and expenses

(1,000 EUR)	2023	2022
Income from participations in Group companies	14,946	0
Dividend income		
From Group companies	1,300	1,000
From associated companies	68	51
Dividend income, total	1,368	1,051
Interest income and other financial income		
From Group companies	1,547	903
Change in the fair value of derivative instruments	2,326	2,826
From others	5,182	4,976
Interest income and other financial income, total	9,055	8,706
Financial income, total	25,369	9,757
Interest expenses and other financial expenses		
Change in the fair value of derivative instruments	3,254	1,342
To others	8,111	11,452
Interest expenses and other financial expenses, total	11,365	12,794
Financial expenses, total	11,365	12,794
Financial income and expenses, total	14,004	-3,037
The item "Financial income and expenses" includes exchange rate profit/loss (net)	-1,660	-3,778

11. Appropriations

(1,000 EUR)	2023	2022
Difference between depreciations according to plan and depreciations in taxation	166	2,372

12. Income tax

(1,000 EUR)	2023	2022
Income taxes from actual operation	12,698	5,771
Total	12,698	5,771

13. Intangible and tangible assets

INTANGIBLE ASSETS 2023

(1,000 EUR)	Development costs	Patent costs	Intangible rights	Other intangible assets	Prepayments and unfinished acquisitions	Total
Acquisition cost 1 Jan 2023	63,150	3,135	2,363	20,914	9,526	99,087
Increase	4,982	240	0	2,522	9,537	17,281
Decrease	0	0	0	0	-3,414	-3,414
Transfers between items	0	0	0	0	0	0
Acquisition cost 31 Dec 2023	68,132	3,375	2,363	23,436	15,649	112,954
Accumulated depreciation on 1 Jan 2023	-35,636	-2,088	-2,189	-12,749	0	-52,663
Accumulated depreciation on decrease and transfers	0	0	0	0	0	0
Depreciation for the accounting period	-9,186	-333	-84	-2,502	0	-12,106
Accumulated depreciation on 31 Dec 2023	-44,823	-2,421	-2,273	-15,251	0	-64,769
Book value 31 Dec 2023	23,309	953	89	8,185	15,649	48,185
Book value 31 Dec 2022	27,513	1,047	174	8,165	9,526	46,424

TANGIBLE ASSETS 2023

(1,000 EUR)	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and unfinished acquisitions	Total
Acquisition cost 1 Jan 2023	1,618	81,923	91,129	230	1,389	176,290
Increase	0	2,098	3,682	0	1,728	7,508
Decrease	0	0	0	0	-1,384	-1,384
Transfers between items	0	0	0	0	0	0
Acquisition cost 31 Dec 2023	1,618	84,021	94,811	230	1,734	182,414
Accumulated depreciation on 1 Jan 2023	0	-39,983	-67,732	0	0	-107,715
Accumulated depreciation on decrease and transfers	0	0	0	0	0	0
Depreciation for the accounting period	0	-3,909	-6,398	0	0	-10,307
Accumulated depreciation on 31 Dec 2023	0	-43,893	-74,130	0	0	-118,022
Revaluations	0	841	0	0	0	841
Book value 31 Dec 2023	1,618	40,969	20,681	230	1,734	65,232
Book value 31 Dec 2022	1,618	42,781	23,397	230	1,389	69,416
Book value of operating machinery and equipment						
31 Dec 2023			18,199			
31 Dec 2022			20,727			

A revaluation of EUR 841 thousand was made on 31 August 1994 of the parent company's business premises at Vieremä. Depreciation has not been applied to the revaluation. The revaluation was made on the basis of legislation then in effect because the likely sales price of the premises is permanently and substantially higher than the acquisition cost.



14. Financial assets

INVESTMENTS 2023

(1,000 EUR)	Shares in Group companies	Shares in associated companies	Shares, other	Receivables from Group companies	Receivables, other	Total
Acquisition cost 1 Jan 2023	38,000	335	440	0	0	38,774
Increase	0	0	0	0	0	0
Decrease	0	0	0	0	0	0
Acquisition cost 31 Dec 2023	38,000	335	440	0	0	38,774
Accumulated write-downs 1 Jan 2023	-21,525	0	-84	0	0	-21,608
Decrease	-54	0	0	0	0	-54
Write-downs	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Book value 31 Dec 2023	16,421	335	356	0	0	17,112
Book value 31 Dec 2022	16,475	335	356	0	0	17,166

GROUP COMPANIES

Name and domicile	Company's share of ownership %
Ponsse AB, Västerås, Sweden	100.00
Ponsse AS, Kongsvinger, Norway	100.00
Ponssé S.A.S., Gondreville, France	100.00
Ponsse UK Ltd., Annan, United Kingdom	100.00
Ponsse Machines Ireland Ltd., Ireland	100.00
Ponsse North America, Inc., Rhinelander, United States	100.00
Ponsse Latin America Indústria de Máquinas Florestais Ltda, Mogi das Cruzes, Brazil	100.00
000 Ponsse, St. Petersburg, Russia (until 18 Sep 2023)	100.00
Ponsse Centre, St. Petersburg, Russia (owned by 000 Ponsse, until 18 Sep 2023)	100.00
Epec Oy, Seinäjoki, Finland	100.00
Bram Engineers B.V., Barendrecht, the Netherlands (owned by Epec Oy, starting 1 Nov 2023)	100.00
Ponsse Asia-Pacific Ltd., Hong Kong	100.00
Ponsse China Ltd., Beihai, China (owned by Ponsse Asia-Pacific Ltd.)	100.00
Ponsse Uruguay S.A., Paysandú, Uruguay	100.00
Ponsse Czech s.r.o, Hostinné, Czech	100.00
Ponsse Chile SpA, Chillán, Chile	100.00
EAI PON1V Holding Oy, Finland	100.00

All Group companies were consolidated in the parent company’s financial statements.

During 2023, Ponsse sold all its shares in its Russian subsidiary, 000 Ponsse, to the Russian company 000 Bison. The deal also included the Russian real-estate company, Ponsse Centre, that was 100% owned by 000 Ponsse. The transaction price is not made public due to contractual reasons. The sales price includes an EUR 3 million receivable which is recorded as Other receivables and is due in 18 months. The deal’s effect on the parent company’s distributable reserves is EUR +14.9 million.

ASSOCIATES

Name and domicile	Company's share of ownership %
Sunit Oy, Kajaani, Suomi	34.00

The associate was consolidated in the parent company’s financial statements.

15. Inventories

(1,000 EUR)	2023	2022
Raw materials and consumables	73,748	80,175
Work in progress	13,443	27,783
Finished products/goods	7,271	9,062
Other inventories	20,303	11,328
Prepayments	1,004	0
Total	115,769	128,348

16. Receivables

(1,000 EUR)	2023	2022
Non-current receivables		
Receivables from Group companies		
Loan receivables	10,297	11,031
Other receivables	3,102	0
Non-current receivables, total	13,398	11,031
Current receivables		
Trade receivables	28,743	26,514
Receivables from Group companies		
Trade receivables	115,760	72,513
Other receivables	8,750	3,107
Accrued income		
Grants receivable	795	471
Income tax receivables	0	0
Derivative contracts	681	2,621
Accrued expenses	2,470	1,688
Other accrued income	1,527	444
Other accrued income, total	5,473	5,223
Current receivables, total	158,726	107,357
Receivables, total	172,124	118,388

In year 2022, the company has measured the net investment to subsidiary Ponsse Latin America Ltda at fair value by recognising EUR 19.0 million credit loss from trade receivables.

17. Shareholders’ equity

(1,000 EUR)	2023	2022
Equity employed		
Share capital on 1 Jan	7,000	7,000
Scrip issue	0	0
Share capital on 31 Dec	7,000	7,000
Revaluation reserve 1 Jan	841	841
Revaluation of non-current assets, change	0	0
Revaluation reserve 31 Dec	841	841
Equity employed, total	7,841	7,841
Shareholders' surplus		
Other reserves 1 Jan	3,458	3,458
Share based incentive scheme, change	0	0
Other reserves 31 Dec	3,458	3,458
Retained earnings on 1 Jan	222,168	215,524
Purchase of treasury shares	0	0
Share based incentive scheme, change	0	0
Dividend distribution	-16,794	-16,800
Retained earnings on 31 Dec	205,374	198,724
Result for the period	62,227	23,444
Shareholders' surplus, total	271,059	225,626
Total shareholders' equity	278,900	233,467

Other reserves includes an increase in the reserve for the transfer of treasury shares related to the Share plan.

18. Distributable funds

(1,000 EUR)	2023	2022
Retained earnings	205,374	198,724
Result for the period	62,227	23,444
Capitalised R&D expenses	-35,998	-34,562
Total	231,603	187,606

Capitalised R&D expenses are deducted from the distributable funds as of 1 January 2016.

Ponsse Plc's registered share capital on 31 December 2023 was EUR 7,000,000 divided into 28,000,000 shares each having a nominal value of EUR 0.25. All shares are of the same series and each share entitles its holder to one vote at shareholder meetings and gives an equal right to a dividend.

Ponsse Plc has no outstanding convertible notes or bonds with warrants. The parent company holds 23 562 treasury shares. The Ponsse Plc Board of Directors is not currently authorised to increase the company's share capital, or issue convertible notes or bonds with warrants.

19. Accumulated appropriations

(1,000 EUR)	2023	2022
Depreciation difference	0	167

20. Provisions for liabilities and charges

(1,000 EUR)	2023	2022
Guarantee provision	4,611	4,442

21. Non-current creditors

(1,000 EUR)	2023	2022
Loans from financial institutions	41,000	21,000
Other loans	161	953
Non-current creditors, total	41,161	21,953

Ponsse Oyj has no debts falling due in more than five years.

22. Current creditors

(1,000 EUR)	2023	2022
Loans from financial institutions	45,000	48,000
Other loans	792	803
Advances received	90	242
Trade creditors	72,824	82,132
Liabilities to Group companies		
Advances received	710	0
Intra-Group trade creditors	1,232	5,843
Liabilities to Group companies, total	1,942	5,843
Other liabilities	1,358	1,447
Accruals and deferred income		
Accrued staff expenses	13,676	13,030
Interest accruals	1,223	240
Income tax liability	1,240	2,781
Other accruals and deferred income	6,049	17,209
Accruals and deferred income, total	22,187	33,260
Current creditors, total	144,194	171,727

23. Pledges given, contingent and other liabilities

23.1 Pledges given for own debt

Company has not issued any written security for the external liabilities.

23.2 Leasing commitments

(1,000 EUR)	2023	2022
Leasing payments payable under leasing agreements		
Leasing payments payable during the next financial period	754	650
Leasing payments payable thereafter	786	699
Leasing payments payable under leasing agreements, total	1,540	1,349

23.3 Contingent liabilities on behalf of Group companies

(1,000 EUR)	2023	2022
Guarantees given on behalf of companies within the Group	20,023	23

The parent company has issued a written security for the external liabilities of its six subsidiaries.

23.4 Pension liabilities

Pension cover for the personnel of the company is arranged with external pension insurance company.

23.5 Other contingent liabilities

(1,000 EUR)	2023	2022
Guarantees given on behalf of others	2,839	3,161
Repurchase commitments	442	190
Other commitments	5,482	6,293
Other contingent liabilities, total	8,764	9,645

The company is responsible for checking the VAT deductions made on real property investments if the taxable usage of the real property is diminished during the auditing period. The maximum amount of the liability is EUR 5,348,800 (EUR 6,100,484) and the last auditing year is 2033 (2032), and this is included in above-mentioned Other liabilities -section.

23.6 Derivative liabilities

(1,000 EUR)	2023	2022
Forward exchange agreements		
Fair value	-146	2,446
Value of underlying asset	70,838	58,675
Interest rate derivatives		
Fair value	1,684	2,842
Value of underlying asset	28,000	28,000

Derivative contracts are used solely to hedge against foreign exchange and interest rate risks.



SHARE CAPITAL  
AND SHARES

Ponsse Plc's share capital is EUR 7,000,000 divided into 28,000,000 shares. The nominal value of each share is EUR 0.25. All shares are of the same series and each share entitles its holder to one vote at shareholders’ meetings and gives an equal right to dividends.

Ponsse Plc has no outstanding convertible notes or bonds with warrants.

Treasury shares

The parent company holds 23,562 treasury shares.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of a maximum of 250,000 company's own shares using the unrestricted equity of the company representing approximately 0.89 % of the company's total shares and votes. The shares may be acquired through public trading at the market price of the company’s share at the time of the acquisition or outside public trading for a price which at most corresponds to the market price in public trading at the time of the acquisition. The authorization includes the Board of Director’s right to resolve how the shares are acquired. The company's own shares may be acquired other than in proportion to the shares held by the shareholders (directed repurchase). The decision to acquire 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 cancels previous authorization given to Board of Directors by the Annual General Meeting on 7 April 2022. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2024.

The Annual General Meeting authorized 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 authori- zation 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 con- cerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive right (directed issue). Based on the authorization, the Board of Directors may also decide on a share issue to the company itself without consideration. The authorization cancels previous authorization given to Board of Directors by the Annual General Meeting on 7 April 2022. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2024.

INCREASES IN SHARE CAPITAL 1994–2023

Subscription period	Method of increase	Nominal value EUR	Number of new shares	Increase in share capital EUR	New share capital EUR
31 August 1994	Scrip issue	0.84	1,300,000	1,093,221.52	2,489,181.31
9–22 March 1995	Scrip issue	0.84	148,000	124,459.07	2,613,640.38
9–22 March 1995	Rights issue for the general public	0.84	392,000	329,648.34	2,943,288.71
16 March 2000	Split 1:2	0.42	-	0.00	2,943,288.71
16 March 2000	Scrip issue	0.50	-	556,711.29	3,500,000.00
29 November 2004	Scrip issue	0.50	7,000,000	3,500,000.00	7,000,000.00
29 March 2006	Split 1:2	0.25	-	0.00	7,000,000.00

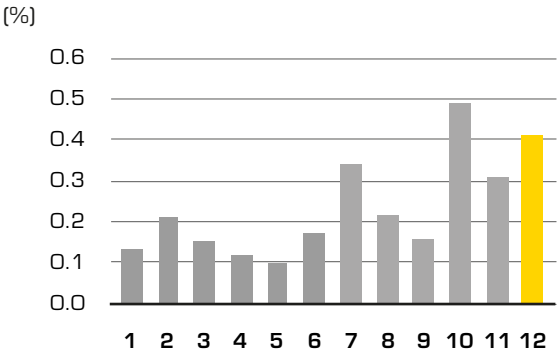
Authorisation to increase share capital

At the end of the financial year, the company's Board of Directors did not have any valid authorisation to increase the share capital or to issue convertible bonds or bonds with warrants.

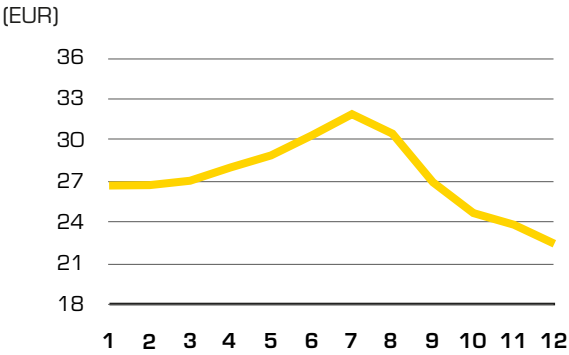
SHARE TURNOVER 1 JANUARY – 31 DECEMBER 2023

Month	Turnover value, EUR	Turnover, number of shares	Lowest, EUR	Highest, EUR	Weighted average share price, EUR	Closing price, EUR	Market capitalisation, EUR	Number of shares	Relative turnover, %
1	962,868	36,077	25.55	27.55	26.69	26.25	735,000,000	28,000,000	0.13
2	1,587,615	59,414	25.80	27.60	26.72	26.70	747,600,000	28,000,000	0.21
3	1,142,642	42,250	26.00	28.70	27.04	28.15	788,200,000	28,000,000	0.15
4	976,114	34,853	26.80	28.90	28.01	28.45	796,600,000	28,000,000	0.12
5	822,464	28,466	27.85	29.50	28.89	29.50	826,000,000	28,000,000	0.10
6	1,459,037	48,097	28.00	32.50	30.34	32.00	896,000,000	28,000,000	0.17
7	3,008,840	94,322	30.15	35.00	31.90	31.90	893,200,000	28,000,000	0.34
8	1,848,509	60,637	28.00	34.50	30.48	29.30	820,400,000	28,000,000	0.22
9	1,236,081	45,897	25.85	29.30	26.93	26.20	733,600,000	28,000,000	0.16
10	3,366,593	136,405	23.40	26.90	24.68	24.80	694,400,000	28,000,000	0.49
11	2,082,649	87,386	22.75	25.45	23.83	23.40	655,200,000	28,000,000	0.31
12	2,571,594	114,581	21.75	23.75	22.44	22.60	632,800,000	28,000,000	0.41
2023	21,065,004	788,385	21.75	35.00	26.72	22.60	632,800,000	28,000,000	2.82

RELATIVE SHARE TURNOVER  
BY MONTH 2023



WEIGHTED AVERAGE SHARE PRICE  
BY MONTH 2023



SHAREHOLDER PROFILE ON 31 DECEMBER 2023

	Shares, pcs	Percentage of shares and votes, %	Shares of nominee-registered, pcs	Shares of nominee-registered, %	Votes, pcs	Percentage of votes, %
Enterprises	609,520	2.177	0	0	609,520	2.177
Financial institutions and insurance companies	2,287,492	8.170	828,736	2.960	3,116,228	11.129
Public sector entities	1,128,209	4.029	0	0	1,128,209	4.029
Households	22,235,152	79.411	0	0	22,235,152	79.412
Non-profit organisations	533,960	1.907	0	0	533,960	1.907
Foreign holding	31,177	0.111	345,754	1.235	376,931	1.346
Total	26,825,510	95.805	1,174,490	4.195	28,000,000	100.000

ANALYSIS OF SHAREHOLDERS ON 31 DECEMBER 2023

Shares per shareholder	Number of shareholders	Percentage of shareholders, %	Shares, total, pcs	Percentage of shares and votes, %
1–100	12,101	65.924	410,420	1.466
101–500	4,366	23.785	1,094,121	3.908
501–1,000	978	5.328	763,686	2.727
1,001–5,000	750	4.086	1,597,589	5.706
5,001–10,000	79	0.430	586,582	2.095
10,001–50,000	61	0.332	1,206,429	4.309
50,001–100,000	7	0.038	447,602	1.599
100,001–500,000	8	0.044	2,352,401	8.401
over 500,000	6	0.033	19,541,170	69.790
Total	18,356	100.000	28,000,000	100.000

SHAREHOLDERS ON 31 DEC 2023

No.	Name	Number of shares	Percentage of shares	Percentage of votes
1	Vidgrén Juha Einari	6,207,000	22.17	22.17
2	Vidgrén Jukka Tuomas	3,764,778	13.45	13.45
3	Vidgrén Janne Ilmari	3,691,742	13.18	13.18
4	Vidgrén Jarmo Kalle Johannes	3,684,263	13.16	13.16
5	Nordea Nordic Small Cap Fund	1,494,249	5.34	5.34
6	Skandinaviska Enskilda Banken Ab (Publ), Helsinki	699,138	2.50	2.50
7	Ilmarinen Mutual Pension Insurance Company	420,791	1.50	1.50
8	Varma Mutual Pension Insurance Company	389,000	1.39	1.39
9	Einari Vidgrén Foundation	388,000	1.39	1.39
10	Elo Mutual Pension Insurance Company	307,245	1.10	1.10
11	Evli Finnish Small Cap Fund	305,253	1.09	1.09
12	Aktia Capital mutual fund	218,000	0.78	0.78
13	Citibank Europe Plc	211,466	0.76	0.76
14	Nordea Bank Abp	112,646	0.40	0.40
15	Clearstream Banking S.A.	82,049	0.29	0.29
16	Säästöpankki Kotimaa mutual fund	79,392	0.28	0.28
17	Nummela Juho Aleksi	66,092	0.24	0.24
18	Mandatum Life Insurance Company Limited	63,428	0.23	0.23
19	Rinta-Jouppi Jarmo Aulis	53,500	0.19	0.19
20	Kirkon Eläkerahasto	52,000	0.19	0.19
21	Randelin Mari Elina	51,141	0.18	0.18
22	Relander Pär-Gustaf	48,000	0.17	0.17
23	Vidgrén Kalle Samuel	40,800	0.15	0.15
24	Vidgrén Henri Eemil	38,084	0.14	0.14
25	Apotrade Consulting Oy	36,000	0.13	0.13
26	Aro Erkki Arvi Juhani	34,320	0.12	0.12
27	Outokummum Metalli Oy	32,000	0.11	0.11
28	Relander Annette Louise	32,000	0.11	0.11
29	Pietarinen Oiva Untamo estate	31,432	0.11	0.11
30	Saxo Bank A/S	30,772	0.11	0.11
Other shareholders		5,335,419	19.06	19.06
Total		28,000,000	100.00	100.00

At year-end 2023, Ponsse Plc had 18,356 shareholders (on 31 December 2022: 18,157).

Management holdings

Members of the Board of Directors, President and CEO, companies under their control and their underage children held a total of 7,519,633 Ponsse Plc shares on 31 December 2023, corresponding to 26.9 per cent of shares and votes in the company.

The section Share capital and Shares has not been audited.



# BOARD OF DIRECTORS’ PROPOSAL FOR THE DISPOSAL OF PROFIT

No such material changes have taken place in the company’s financial standing after the end of the financial year. When making its proposal regarding dividends, the Board of Directors has taken into account the impact of distribution of dividends on the Group’s solvency as prescribed in Chapter 13, section 2 of the Companies Act.

The parent company’s distributable funds total EUR 231,603,128.02, of which the net profit for the period amounted to EUR 62,227,340.88.

The company’s Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.55 per share is to be paid for 2023. The dividend distribution totals EUR 15,387,040.90.

A total of EUR 216,216,087.12 will remain in the parent company’s non-restricted equity.

Vieremä, 29 February 2024

Jarmo Vidgren  
Chairman of the Board

Mammu Kaario

Terhi Koipijärvi

Matti Kylävaio

Ilpo Marjamaa

Juha Vanhainen

Jukka Vidgren

Juho Nummela  
President and CEO

# AUDITOR’S NOTE

A report on the audit carried out has been submitted today.

Helsinki, 29 February 2024

KPMG Oy Ab

Ari Eskelinen  
APA

# AUDITOR’S REPORT

This document is an English translation of the Finnish auditor’s report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Ponsse Plc

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Ponsse Plc (business identity code 0934209-0) for the year ended 31 December 2023. The financial statements comprise the consolidated statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes, including material accounting policy information, as well as the parent company’s profit and loss account, balance sheet, cash flow statement and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations

applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<b>RECOGNITION OF REVENUE FROM MACHINE AND SERVICE SALES (REFER TO NOTES 2.1 AND 2.2 ON THE CONSOLIDATED FINANCIAL STATEMENTS)</b>	
<p>Machine sales account for the most significant part of the consolidated net sales, 75%, where revenue is recognized at a point in time when control transfers to the customer in accordance with contract terms.</p> <p>Service sales account for 22 % of the consolidated net sales. Revenue from long-term maintenance agreements is recognized over time so that the revenue corresponds with the maintenance services carried out by the Group.</p> <p>The timing of revenue recognition for both machine and service sales involves risk of revenue being recorded either too early or too late.</p> <p>The amount of net sales in the financial statements is addressed as a key audit matter, since the considerable number of sales transactions and risk that revenue is recognized in an incorrect period.</p>	<ul style="list-style-type: none"><li>• We evaluated the revenue recognition and accounting principles of the company by reference to applicable IFRS standards, focusing on machine and service sales.</li><li>• In respect of net sales, we tested sales-related key controls and performed both analytical and substantive audit procedures.</li><li>• We considered transactions during the financial year by comparing them to invoices, underlying contracts, delivery documents and payments received, on a sample basis.</li><li>• We assessed the inclusion of sales in the appropriate period by comparing recognized sales transactions occurred near 31 December 2023 to invoices, delivery documents and contract terms, and by examining credit invoices issued in early 2024, on a sample basis.</li><li>• Furthermore, we considered the accuracy and adequacy of the disclosures on net sales provided in the consolidated financial statements.</li></ul>
<b>VALUATION OF INVENTORIES – TRADE-IN MACHINES, INVENTORY OF MATERIALS AND SUPPLIES (REFER TO NOTE 4.4 TO THE CONSOLIDATED FINANCIAL STATEMENTS)</b>	
<p>Group’s value of inventories totaled EUR 241 million at year end 2023 accounting for 51 % of the total assets. Trade-in machines, materials and supplies account for 65% of the total inventory balance.</p> <p>Inventories are valued at either acquisition cost or probable net realizable value in case it is lower. The cost of materials and supplies is assigned by using the average cost formula.</p> <p>Valuation of trade-in machines, materials and supplies involves judgments made by management for probable net realizable value.</p> <p>Functionality of the IT systems and internal control plays a major role in ensuring the accuracy of inventory reporting (number and unit price).</p> <p>Valuation of inventory is therefore considered a key audit matter.</p>	<ul style="list-style-type: none"><li>• In respect of valuation of trade-in machines and materials and supplies we tested key controls of the company and performed both analytical and substantive audit procedures.</li><li>• We obtained an understanding of the company's impairment model and principles and assessed the consistency in application of the accounting rules. We considered the adequacy of the impairment losses recorded.</li><li>• We analyzed the valuation principles of trade-in machines. We examined the inventory turnover and compared the carrying amounts of the selected machines to actual resale prices.</li><li>• We have attended stock takings in selected inventory locations and assessed the appropriateness of the stock taking processes.</li></ul>

**Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare



circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER REPORTING REQUIREMENTS

### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on May 27, 2020, and our appointment represents a total period of uninterrupted engagement of 4 years.

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 29 February 2024  
KPMG OY AB

Ari Eskelinen  
Authorized Public Accountant, KHT



## **PONSSE PLC**

**Ponssentie 22, 74200 Vieremä,  
Finland**

**Tel. +358 20 768 800**

**[www.ponsse.com](http://www.ponsse.com)**

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