



**ANNUAL REPORT**

**2024**

***TOGETHER WE ENABLE THE BEST  
CUSTOMER EXPERIENCE AND  
SUSTAINABLE FUTURE***





Ponsse's sustainability report is included in the Board of Directors' report.

Ponsse's sustainability report complies with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD). The report has been prepared in accordance with the Accounting Act and the European Sustainability Reporting Standards (ESRS).



# CONTENTS

## YEAR 2024

Ponsse in brief.....	4
Ponsse in figures 2024 .....	6
Highlights from 2024 .....	8
Ponsse values .....	10
Review by the Chair of the Board and the President and CEO .....	12
Ponsse Products.....	14
Ponsse Service .....	18
Sustainability at Ponsse .....	22
Board of Directors .....	24
Management Team .....	26
Ponsse distribution network.....	27

## BOARD OF DIRECTORS' REPORT

Board of Directors' report.....	30
Sustainability report .....	36
General information .....	36
Environmental information.....	50
EU taxonomy.....	50
E1 – Climate change .....	57
E4 – Biodiversity and ecosystems .....	64
E5 – Resource use and circular economy.....	68
Social information .....	75
S1 – Own workforce .....	75
S4 – Consumers and end users .....	86
Governance information .....	90
G1 – Business conduct.....	90
Content index .....	97

## FINANCIAL STATEMENTS

Information for shareholders.....	104
Financial indicators.....	105
Per-share data .....	106
Formulae for financial indicators.....	107
Consolidated statement of comprehensive income.....	110
Consolidated statement of financial position.....	111
Consolidated statement of cash flows .....	112
Consolidated statement of changes in equity.....	113
Notes to the consolidated financial statements.....	114
Parent company's profit and loss account.....	150
Parent company's balance sheet.....	151
Parent company's cash flow statement.....	152
Notes to the parent company's accounts .....	153
Shares and shareholders.....	161
Board of Directors' proposal for the disposal of profit.....	165
Auditor's Report.....	167
Assurance Report on the Sustainability Report .....	171

## CORPORATE GOVERNANCE STATEMENT

Introduction .....	176
Ponsse's governing bodies.....	176
Annual General Meeting .....	177
Board of Directors .....	177
President and CEO .....	180
Management Team .....	180
Main features of the internal control and risk management systems .....	181
Other information .....	184
Audit.....	184
Insider management.....	184
Related-party transactions.....	185

## REMUNERATION REPORT

Introduction .....	188
Remuneration of the members of the Board in 2024 .....	190
Remuneration of the President and CEO in 2024.....	191

# PONSSE IN BRIEF

Ponsse Plc is a company specialising in the sale, production, maintenance and technology of forest machines. At the heart of its operations is supporting customers and their business.

The company develops and manufactures innovative harvesting solutions that support sustainable development to respond to the changing needs of the industry and customers.

Ponsse has grown from the dream of an individual entrepreneur working with forest machines into an internationally

respected family business. Established by Einari Vidgrén in 1970, the company has expanded to global logging sites over the decades, but its domicile in Vieremä in Finland remains the heart of its operations.

Today, the name Ponsse inspires trust among our stakeholders and is recognised as a value-driven company. The company respects all Ponsse employees and this Ponsse spirit is also conveyed to our customers and partners across the world.

More than 21,000 PONSSE forest machines have already been manufactured at the Vieremä factory. The company has established itself as the world's leading manufacturer of Cut-To-Length forest machines and its shares are listed on Nasdaq Helsinki's Nordic list.

Einari's ambition – "We manufacture the best forest machines in the world" – is not just idle talk. It is Ponsse's promise that is built on sustainable solutions, seamless cooperation and global growth.

**2,024**  
Ponsse employees

**58%**  
Ponsse employees in Finland

**42%**  
Ponsse employees around the world

**11%**  
Share of female employees



We operate in  
**40**  
countries

**12**  
Country organisations

**74%**  
Share of exports

**235**  
Service centres around the world

**16,000**  
Active machines on the logging sites globally





# PONSSE IN FIGURES 2024

## FINANCIAL KEY FIGURES

Net sales  
**750.4**  
MEUR (821.8)

Cash flow  
**85.0**  
MEUR (30.4)

Return on equity (ROE)  
**3.9%**  
(5.9)

Order intake  
for the period  
**706.9**  
MEUR (700.2)

Gross investment  
in fixed assets  
**21.6**  
MEUR (35.9)

Operating profit  
**36.8**  
MEUR (47.2)

Net debt  
**3.3**  
MEUR (45.5)

Equity ratio  
**58.7%**  
(53.3)

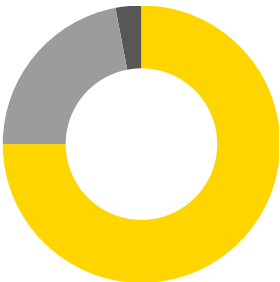
Order books  
**188.6**  
MEUR (232.1)

Result before taxes  
**21.5**  
MEUR (42.9)



NET SALES BY SEGMENT

- Nordics and Baltics 46%
- Central and Southern Europe 23%
- North America 15%
- South America 14%
- Asia, Australia and Africa 2%



NET SALES BY CONTRACT TYPE

- Machine sales 75%
- Service 22%
- Systems solutions 3%



**-10%**  
Scope 1 & 2 emissions



**11.5**  
Accident frequency, LTIF



**57.9%**  
Recycling rate,  
increase 6.6 p.p.



# HIGHLIGHTS FROM 2024



## New global operating model

Ponsse adopted a new global operating model and organisation on 1 June 2024. The new operating model, focusing on sales and maintenance services, has been divided into five market areas that sharpen the focus on local markets and customers, as well as global operations that support sales and maintenance roles.

## Productivity and safety with precision positioning

Ponsse launched the PONSSE High-Precision Positioning solution, which allows the operator to see the exact location of the machine and harvester head on a map view, as well as the logging areas. The solution utilizes industry-leading navigation and positioning tools as well as Ponsse's own advanced technologies.

## Scopes 1 & 2 emissions down by

10%

As a significant measure to reduce greenhouse gas emissions, Ponsse replaced liquefied petroleum gas (LPG) with biogas in surface treatment during 2024. Previously, the consumption of LPG accounted for more than 90 per cent of Scopes 1 and 2 emissions in production in Vieremä. Biogas reduces annual emissions by roughly 215 tCO<sub>2</sub>e. In addition, local biogas production strengthens energy self-sufficiency and reduces dependence on fossil fuels.



## New service centre in Uruguay

The service centre opened in Tacuarembó in Northern Uruguay in October brings Ponsse's services close to customers. The large spare parts warehouse and new workshop enable more extensive maintenance and repairs. The service centre has seven employees. Forestry is a growing industry in the region, and Tacuarembó is the hub for forestry in Uruguay.

## Ponsse strengthens its dealer network

Ponsse has strengthened its dealer network by entering into agreements with Dyna Touraine in Central France and Bailey's in Woodlands, California.



## Awards to forest industry professionals

The Einari Vidgrén Foundation's awards were given for the 19th time. The Einari Award, the Foundation's key recognition, was granted to Roger Lejeune from Belgium, who has pioneered the Cut-To-Length method for more than 30 years. The first ever Global CTL award was given to Huequecura, based in Chile. In addition, lifetime achievement awards, recognitions, operator awards and student scholarships were given.

## Load space made from fossil-free steel

In the summer 2024, Ponsse launched a load space made from SSAB's fossil-free steel for the PONSSE Buffalo forwarder. This material concept focuses on the processability, behaviour and properties of the new material used in forest machine manufacturing. The load space is built for material testing and the material concept is part of the FORWARD27 ecosystem project.

73  
medals of merit

Every year, Ponsse's employees are awarded medals of merit for careers of 35, 30, 25, 20 and 10 years. In 2024, medals of merit were awarded to 73 Ponsse employees.

30  
years

Ponsse AB, Ponsse's first subsidiary, celebrated its 30th anniversary at the PonsseShow Sweden in June.





# PONSSE VALUES



**WE TRULY  
CARE**



**WE WORK FOR  
CUSTOMERS**



**WE ARE  
HONEST**



**WE ARE OPEN  
FOR RENEWAL**



## **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 Vidgrén 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 – form our most important competitive edge. We exist because of our customers and our values convey the 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 in 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 global 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. Our most important asset and a prerequisite for all development is the well-being of the Ponsse people throughout our Ponsse network. Ponsse is a good and safe place to work for all of us.



# A YEAR OF MAJOR CHANGES

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

Modest financial development characterised 2024. Financial uncertainties also extended to Ponsse and the market situation remained challenging throughout the year. Order intake was fairly weak during the first part of the year but improved in the latter half, driven by the busy exhibition season. Challenges in demand were also reflected in sales of used machines and our stock levels were high from start to finish.

Uncertainties in the forest industry had a significant impact on the demand for forest machines. While inflation eased, the geopolitical situation caused significant uncertainties in the market. Interest rates remained fairly high in some market areas. At the same time, decreased purchasing power affected private consumption and construction volumes were very modest in Europe in particular. Demand for wood was still reasonably high, and in general, our customers were kept busy throughout the year. Our maintenance services performed well in the uncertain situation, providing our customers with excellent services globally.

At Ponsse, 2024 was a year of major changes, as the company's operating model underwent significant updates. A shift to a global organisational structure and reporting guidelines is a key part of the new operating model, which was adopted on 1 June 2024. This change supports even better customer service, strengthens competitiveness, increases cost effectiveness, and improves operational efficiency through shared practices. The new operating model enables a customer-driven organisation, focused on sales

and maintenance services, divided into five market areas. 1) Nordic countries and the Baltics; 2) Europe; 3) South America; 4) North America; and 5) Asia, Australia and Africa. This change is important considering Ponsse's long-term development, it has also burdened the company's personnel. The aim was to plan the operating model respecting the company's values and culture, and its

” **At Ponsse, customers are at the heart of it all, and the new operating model underlines the importance of cooperation in enabling our success.**

Jarmo Vidgren,  
Chair of the Board of Directors

implementation will continue. At Ponsse, customers are at the heart of it all and the new operating model underlines the importance of cooperation in enabling our success.

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

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

Rapid technological development gives us good opportunities to develop solutions that produce added value for our customers. Our investments in R&D and new technologies continued. As before, we invested in the development of digital services and in IT infrastructure. Ponsse's digital services cater for all the machines delivered over the years that produce daily data to enable the development of new solutions. R&D and digital services develop products and services for our customers at an increasing pace, and productisation remained active during the year.

Ponsse launched the updated PONSSE Wisent and PONSSE Elk forwarders in the smaller size category. Forwarder models have been designed with a focus on their agility and operator ergonomics. Adjustable electric armrests are key new features in operator ergonomics available for all PONSSE models. The PONSSE H7 harvester head with the PONSSE Active Speed function was another significant new product. The function adjusts the stem processing speed according to the tree species and stem diameter to save fuel.



In digital solutions, a new advanced version of PONSSE Manager, our forest machine management system, was introduced, and the PONSSE High-Precision Positioning solution was launched to help machine operators pinpoint the machine and harvester head location. And Ponsse launched the wireless PONSSE Scale loader scale system, which ensures optimal loads for forwarders. We were also the first forest machine manufacturer to launch the material concept for fossil-free steel.

In addition to the development of products and technologies, we continued our planned investments in improving our daily activities. Ponsse started to build new facilities for its service centre in Peyrat-le-Château in Central France. Furthermore, Wahlers Forsttechnik GmbH, a Ponsse dealer since 1993, invested in new facilities in Eastern Germany and CDN ERGO SP Z O.O in Poland. In 2024, Ponsse's technology company Epec opened its new environmentally friendly Epec Smart Factory, and Hydromec Inc, a Ponsse dealer since 2024, celebrated the grand opening of its new facilities in Amos Saint-Augustin-de-Desmaures, Quebec, Canada.

Responsibility and sustainable development will be key success factors in our

” **Here at Ponsse, we are doing meaningful work as part of sustainable forestry.**

Juho Nummela,  
President and CEO

future and prerequisites for the continuity of our operations. Here at Ponsse, we are doing meaningful work as part of sustainable forestry. This motivates 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 decades, is our asset, and our sustainable development goals have given it new strength. We have excellent new values: we truly care; we work for our 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 materialised in our everyday work and in our attitudes towards each other. It is conveyed to our customers through our daily activities, around which all the 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 of Directors

**Juho Nummela**  
President and CEO



# PONSSE PRODUCTS

Ponsse’s continuously developed products and innovative services support the efficiency and productivity of customers’ operations. Customer-driven research and development improves the opportunity to carry out safe activities on various logging sites and in changing conditions, while respecting the environment.

The development of digital solutions plays an ever-growing role, as available data must be converted into clearly readable views and tangible instructions for customers. Data can provide guidance and support to steer customers’ business into a more productive and sustainable direction, and to achieve optimal benefits from harvested wood.

Cut-To-Length (CTL) forest machines have been designed to be versatile: a single machine can be utilized in different terrain conditions in various harvesting operations, ranging from energy wood harvesting and first thinning all the way to regeneration felling. A balanced ground pressure of wheeled forest machines prevents soil disturbance during harvesting.

### Modernised solutions

In the summer of 2024, Ponsse launched its modernised forwarders PONSSE Elk and PONSSE Wisent. Completely new frame structures and middle pivots have increased the machines’ durability and versatility. The machines can be equipped with the PONSSE Active Cabin suspension system, which effectively reduces any sharp impact directed at the operator when driving on uneven terrain. Improved ergonomics and excellent visibility from the spacious cabin help operators keep going and thus increase safety at work. Alongside ergonomics and safety, excellent usability has been

one of the leading themes of our R&D activities for several years.

The popular H7 harvester head was also updated in 2024. Thanks to its improved feed roller geometry, the H7 can easily process large stems. With the advanced optional PONSSE Active Speed function, it allows the feed speed and force of the harvester head to be adjusted according to the tree species and stem diameter.

### Data and digital solutions as drivers of development

Ponsse’s digital solutions provide customers with even more accurate data on forest machine operations. Launched in the spring of 2024, the PONSSE Manager 2.0 platform facilitates the monitoring of machines, worksites and productivity, using reports, map views and up-to-date data. Our customers can view daily production volumes by worksite in real time, as well as monitoring and analysing machine productivity and fuel consumption more easily than before. The platform shows maintenance data and operating hours to help predict upcoming maintenances. The structure of platform enables the continuous development of Manager 2 features.

With the PONSSE High-Precision Positioning system, the location of the harvester and harvester head can be pinpointed with unprecedented accuracy. The system allows the harvester head

Ergonomics, occupational safety and excellent usability are leading themes in Ponsse's R&D. The range of products and solutions based on data management and digitalisation is constantly growing.

## ENVIRON- MENTALLY FRIENDLY SOLUTIONS GUARANTEE EFFICIENCY

Ponsse develops sustainable and environmentally friendly harvesting solutions listening to our customers’ needs. Ponsse is committed to developing sustainable and innovative harvesting solutions. We can have an impact on the productivity and sustainability of our customers’ operations by constantly seeking to minimise fuel consumption, emissions and damage to trees and soil.





and the real-time location of the machine to be tracked in the operator's map view, providing the operator with the opportunity to ensure that trees are felled within the permitted felling area. This makes decision making easier for the operator and improves the productivity of harvesting. The location of every felled tree is saved in the production file for monitoring purposes, and the forwarder operator can see the logging trail for work planning purposes. The solution uses the industry's leading navigation and positioning technologies, as well as Ponsse's own advanced technologies such as Active Crane.

Ponsse also launched the Active Crane tip control for the powerful C5 and C6 telescopic cranes. With the Active Crane system controlling individual movements and boom end-damping, the operator and crane are subject to less strain. Active Crane also makes it easier to adopt economical and machine-sparing working

methods. The operator only needs to move the boom tip in the desired direction at the desired speed.

The updated wireless loader scale system PONSSE Scale weighs load fully automatically during loading and unloading, and sorts, saves and manages detailed load data during each work phase. Accurate weight measurements ensure optimal loads within the scope of the machine's carrying capacity. Load data and logs are available in easily readable reports. Wireless operation prevents any interruptions due to cable breakage and reduces machine repair costs. The loader scale is a must, especially in energy wood harvesting.

**Training solutions for various needs**

Ponsse provides its customers and partners with customised training solutions, consulting and operator training for the

safe and efficient operation of PONSSE forest machines and the planning of operations. CTL method training is provided for all harvesting professionals: even experienced forest industry professionals have access to new tools for more economical and productive working.

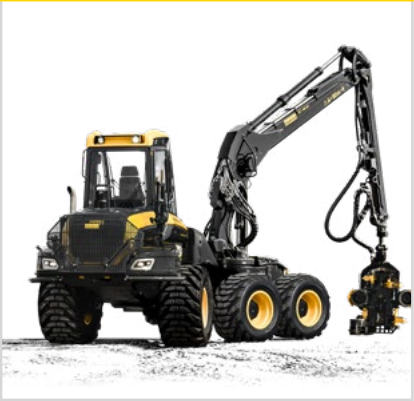
A comprehensive range of simulators has been developed for the training needs of forest industry professionals. Forest machine simulators offer a modern learning environment to train how to operate harvesters, forwarders and the PONSSE Opti information system safely and economically. Using simulators, even experienced forest machine operators can improve their professional skills, and future operators can learn how to operate forest machines safely.



Thinning protects forest health and tree growth, as well as the availability of valuable wood-based raw materials. The properties of CTL forest machines are key in avoiding damage to remaining trees and the ground.

**PONSSE product families**

**Harvesters**



Versatile and efficient PONSSE harvesters guarantee the best productivity and adapt easily to all kinds of environments. In terms of comfort, harvesters are in a league of their own. Ponsse has focused on the maintainability and usability of harvesters based on customers' wishes.

**Forwarders**



All PONSSE forwarder models have more than enough power for changing conditions and difficult terrain types. In addition to the regular hydrostatic and mechanical transmission, Ponsse's forwarders are the only forest machines in the world that use continuously variable transmission (CVT). It enables higher fuel economy and tractive force.

**Harvester heads**



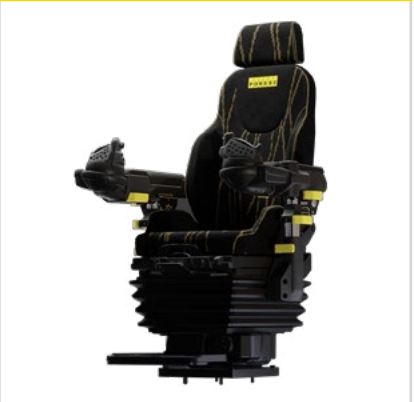
PONSSE harvester heads have been developed with their users with an eye on the harvesting efficiency ratio. Innovative design, continuous R&D and decades of experience have made our harvester heads the quality leaders in the market. The product range includes an optimal harvester head from energy wood harvesting and even for the most demanding sites.

**Information systems**



The basic principle behind PONSSE Opti information systems is user-friendliness. The product range consists of machine control and work management systems for harvesters, forwarders and track-based forest machines.

**Customised solutions**



Ponsse's customised solutions seek to improve productivity, occupational safety and comfort, and to address the environment. Combined with PONSSE products, they also improve efficiency.

**Simulators**



The versatile forest machine simulators PONSSE Full, Compact, Multi and Basic help current, and future professionals become even better in all phases of forest operations.



# PONSSE SERVICE

## CLOSE TO OUR CUSTOMERS

Ponsse's Service network developed during the year, when we brought services even closer to our customers in both physical and digital environments. The network's continuous development improves customer service and boosts Ponsse's operations and those of our customers.

Even the best forest machines in the world require maintenance to ensure that they operate efficiently throughout the machine lifecycle. Service is a significant part of Ponsse's business operations. Globally, 235 service centres, more than 2,200 maintenance professionals, 379 spare parts salespeople and more than 1,100 mechanics ensure that we keep our promise of manufacturing reliable and durable forest machines.

The service centres are in central locations considering our customers' operations and logistics. Service close to customers reduce the time required for forest machine maintenance and provide our customers with even better opportunities to develop the profitability of their operations.

The Service network was strengthened in 2024 by signing a cooperation agreement with Baileys, a company operating in California and Nevada in the United States, and by opening a new service centre in Tacuarembó in Northern Uruguay, where forestry is a growing industry.

The PONSSE Active Care maintenance agreement portfolio has grown in recent years. The work carried out regularly and professionally by the authorised service network impresses a growing number of customers each year.

With maintenance agreements, maintenance schedules can be predicted

better, and customers and Ponsse's Service network can plan their daily activities. Better work planning not only improves efficiency but also enables improvements in occupational safety and health. Regular maintenance ensures reliable machine operations and correct adjustments. It also minimises fuel consumption. With Active Care maintenance agreements, Ponsse's Service has access to the machine maintenance history, making it possible to better respond to customer needs.

### Preventive Maintenance Call and unique Active Manual as guarantees of efficient operations

Ponsse's global maintenance network is constantly developed to meet customer needs. Improving maintenance operations locally is equally important. We have listened to our customers along the development path and seen that they have been satisfied with the growing range of digital services, for example.

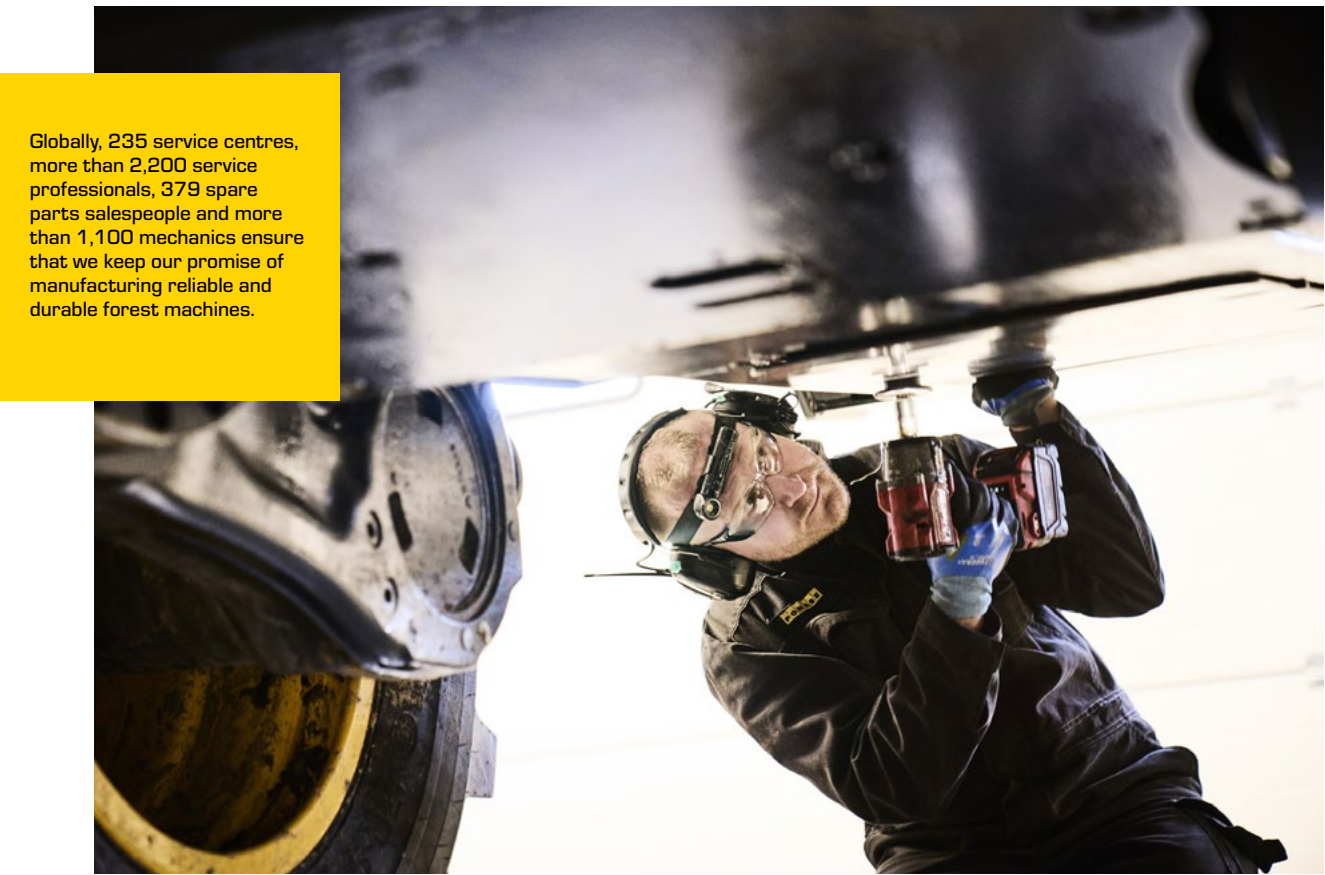
PONSSE Maintenance Call, a service launched in Finland in September, predicts and boosts forest machine maintenance by transferring data on machine hours automatically to the nearest service centre. Customers are contacted 150 hours before scheduled maintenance to set a maintenance date and agree the measures required in advance. The service improves the machine operating rate

## DIGITAL SERVICES MEET CUSTOMER NEEDS

Digital innovation is based on Ponsse's extensive experience and close interaction with our customers. We can therefore develop what is needed and support maintenance professionals and our customers in their work. For example, the PONSSE Maintenance Call service launched for contractual machines in Finland last summer plans machine maintenance in advance as data on hours are transferred automatically to the nearest PONSSE service centre. The service improves the machine operating rate and seeks to reduce unnecessary maintenance visits – saving both time and money.







Globally, 235 service centres, more than 2,200 service professionals, 379 spare parts salespeople and more than 1,100 mechanics ensure that we keep our promise of manufacturing reliable and durable forest machines.

and seeks to reduce any unnecessary maintenance visits. Currently, the service is available in Finland when agreed with customer for PONSSE forest machines with a CU unit and a maintenance agreement.

PONSSE Active Manual is a digital operating and maintenance instructions service provided alongside the physical Owner's Manual to facilitate maintenance. In the continuously updated service, up-to-date information is directly available. In 2024, instructions related to operator ergonomics, Manager 2.0 reporting and its use were added to PONSSE Active Manual. The service is developed based on customer feedback to ensure that the mobile app serves our customers optimally in their daily activities.

**Sustainable operations to promote the circular economy – across the world**

Each day, maintenance professionals carry out various activities in which they need to address the personnel, occupational safety and the environment, including in field conditions. We take pride in the responsible maintenance of PONSSE forest machines, while taking care of the environment.

Our service network's systematic way of maintaining machines while taking care of the environment makes our customers' life easier and gives them peace of mind: for example, oil and other hazardous waste is always handled in accordance with requirements and good practices, and our service network handles recycled materials under PONSSE Active Care maintenance agreements.

Ponsse has investigated the environmental impact of the remanufacturing of forest machine components in a life cycle assessment. The carbon footprint of a single component decreases by a quarter when a remanufactured component is selected in place of a new one. In addition to new parts, our network is provided with remanufactured and recycled spare parts. Ponsse minimises material waste and offers solutions for the spare parts needs of older forest machines. The Reman component range was developed in 2024, and it will be developed further:

Our Reman operations are also reflected in used machine services, in which used PONSSE forest machines are accepted for remanufacturing and resale when a new machine is purchased. To extend the life cycle of used machines,



ESW helps identify any areas that require development and enables the continuous improvement of maintenance services. More than 600 conducted ESW audits exemplify Ponsse's commitment to high quality and customer satisfaction.

they can be upgraded with PONSSE performance packages. They are sets of parts that our professional mechanics use to upgrade machines to meet modern performance requirements.

Reman operations are provided by the PONSSE Reman & Parts Recirculation unit in Iisalmi in Finland, as well as in North and South America.

The efficient reuse of machine parts can have an impact on machine emissions during the machine life cycle. More than 97% of a PONSSE forest machine's weight constitutes recyclable or reusable material.

**Quality and safety throughout the PONSSE network**

Ponsse invested in occupational safety and wellbeing in 2024. At the same time, we paid special attention to the

environmental impact of our operations and all the ways to reduce it.

The aim of maintaining professional skills is to support the wellbeing of the personnel. During the year, hundreds of mechanics and spare parts employees were provided with training, and the range of the e-Academy training system was expanded to better support various positions. Global maintenance agreement training has improved the capability of carrying out contractual maintenance.

A responsible way of working can be ensured through ESW audits and the ESW manual. The Effective and Safe Workshop (ESW) tool has been built to develop our network and identify any development areas.

ESW guidelines serve to introduce harmonised, systematic and responsible operating methods in the daily activities

of Ponsse's service centres. They help our professionals provide our customers with services of the highest and most even quality possible, regardless of where they operate, and whether they acquire services from PONSSE service centre, a dealer or a contractual service partner.

An effective and safe service centre provides the best possible services for customers. More than 600 conducted ESW audits exemplify Ponsse's commitment to high quality and customer satisfaction. Key metrics include occupational safety, the environment and training.



# SUSTAINABILITY AT PONSSE

In line with Ponsse’s strategy, responsibility drives our business operations and sets our course. It ensures our social and financial success.

**PEOPLE**



**We improve the wellbeing of our people**

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



Employee experience (eNPS)  
**28 (2023: 31)**  
Target >40 (on scale -100–100)

**SOLUTIONS**




**We innovate sustainable solutions that respect nature**

Our product and service solutions enable sustainable forestry. We bear responsibility for the machine life cycle and extend it through excellent maintenance services. We develop solutions that promote the circular economy and reduce the environmental impacts of machines.




Spare parts refurbished or remanufactured in Finland  
**196,333 kg (2023: 162,166 kg)**  
+21%

**OPERATIONS**



**We develop our operations while respecting nature**

We know the environmental impacts of our operations and work systematically to improve them. In our operations, we seek carbon neutrality and material efficiency.



Share of renewable and nuclear energy of used energy  
**92.3% (2023: 90.9%)**  
Target 2030: 95%

**COMMUNITY**



**We are a reliable partner who values community**

Honesty, ethics, and communality are at the core of the Ponsse spirit. Good corporate governance and our Code of Conduct steer us to treat people equally, conduct sustainable business and engage in confidential cooperation. Working as a community is important to us wherever we operate.



Customer experience index (NPS)  
**62 (2023: 52)**  
Target >60 (on scale -100–100)



# Board of Directors, 31 December 2024

The Board was selected by the Annual General Meeting on April 9, 2024.

### 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. Board meetings During the year under review, the Board convened 14 times. The Board members actively participated in the meetings – the attendance rate was 95.9 percent.

## Chairman of the Board



JARMO VIDGRÉN, b. 1975

Commercial College Graduate in Marketing  
Ponsse Plc, Board Member since 2020  
Shareholding in Ponsse Plc on 31 December 2024: 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 Vidgrén Oy, Board Member  
Jamo Investment Company Oy, Chairman of the Board  
KalPa Hockey Oy, Board Member  
Savonmaan Puolesta Oy, Board Member

## Deputy Chairman of the Board



MAMMU KAARIO, b. 1963

Master of Law, MBA  
Board professional  
Ponsse Plc, Board Member since 2010  
Shareholding in Ponsse Plc on 31 December 2024: 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  
HC Ässät Pori Oy, Board Member  
Lapti Group Oy, Board Member  
Makai Holding Oy, Chairman of the Board  
Puulo Oy, Board Member  
SAKA Finland Group Oy, Chairman of the Board  
Sibelius-Akatemian tukisäätiö ry, Chairman of the Board  
Sten & Kimet Oy, Board Member  
Taideyliopiston sijoituskomitea, Member  
Urhea-halli Oy, Board Member

## Board members



TERHI KOIPIJÄRVI, b. 1967

M.Sc., Forestry and Forest Products Marketing  
Milton Oy, Senior Advisor;  
Corporate responsibility and strategy  
Ponsse Plc, Board Member since 2023  
Independent of the company and major shareholders

### Work experience

Metsähallitus, Director, various responsibilities: communications, strategy and sustainability 2017–2022  
Stora Enso Oy, Senior Vice President, Global Responsibility, and other leadership positions 2010–2017  
Metsä Group Oy, Senior Vice President, Environment and Corporate Responsibility, and other leadership positions 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



JUHA VANHAINE, b. 1961

M.Sc., 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

M.Sc. (Econ.)  
Keitele Timber Oy, CEO  
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 VIDGRÉN, b. 1983

Bachelor of Culture and Arts  
Mutant Koala Pictures Oy, Managing Director  
Ponsse Plc, Board Member since 2011  
Shareholding in Ponsse Plc on 31 December 2024: 3,764,778 shares  
Independent of the company

### Work experience

Mutant Koala Pictures, Entrepreneur since 2004

### Other key positions of trust

Einari Vidgrén Oy, Board Member  
Einari Vidgrén Foundation, Board Member



ILPO MARJAMÄ, b. 1961

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

### Work experience

KONE Oy, Director, Strategic Projects 2019–2020  
KONE Oy, Senior Vice President, Head of Modernization business 2011–2019  
KONE Oy, Senior Vice President, Head of Escalator business 2009–2011  
KONE Oy, 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 2024



**JUHO NUMMELA**, b. 1977, Chairman

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. 2024:** 80,691 shares



**TIINA KAUTONEN**, b. 1973

Bachelor of Business (BSc)  
**Chief People, Safety & Culture 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. 2024:** 1,225 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. 2024:** 1,516 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. 2024:** 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 Ltd., 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. 2024:** 1,829 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. 2024:** 766 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. 2024:** 14,296 shares



**TAPIO MERTANEN**, b. 1965

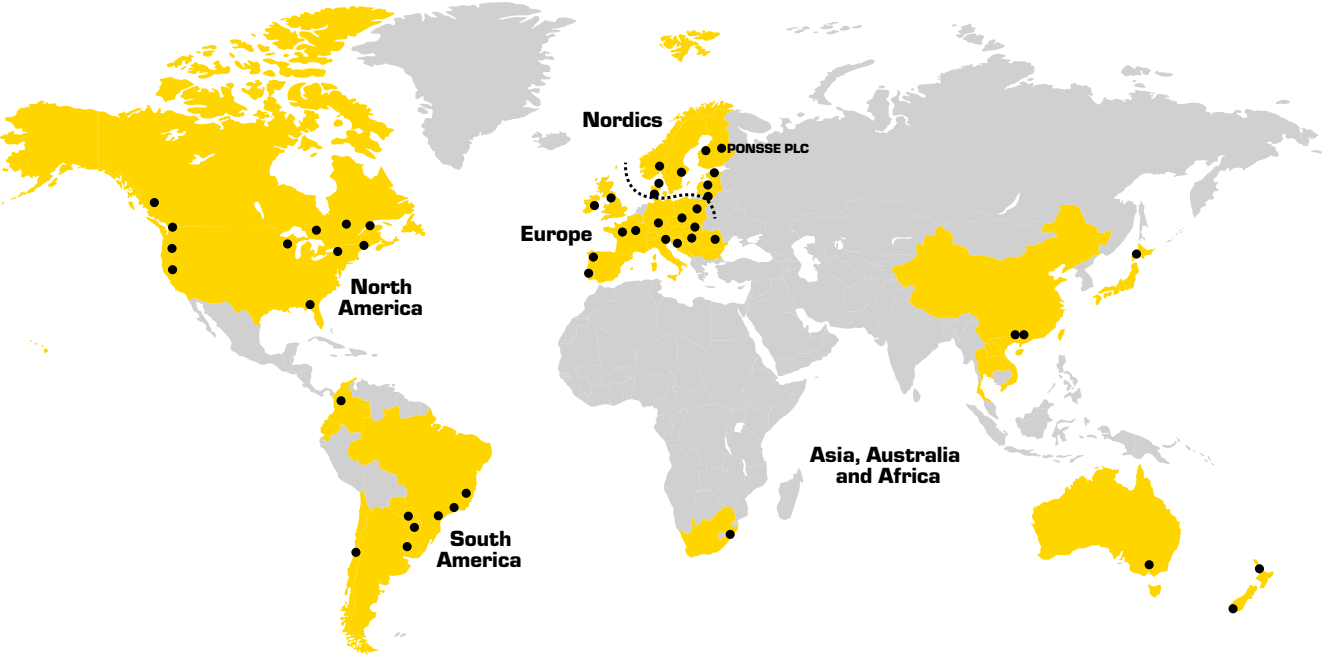
Technician (technical college), MTD  
**Chief Service Business Officer**  
Member of the Management Team since 3 May 2010  
Joined Ponsse in 1994  
**Previous main positions:** Ponsse Plc, Distribution Development Director 2007–2010, Ponsse Plc, Service Director 2004–2007, Ponsse Plc, After Sales Manager 1997–2004, Ponsse Plc, Parts Manager 1995–1997  
**Shareholding in Ponsse Plc on 31 Dec. 2024:** 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. 2024:** 7,801 shares

# Ponsse distribution network



Our new organisation focused on sales and maintenance services has been divided into five market areas: Nordic countries and the Baltics, Europe, South America, North America, and Asia, Australia and Africa. The areas include Ponsse's country organisations as well as Ponsse's dealers and contract services.

With the new division and operating model, we want to ensure that our network is firmly focused on maintenance, sales and local customer experiences. Our goal is to improve the support we provide for our entire network, harmonise our operating methods and improve our cost efficiency globally.

The need for this change arose from the changed operating environment and the necessity to strengthen Ponsse's long-term competitiveness and profitability.

Everything centres on customers and even better customer service and customer experiences.

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



# BOARD OF DIRECTORS' REPORT

## CONTENTS

Board of Directors' report.....	30
Sustainability report .....	36
General information.....	36
Environmental information.....	50
EU taxonomy .....	50
E1 – Climate change.....	57
E4 – Biodiversity and ecosystems.....	64
E5 – Resource use and circular economy.....	68
Social information.....	75
S1 – Own workforce.....	75
S4 – Consumers and end users.....	86
Governance information.....	90
G1 – Business conduct.....	90
Content index .....	97





# BOARD OF DIRECTORS' REPORT

### General

Ponsse Group recorded net sales amounting to EUR 750.4 million (in 2023, EUR 821.8 million) and an operating result of EUR 36.8 (47.2) million for the financial year. Result before taxes was EUR 21.5 (42.9) million. Earnings per share were EUR 0.45 (EUR 1.07).

Ponsse has classified the Russian operations that were sold in 2023 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 750.4 (821.8) million, which is 8.7 per cent less than in the comparison period. International business operations accounted for 73.8 (74.9) per cent of net sales.

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

(1,000 EUR)	1-12/24	1-12/23
Net sales from continuing operations	750,427	821,800
Net sales from discontinued operations	0	3,576
Net sales total	750,427	825,376

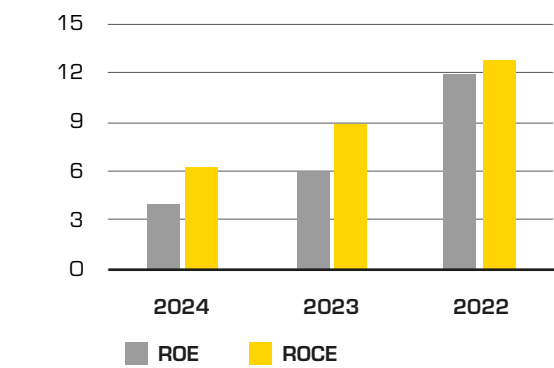
### Profit performance

The operating profit amounted to EUR 36.8 (47.2) million. The operating profit equalled 4.9 (5.7) per cent of net sales for the financial year.

(1,000 EUR)	1-12/24	1-12/23
Operating profit from continuing operations	36,755	47,153
Operating profit from discontinued operations	0	1,247
Operating profit total	36,755	48,400

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

RETURN ON EQUITY (ROE) & RETURN ON CAPITAL EMPLOYED (ROCE) [%]



Staff costs for the financial year totalled EUR 110.2 (115.3) million. Other operating expenses stood at EUR 94.8 (95.6) million. The impact on profit of the Brazilian Full Service contract for the financial year was EUR -17.2 million. There is a provision of EUR 13.6 million in the Group's balance sheet for a loss-making contract. Provision was increased by a net amount of EUR 5.5 million during the financial year. In the last quarter of the financial year, the provision was reversed and the loss-making contract no longer had impact on the operating profit on that period. The contract is fixed-term and will expire at the end of 2026.

The net total of financial income and expenses amounted to EUR -15.4 (-4.5) million. Exchange rate gains and losses due to currency rate fluctuations were recognised under financial items, having a net impact of EUR -11.7 (0.2) million. During the financial year, EUR 0.8 million of revaluation losses on interest rate swaps were recognised in the result. The parent company's receivables from subsidiaries stood at EUR 116.8 (125.1) million net. Receivables from subsidiaries mainly consist of trade receivables. Result for the financial year totalled EUR 12.5 (30.0) million of continuing operations. Diluted and undiluted earnings per share (EPS) came to EUR 0.45 (1.07) of continuing operations.

### Statement of financial position and financing activities

At the end of the financial year, the total consolidated statements of financial position amounted to EUR 563.2 (606.0) million. Inventories stood at EUR 219.1 (240.8) million. Trade receivables totalled EUR 54.1 (69.1) million, while cash and cash equivalents stood at EUR 83.6 (74.0) million. Group shareholders' equity stood at EUR 327.2 (321.8) million and parent company shareholders' equity (FAS) at EUR 284.8 (278.9) million. The amount of interest-bearing liabilities was EUR 86.9 (119.5) million. The company has ensured its liquidity by credit facility limits and commercial paper programs. Group's loans from financial institutions are non-collateral bank loans without financial covenants. Consolidated net liabilities totalled EUR 3.3 (45.5) million, and the debt-equity ratio (net gearing) was 1.0 (14.1) per cent. The equity ratio stood at 58.7 (53.3) per cent at the end of the financial year.

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

### Order intake and order books

Order intake for the financial year totalled EUR 706.9 (700.2) million, while financial year-end order books were valued at EUR 188.6 (232.1) million.

### Distribution network

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

### R&D and capital expenditure

Group's R&D expenses during the financial year totalled EUR 24.6 (29.5) million, of which EUR 9.6 (11.9) million was capitalised.

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

Ponsse's key intangible assets include professional and skilled employees, modern production and a flexible supply chain, partnerships with key suppliers and stakeholders, and a strong corporate reputation. These resources enable Ponsse's competitive advantage and long-term growth strategy. Ponsse's value creation model is described in full on pages 40-41.

### Annual General Meeting 2024

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

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of a maximum of 250,000 company's own shares in one or more tranches, corresponding to approximately 0.89 % of the company's total shares and votes. The shares shall be acquired through public trading, for which reason the shares are acquired otherwise than in proportion to the share ownership of the shareholders and the consideration paid for the shares shall be the market price of the company's share in public trading at Nasdaq Helsinki Ltd at the time of the acquisition. Shares may also be acquired outside public trading for a price which at most corresponds to the market price in public trading at the time of the acquisition. The Board of Directors was authorized to decide how the shares are acquired. The Board of Directors may, pursuant to the authorization, only decide on the repurchase of the company's own shares with funds from the company's unrestricted shareholders' equity. The Board of Directors decides how the shares are acquired. The company's own shares may be repurchased other than in proportion to the shares held by the shareholders (directed repurchase), if there is a weighty financial reason for the company to do so as provided for in Chapter 15, Section 6 of the Finnish Companies Act. The company's own shares may be acquired to develop the company's capital structure, to be used to finance or execute possible acquisitions or investments supporting the company's growth strategy or other arrangements related to the company's business, to be used in the company's incentive schemes or otherwise to be transferred, held, or cancelled. The decision to repurchase company's own shares shall not be made so



that the shares of the company in the possession of by the company and its subsidiaries would exceed 10 % of all shares. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2025. The authorization cancels the authorization given to the Board of Directors by the Annual General Meeting on 12 April 2023.

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

### Board of Directors and the company's auditors

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

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

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

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

### 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.

### Personnel

The Group had an average staff of 2,083 (2,106) during the financial year and employed 2,024 (2,110) people at financial year-end. The total amount of wages and remunerations for the financial period was EUR 110.2 million (EUR 115.3 million).

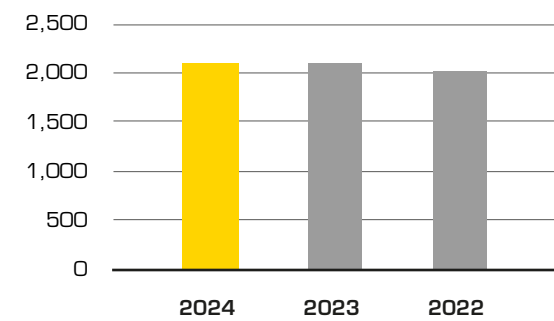
### Share-based incentive plans

The Board of Directors of Ponsse Plc approved two new Ponsse Group's share-based incentive plans for the Group's CEO and key employees in 2023. A stock exchange release regarding the incentive plans was published on 3 March 2023. The aim of the new plans is to align the objectives of the shareholders and plan participants for increasing the value of the company in the long-term, to retain the participants at the company and to offer them competitive reward schemes that are based on earning and accumulating the company's shares. The Board of Directors of Ponsse Plc decided on new performance periods of share-based incentive plans in June 2024 and published a stock exchange release about them on 11 June 2024.

#### The CEO Performance-Based Share Ownership Plan

The CEO plan consists of five performance periods, calendar years 2023, 2023–2024, 2023–2025, 2024–2026 and 2025–2027. A restriction period is included in performance periods 2023 and 2023–2024, which begins from the reward payment and ends on 31 December 2025. The matching reward will be paid by the end of May 2024, 2025 and 2026.

### AVERAGE NUMBER OR EMPLOYEES



The matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2025, 31 December 2026 and 31 December 2027. The performance-based reward will be paid by the end of May after the end of each performance period. The shares received as reward based on performance periods 2023 and 2023–2024 cannot be transferred during the restriction period, i.e. 31 December 2025.

In May 2024, a total of 11,457 shares worth EUR 282,226 were paid for the 2023 performance period, with a cost impact of EUR 0.4 million for the company. A stock exchange release concerning these was issued on 30 May 2024. From the 2023–2024 and 2023–2025 performance periods, it is possible to earn a total of 42,612 shares, including the cash portion (gross reward). The conditional rewards for the 2023–2024 performance period will be paid by the end of May 2025.

During the performance period 2024–2026 of the CEO Performance-Based Share Ownership Plan, the rewards are based on the group's operating result, revenue, personnel satisfaction and injury frequency (LTIF). The amount of rewards to be paid based on the performance period 2024–2026 will correspond to an approximate maximum total of 50,000 Ponsse Plc shares, including also the portion to be paid in cash (gross reward). The matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2026. The performance-based reward will be paid by the end of May 2027.

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

#### Key Employee Performance-Based Matching Share Plan

The key employees' plan consists of three performance periods, each lasting for three calendar years: 2023–2025, 2024–2026 and 2025–2027. The prerequisite for participating in

the performance period and receiving the reward is that the key employee participating in the plan acquires shares in the company at the beginning of the performance period. Ponsse delivers matching shares for the performance period in a 2:1 ratio: the key employee receives one (1) additional share for every two (2) shares they have acquired. The conditional reward will be paid in 2023, 2024 and 2025 after the acquisition of the investment shares and confirmation of the reward, as soon as practically possible. Shares received as conditional rewards may not be transferred during the restriction periods ending on 31 December 2025, 31 December 2026 and 31 December 2027. The performance-based reward will be paid by the end of May following the end of each performance period. The portion of the maximum reward to be paid to a participant is determined based on the achievement of the targets set for the earning criteria in relation to the investment made by the participant. The target group includes key employees, including the members of the Group Management Team, with the exception of the CEO.

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

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

### Share performance

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

At the end of the financial year, shares closed at EUR 20.10, and market capitalisation totalled EUR 562.8 million. Moreover, the company held 1,997 treasury shares at financial year-end.



Governance

In its decision-making and administration, the company observes the Finnish Limited Liability Companies Act, other regulations governing publicly listed companies and the company's Articles of Association. The company's Board of Directors has adopted governance principles that comply with the Finnish Corporate Governance Code approved by the Board of the Securities Market Association. The purpose of the code is to ensure that the company is professionally managed and that its business principles and practices are of a high ethical and professional standard.

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

Risk management

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

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

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

A risk is any event that may prevent the company from achieving its objectives or threatens the continuity of business. A risk may also be a positive event, in which case the risk is treated as an opportunity. Each risk is assessed on the basis of its impact and probability. The company's risk management methods include the avoidance, mitigation, and transfer of risk. Risks may also be managed by controlling and minimising their impacts.

Short-term risk management

The most significant short-term risks are related to the global geopolitical situation, relatively weak economic development and uncertainty about the development of the interest rates on financing. The geopolitical situation is also reflected in

trade policy through possible special tariffs and protectionism. Financial market disruptions, sanctions and growing cybersecurity threats are adding to the uncertainty.

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

In this challenging situation, Ponsse's strong financial position is important. In terms of financing, Ponsse has carried out all measures necessary to ensure business continuity, and its financing situation is regularly assessed. The key objective of the company's financial risk management is to ensure liquidity and manage interest rate and currency risks. The company's financial position and liquidity have remained strong as a result of binding credit limit facilities agreed with several financial institutions. The impact of interest rate risks is reduced by means of credit linked to different reference rates, as well as interest rate swaps. The risk of currency rate fluctuations is partly mitigated through derivative contracts.

The parent company monitors the changes in the Group's internal and external trade receivables and the associated risk of impairment. The company has long-term and extensive service contracts, which may involve operational risks.

Changes taking place in the fiscal and customs legislation in countries to which Ponsse exports may hamper the company's export trade or reduce its profitability. Global supply chain disruptions can make it more difficult to manage PONSSE forest machine production schedules, in addition to tying up more capital in the company's supply chain and increasing the risks related to working capital management.

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

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Group management utilizes their best judgement when making decisions regarding accounting policies and their adoption.

Estimates made when compiling the financial statements are based on the management's best views on the closing date of the reporting period. The estimates are based on previous experience and assumptions about the future that are deemed the most likely on the date of the financial statements.

Trade receivables

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

Inventories

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

Change in guarantee provision

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

Change in other provisions

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

Capitalisation of R&D expenditure

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

Deferred taxes

Preparing the consolidated financial statements requires the Group to estimate its income taxes separately for each subsidiary. The estimates take into account the tax position

and the effect of temporary differences due to different tax and accounting practices, such as allocation of income and provisions for expenses. Deferred tax assets and liabilities are recognized as the result of the differences. The possibilities of utilizing a deferred tax asset are estimated and adjusted to the extent that the possibility of utilization is unlikely.

Goodwill

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

Outlook for the future

The company's euro-denominated operating profit is estimated to be slightly higher in 2025 than in 2024 (EUR 36.8 million). Economic uncertainty is expected to continue and affect demand for forest machinery. The current operating environment is reflected by trade policy, the geopolitical situation and economic uncertainty in the countries where we operate.

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

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

Relevant events after the end of the financial year

There are no other known events after the end of the financial year 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 242,602,704.97 euros of distributable funds on 31 December 2024.

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



# SUSTAINABILITY REPORT

## GENERAL INFORMATION

Summary of material impacts, opportunities and risks

E1- Climate change	
Positive impacts	<ul style="list-style-type: none"><li>Efficient harvesting planning is supported by solutions and services that can reduce in-service emissions from forest machines.</li><li>The electrification of forest machines and the improvement of efficiency regardless of the energy source.</li></ul>
Negative impacts	<ul style="list-style-type: none"><li>Ponsse's own and value chain emissions, most notably during the operations of forest machines, arising from fuel consumption.</li><li>Harvesting affects forest carbon sinks before the next generation of trees grows.</li><li>The manufacture of PONSSE forest machines involves large amounts of steel, which is highly emission-intensive.</li></ul>
Financial opportunities	<ul style="list-style-type: none"><li>Development of new technologies, improvement of resource efficiency and development of operations.</li><li>Demand for new innovations, such as products enabling fire extinguishing and zero-emission harvesting.</li><li>Value creation for society and competitive advantage through responsibly produced, innovative solutions that reduce environmental impacts.</li><li>Digital services and data collection developed to enhance the efficiency of harvesting.</li></ul>
Financial risks	<ul style="list-style-type: none"><li>Climate change mitigation and the transition to low-carbon operations cause significant demands and needs for reform in product and technology solutions.</li></ul>
E4- Biodiversity and ecosystems	
Positive impacts	<ul style="list-style-type: none"><li>PONSSE forest machines are suitable for different harvesting methods, and for both periodic and continuous cover forestry.</li><li>PONSSE forest machines are based on the CTL (cut-to-length) harvesting method, which uses wood raw material as efficiently as possible and minimises waste.</li><li>PONSSE forest machines can use map programs to show the sensitive areas of forest nature to the operators of the machines.</li><li>Through its training offering, Ponsse has good opportunities to influence wood harvesting operators in matters related to biodiversity.</li><li>PONSSE forest machines produce renewable wood raw material for the needs of the forest industry, construction and other sectors.</li></ul>
Negative impacts	<ul style="list-style-type: none"><li>The use of forest machines can cause trails, soil compaction, and erosion.</li><li>Other impacts of harvesting on nature.</li></ul>
Financial opportunities	<ul style="list-style-type: none"><li>The CTL harvesting method creates a competitive advantage.</li><li>Development of solutions for verifying the sustainability and diversity of wood raw material.</li><li>Development of operator assistance systems.</li><li>The development of innovative products and services that promote sustainable forest management and preserve the natural environment.</li></ul>
E5- Resource use and circular economy	
Positive impacts	<ul style="list-style-type: none"><li>Reducing the consumption of resources and materials by providing refurbished and reused spare parts.</li><li>Reducing packaging waste with the help of circulated packaging, packaging design, and component transportation stands.</li><li>Optimising the recovery of wood raw material using the cut-to-length method.</li></ul>
Negative impacts	<ul style="list-style-type: none"><li>Materials and natural resources are consumed in the manufacture of machines.</li></ul>
Financial opportunities	<ul style="list-style-type: none"><li>Utilising and developing the circular economy in business operations creates new markets and resource efficiency.</li><li>Service agreements and digital services support the extension of the life cycle of the product.</li></ul>

S1- Own workforce	
Positive impacts	<ul style="list-style-type: none"><li>Equal treatment and respect for diversity and human rights promote employees' well-being at work and working capacity.</li><li>Employee training, job rotation, work culture, and good supervisory and leadership work have a positive impact on employees' working capacity and well-being at work.</li><li>Promoting mental and physical safety in the workplace community improves working conditions and well-being at work.</li></ul>
Financial opportunities	<ul style="list-style-type: none"><li>A strong employer brand, and the availability and commitment of skilled personnel improve the employer image and performance.</li><li>Good team spirit, value-based operations, and good occupational safety results improve employees' efficiency and Ponsse's performance.</li></ul>
Financial risks	<ul style="list-style-type: none"><li>The availability and commitment of a skilled workforce can have a negative impact on Ponsse's performance.</li><li>The development of employer marketing and communication requires resources and causes costs.</li><li>The development of occupational safety and the provision of training on product solutions require resources and cause costs. Accidents and periods of incapacity for work cause costs.</li></ul>
S4- Consumers and end users	
Positive impacts	<ul style="list-style-type: none"><li>The occupational safety and work efficiency of forest machine operators can be affected by, for example, improving work ergonomics and service platforms around the machine.</li><li>Forest machine training improves the safe and responsible use of the machine.</li></ul>
Financial opportunities	<ul style="list-style-type: none"><li>Ponsse has developed product solutions and operator assistance solutions that are suitable for a wide range of users, and that support the responsible work of operators, improving the demand for products and services.</li><li>New sustainable innovations create value for society and new business opportunities for Ponsse.</li></ul>
Financial risks	<ul style="list-style-type: none"><li>Accidents involving forest machines can cause costs and reputational damage to Ponsse.</li><li>Changes in consumer behaviour can cause fluctuations in demand and affect the price level of products.</li></ul>
G1- Business conduct	
Positive impacts	<ul style="list-style-type: none"><li>Ponsse's Code of Conduct and other guidelines that support ethical practices contribute to sustainable practices, and a corporate culture where it is reliable and safe for stakeholders to cooperate with the company.</li><li>Ponsse's sustainability work and suppliers' sustainability commitments strengthen ethical corporate culture and trust in the supply chain.</li><li>The possibility to report misconduct supports responsible business and reduces risks.</li><li>Ponsse creates regional well-being and promotes local vitality and employment. This also strengthens the company's employer image.</li></ul>
Financial opportunities	<ul style="list-style-type: none"><li>Ponsse's activities as a responsible corporate citizen strengthen the company's reputation and create a competitive advantage.</li><li>A significant proportion of Ponsse's subcontractors and supply chain are local operators, which creates flexibility and efficiency in business operations.</li><li>Close and long-term cooperation with the supplier network ensures product quality, operational flexibility and competitive price levels.</li></ul>
ESRS 2 disclosure requirement	
Relevant ESRS section	
IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	<div>EESRS E1 <i>Climate Change</i> (standard, paragraphs 20–21)<ul style="list-style-type: none"><li>Heading: Assessing and identifying material impacts, risks and opportunities</li></ul></div> <div>ESRS E4 <i>Biodiversity and ecosystems</i> (standard, paragraphs 17–19)<ul style="list-style-type: none"><li>Heading: Assessing and identifying material impacts, risks and opportunities</li></ul></div> <div>ESRS E5 <i>Resource use and circular economy</i> (standard, paragraph 11)<ul style="list-style-type: none"><li>Heading: Assessing and identifying material impacts, risks and opportunities</li></ul></div> <div>ESRS G1 <i>Business conduct</i> (standard, paragraph)<ul style="list-style-type: none"><li>Heading: Assessing and identifying material impacts, risks and opportunities</li></ul></div>



Basis for preparation

Ponsse’s sustainability report has been prepared in accordance with the requirements of the Accounting Act and the sustainability reporting standards (*European Sustainability Reporting Standards, ESRS*) for 2024 for the first time. The preparation complies with the regulations in force on 31 December 2024.

The sustainability report has been prepared at the level of the Ponsse Group as a whole, and the scope of consolidation is the same as in the financial statements. If only a certain part of the Group has been accounted for in one of the topics of the sustainability report, this is clearly indicated. The sustainability information has been reported for the period 1 January to 31 December 2024.

In preparing the sustainability report, the whole of Ponsse’s value chain has been taken into account. The value chain covers the upstream and downstream value chain, in addition to Ponsse’s own operations. For a more detailed description of the value chain, see page 39.

The sustainability report and the reporting on material sustainability topics are based on Ponsse’s double materiality assessment, which has identified and prioritised the most important financial, social and environmental sustainability topics that have the greatest impact and strategic value in the company’s business operations in the short and long term. For a more detailed description of the double materiality assessment, see page 47-49. The basis for preparation for the material sustainability topics is described in the section concerning each reported sustainability topic. Ponsse has no disclosures in relation to specific circumstances (BP2).

The sustainability report data has been assured in accordance with the ISA 3000 standard by an external assurance provider, KPMG Oy Ab. The assurance statement is presented on page 171. The comparison data for 2023 presented in the sustainability report has not been assured by a sustainability auditor.

Ponsse’s business model, strategy and value chain

Strategy

Ponsse aims to be a world leader in sustainable harvesting solutions representing the cut-to-length method, and the preferred partner in sustainable forestry in all its market areas. The deep customer focus and genuine customer orientation of the operations help the company succeed and provide product and service solutions that have added value in day-to-day harvesting.

Ponsse’s innovations and solutions are developed based on not only customers’ needs, but also the opportunities offered by

new technologies. An open culture of innovation includes experimentation and networking, which speeds up the introduction of new technologies to the market.

New innovations and operating methods derive their direction and opportunities from sustainable development, which supports the company’s social and financial success. Ponsse systematically aims for carbon neutrality in both its operating activities and the solutions it offers. At Ponsse, the carbon neutrality target means that the company strives for zero emissions from PONSSE products and operations in its operations and product development.

The strategic focuses of Ponsse’s sustainability work

The company has determined key sustainability work targets, the implementation of which is promoted by annual function-specific targets and measures as part of the company’s strategy process. Key long-time targets include promoting people’s well-being, innovating sustainable solutions that respect nature, developing operations with the natural environment in mind and being a reliable partner that values community. The key focuses of the company’s sustainability work are integrated into its strategy and the function-specific programmes that support the strategy.

In line with its target of promoting people’s well-being, Ponsse wants to be an equal and inclusive workplace community where it is safe to work. This means that Ponsse employees value one another and take care of one another; their customers and their network. PONSSE forest machines, which are safe and ergonomic for their users, are key drivers of product development.

In line with its target for products and services, Ponsse works to innovate sustainable solutions that respect nature. Ponsse’s product and service solutions must enable sustainable forestry. Ponsse bears responsibility for the machine life cycle and extends it through excellent maintenance services. The aim is to develop solutions that promote the circular economy and reduce the environmental impact of the machine.

Ponsse develops its operations taking the natural environment into account. Ponsse continuously seeks to better know and identify the environmental impacts of its operations and to act systematically to improve them. In its operations, the company seeks carbon neutrality and material efficiency.

In line with its community-related target, Ponsse’s fourth focus area for sustainability work is to be a reliable partner for whom community is an asset. Honesty, ethics, and communality are at the core of the Ponsse spirit. Good corporate governance and the Code of Conduct steer the company to treat people equally, conduct sustainable business and engage in confidential cooperation. Community work is important to Ponsse in all its areas of operation.

Business model

Ponsse Plc specialises in the sale, production, maintenance and technology of cut-to-length method forest machines and is driven by a genuine interest in its customers and their business operations. Ponsse develops and manufactures sustainable and innovative harvesting solutions based on customers’ needs. Throughout its history, the value-driven family business established by forest machine entrepreneur Einari Vidgren has focused on cut-to-length forest machines. The product range covers all forest machine sizes, from first thinning to regenerative logging, and all harvesting conditions, from soft terrains to steep slopes.

Ponsse is a globally leading forest machine manufacturer. The estimate is based on customs statistics and registration data. All PONSSE forest machines and their key components have been manufactured in the company’s domicile in Vieremä since its foundation in 1970. The company’s customers include logging companies and forest companies that own forest machines, and its market segments in accordance with its global business model are the Nordic and Baltic countries, Central and Southern Europe, South America and North America, as well as Asia, Australia and Africa. The company sells its products in 37 different countries, and its service network consists of 12 country organisations and 30 dealers around the world. Exports account for around 75% of the company’s business operations annually. The number of personnel by geographical area is reported in the metrics table under *S1- Own workforce*.

The functionality and safety of PONSSE forest machines is ensured by Ponsse’s maintenance business. The company’s international maintenance service network includes more than 2,200 maintenance service experts and 235 maintenance service centres. The efficient and comprehensive service offering close to customers shortens the maintenance times of forest machines and enables more productive operating hours for forest machines.

Information system solutions for PONSSE forest machines enable the maximum use of the value of timber from the forest and accurate reporting. Information system solutions are also used for operator assistance functions, which enable the operator to focus on high-quality and safe work. In addition, the data from the machines is used to guide the economical operation of the machine and to manage maintenance and machine transfers. The company has a product development department

specialising in the software design of forest machine information systems. Ponsse’s information system equipment is manufactured by Epec Oy, a subsidiary owned by Ponsse, which is a system supplier specialising in advanced electronics and software for heavy-duty equipment and utility vehicles, electrical transmission systems, and assistive and autonomous systems. Epec’s headquarters and production are located in Seinäjoki, Finland.

Ponsse was listed on the stock exchange in 1995, and its shares are listed on Nasdaq Helsinki Ltd.

Ponsse’s value chain

Ponsse’s value creation process consists of the upstream value chain, its own operations and the downstream value chain. Ponsse’s upstream value chain consists of the extraction and processing of materials and the manufacture of components. Own operations consist of the manufacture, sales and marketing of forest machines, as well as maintenance. The downstream value chain includes the use of forest machines, as well as forest management and wood processing.

The key operators in Ponsse’s upstream value chain include suppliers and subcontractors who manufacture products for PONSSE forest machines using raw materials and other resources, and transport parts and materials to Ponsse’s Vieremä factory and logistics centre in accordance with Ponsse’s production and order schedule. The key operators in Ponsse’s downstream value chain include customers and users of PONSSE forest machines. The company’s customers are mainly harvesting companies and forestry companies that own forest machines, to which Ponsse sells and markets harvesting technology based on the cut-to-length method and supports customers’ business operations with services and training that support PONSSE forest machines. The role of customers is crucial throughout Ponsse’s value chain, as customers are also closely involved in the development of the company’s products and services. The company also engages in continuous dialogue with other operators in the forestry sector to ensure that its products broadly meet the needs of the industry. Ponsse actively collaborates in technology development with educational institutions, companies and research institutes.

Ponsse’s value chain and its key functions are described on page 42.



# HOW PONSSE CREATES VALUE

## Resources

### Expertise

- Global network: 2,002 employees, 12 country organisations, 30 dealers, 235 maintenance service centres
- Employees' extensive experience and capability to produce high-quality expert services and innovations
- A strong value-based corporate culture and a global operating model
- Customer-oriented sales, maintenance, and product development
- Excellence in day-to-day work

### Production and supply chain

- Manufacture of PONSSE forest machines in Vieremä, Finland
- State-of-the-art production and a flexible supply chain
- Technology company Epec in Seinäjoki, Finland

### Natural resources

- Largest raw material groups: steel, steel and iron casting, and rubber
- Fuel is used for vehicles and product testing
- Water is only used for washing forest machines

### Cooperation

- Cooperation with customers in product and service development
- Long-term technology and supplier partnerships
- Sustainable financing solutions
- Continuous cooperation with operators in the forest industry
- Cooperation with educational institutions and training programmes
- Open and trust-based stakeholder relationships

### Financial capital

- Stable long-term growth and performance history
- Strong family ownership: 64% of shares
- Focus on the growing cut-to-length market
- Growing service offering and customer base in maintenance services

### Corporate reputation and brand

- Market position as one of the world's largest manufacturers of cut-to-length forest machines

## Business model

Ponsse Plc is specialised in the sale, production, maintenance, and technology of cut-to-length (CTL) forest machines. Its operations are guided by a genuine interest in the customer and their business operations. Ponsse develops and manufactures sustainable and innovative harvesting solutions based on customers' needs.

### Vision

We are the preferred partner in sustainable forestry

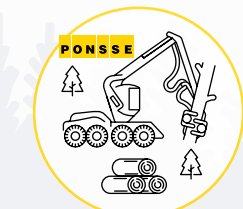
### Values

We truly care; We work for customers;  
We are honest; We are open for renewal

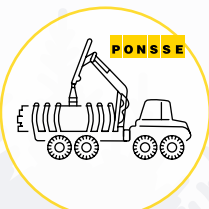
### Distribution of net sales

- Machine sales 75%
- Maintenance services 22%
- Systems solutions 3%

### Cut-to-length method (CTL)



1. A PONSSE harvester fells the stem and processes it into assortments.



2. A PONSSE forwarder transports each assortment to its pile on the roadside.



3. A logging truck transports the assortments to their relevant processing plants.



4. Further processing at a sawmill or a plywood, pulp or bioproduct mill, for example.

### Operating segments

Nordic countries and Baltics, Central and Southern Europe, South America, North America, Asia, Australia, and Africa.

## Results

### Product and service solutions

- Products and services that enable sustainable forestry
- Maintenance services to ensure forest machine productivity and long life cycle
- Operator assistance systems and data use
- Epec information system solutions for heavy-duty machines and utility vehicles
- Training services supporting the economical and productive use of forest machines

### Personnel

- Employee engagement (eNPS) 28
- Lost time injury frequency (LTIF) 11.5
- Management quality 3.24 (on a scale from 1 to 4)
- New Code of Conduct and training 1/2025

### Workers in the value chain

- 99% of suppliers committed to the Code of Conduct

### Financial performance

- Stable share price and dividend
- Stabilised proportion of investments in net sales
- Taxes paid EUR 9.3 million, salaries EUR 110.2 million, payments to suppliers and subcontractors EUR 336.2 million

### Waste and water

- 57.9% of waste recycled. Wood and hazardous waste are the largest waste categories.
- Most of the wastewater is discharged into the municipal wastewater network

### Climate

- 92.3% of the electricity and heat used in own operations is emission-free
- Use of products is the most significant source of GHG emissions

### Biodiversity and ecosystems

- Minimising the environmental impacts of harvesting through innovations

## Impacts and solutions

### Climate

- Electric PONSSE EV1 forwarder concept
- Testing fossil-free steel
- Developing the energy efficiency of forest machines and exploring alternative energy sources
- Developing remote diagnostics for maintenance services
- Scope 1 & 2 GHG emissions -10% since 2023, introduction of biogas into production in 2024

### Biodiversity and ecosystems

- Forest machines based on the cut-to-length method and suitable for different harvesting methods
- Positioning technologies such as a precision positioning solution and a thinning efficiency identification concept
- Data- and map-based stand design
- Minimising trails and erosion through technical solutions
- Training on the cut-to-length method and environmental impacts

### Resource use and circular economy

- Refurbished and reused spare parts (Remanufacturing business)
- Maintenance services and refurbishment of used machines to extend product life cycle
- Material efficiency and research on alternative materials
- Packaging design and circulated packaging
- Optimising the recovery of wood raw material using the cut-to-length method

### Own workforce

- Physically and psychologically safe working environment
- Equal treatment and equal opportunities
- Training and career opportunities

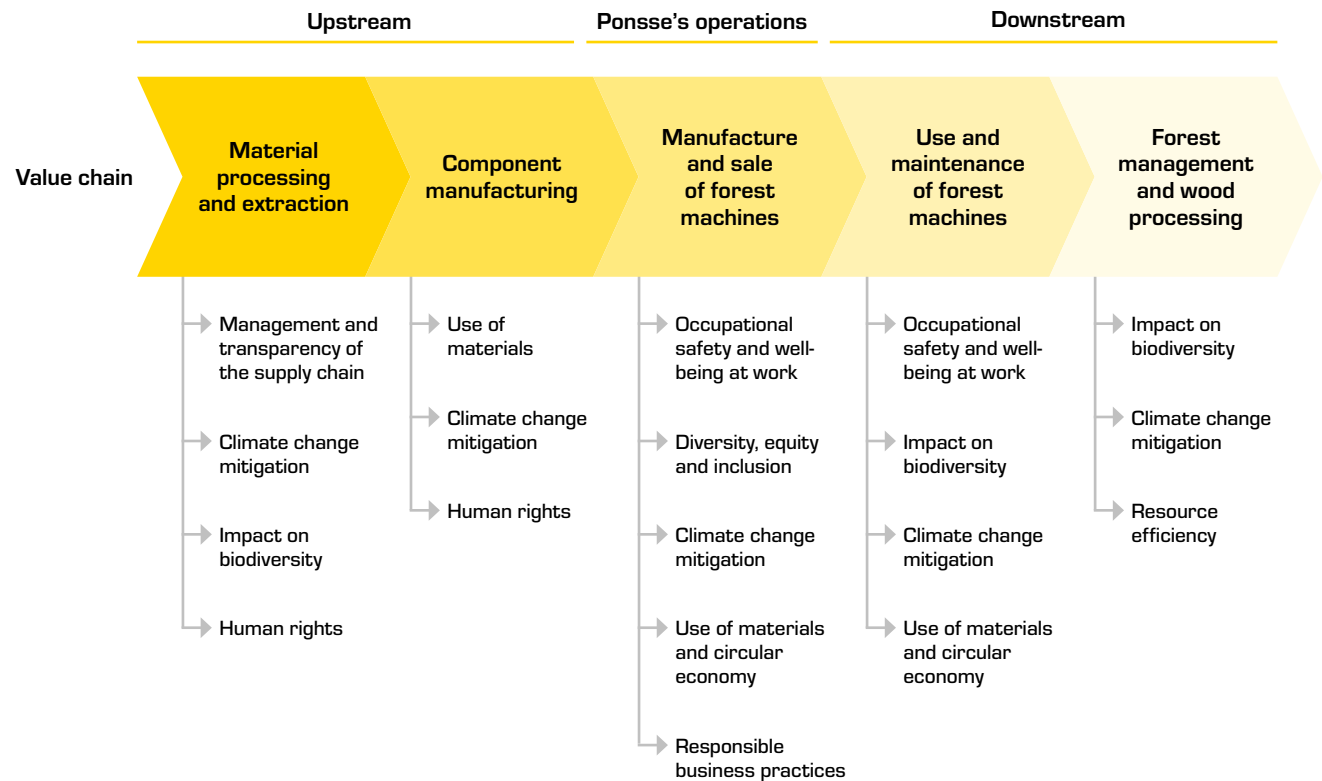
### Consumers and end users

- Harvesting solutions that meet customers' needs
- Safe and ergonomic forest machines
- Functionalities that reduce cognitive load on the operator

### Business conduct

- Commitment to ethical ways of working
- Finland's 3rd most reputable company in the Reputation & Trust survey; 1st place in the assessment by private investors
- Strengthening regional well-being
- Sustainability as part of strategy and risk management
- Local procurement: 69.5% of purchases in Finland





Sustainability management at Ponsse

Ponsse's shareholders, Board of Directors and management are committed to promoting sustainability. The company's Board of Directors is its highest governing body responsible for sustainability. The Board is provided with regular updates on the company's sustainability work and opportunities related to corporate responsibility and approves relevant key policies and guidelines.

The Board deals with sustainability matters in an integrated manner as part of other processes and business reviews and assesses the company's sustainability strategy and key sustainability work priorities. As a separate theme, the Board also discusses the target set in the company's business strategy to work towards carbon-neutral product solutions and operations and make related investments, for example. Ponsse's Board of Directors has had an expert in strategic corporate responsibility since spring 2023.

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's Management Team is in charge of function-specific sustainability goals, their monitoring and achievement, and the identification of operational risks and opportunities associated with sustainability. Since the beginning of 2023, the Group Management Team has had a

Chief Responsibility Officer, who regularly reports on the progress of sustainability work at the weekly and monthly meetings of the Management Team. The progress of the targets related to the strategy is monitored in separate management reviews.

Ponsse's environmental steering group, which consists of members of the Group Management Team and the company's environmental experts, meets quarterly to review measures related to the promotion, implementation and monitoring of environmental targets.

The company has a cooperation management team, where employees are represented by shop stewards from different personnel groups. More information about the cooperation management team is provided on page 80.

**Board composition and diversity**

The members of Ponsse's Board of Directors are required to have sufficiently diverse expertise and the ability to carry out their tasks effectively. Key factors include that their education and experience supplement those of other members. When considering the number of members, there is a focus on Ponsse's operational goals and the resulting requirements: the number of members must be relative to the company's size, line of business, market position and development stage. In addition, the shareholders' opinions must be addressed.

Diversity in the Board of Directors promotes an open culture of discussion and the ability to adopt an open approach to innovative ideas. Diversity is supported by the consideration of the age and gender distribution, educational backgrounds, as well as work and international experience. It benefits the company that individuals whose skills, backgrounds and views differ are appointed as members of the Board. This ensures the development of business operations and sustainability work, as well as good corporate governance.

In the 2024 financial period, both genders were represented on Ponsse's Board of Directors, and two of the seven members of the Board were women (29%). In addition to forest and industry expertise, the Board members' educational and professional backgrounds covered finance, legal affairs, technology, international operations, strategy, sustainability, and sales and marketing.

According to recommendation 10 of the Corporate Governance Code, the majority of Board members must be independent of the company. All Board members elected at the 2024 Annual General Meeting were independent of the company, except for Jarmo Vidgren. During 2024, he worked as a consultant for the company. Five of the seven Board members are also independent of the company's significant shareholders (71%).

There are no separate committees in the company's Board of Directors, but the Board of Directors jointly deals with and is responsible for all matters to be decided on. The presentations of the Board of Directors and the Group Management Team can be found on the company's website.

**Sustainability reporting risk management and internal control**

Ponsse's risk management and internal control processes follow the principles of the COSO framework. The Company's internal control and risk management processes related to sustainability reporting provide sufficient assurance on the reliability of reporting and ensure compliance with the applicable laws and regulations. The primary responsibility for determining the operating principles and organising control rests with the company's Board of Directors.

Ponsse's internal control involves strategic and realistic operational and financial planning, as well as continuous assessment and responses to deviations. Internal control is an integral part of the company's operating activities, including all operating methods that ensure the efficiency, cost-effectiveness and overall effectiveness of operations. The company's Board of Directors annually determines the audit focus areas together with the internal auditor, and the internal auditor reports regularly to the Board of Directors on audit results. In sustainability report-

ing, internal control is based on risk identification and analysis and the related control measures.

At Ponsse, risk management means management system procedures that identify and assess uncertainties related to Ponsse Group's operations, prepare for risks and seize opportunities. The objective of the risk management process is to support the achievement of the targets determined in the company's strategy and to secure the company's financial performance, sustainable development and business continuity.

Ponsse's risk management aims for a comprehensive and practical approach. The focus of risk management is on prevention, where material risks are identified and assessed, and their materialisation is prevented. Decisions on measures are made based on probabilities and impacts. The primary means of risk management include risk avoidance, mitigation, transfer and controlled acceptance. The risk management process also includes the continuous assessment and monitoring of risks.

Risk management findings are reported to the company's management twice a year as part of management reviews, and to the Board of Directors as part of the annual strategy process. Internal audit or risk management may at any time bring an identified risk to the attention of the Board of Directors or other management and require appropriate action.

Risks related to sustainability reporting are identified in the risk management assessments of different functions and as part of the company's strategy process. The company has carried out a separate double materiality assessment and a human rights impact assessment. These assessments will be integrated into the strategic risk assessment process during 2025. In addition, the company carried out a separate climate risk assessment in 2023. Identified risks, controls and responsibilities are determined as part of the risk management process or the normal management of operations.

Sustainability risk management is developed as part of risk management as a whole. The company's Management Team assesses sustainability risks annually as part of the Group's risk management process. Risk assessments cover, among other aspects, risks related to own workforce, the environment, consumers and end users, as well as business operations. The risk assessment results are reviewed by the Board of Directors as part of the strategy process, and based on the results, the Group's most significant sustainability risks are formed.

Ponsse has not identified in detail sustainability reporting risks related to data completeness, integrity, accuracy of estimation results, data availability or timing. However, it has been identified in the company that not all the company's data management systems fully support the availability and collection of data. The development of reporting systems and the related internal operating models will continue in 2025.



Integration of sustainability-related performance in incentive schemes

The remuneration of Ponsse’s governing bodies is based on its remuneration policy, which was approved at the company’s Annual General Meeting in 2024. The purpose of Ponsse’s remuneration policy is to align the objectives of shareholders, the Board of Directors, the CEO and the personnel in order to increase shareholder value in the long term. In preparing the remuneration policy, the Board of Directors has taken into account the views of the shareholders and the company’s needs to attract, engage and motivate the senior management to implement Ponsse’s business strategy.

- Remuneration at Ponsse is based on the following key principles:
- The interests of shareholders, the Board of Directors, the CEO and employees are aligned
  - Remuneration is based on performance and transparency
  - Remuneration attracts and commits employees to the company
  - Remuneration is linked to sustainability as part of the company’s strategy

The purpose of remuneration is to encourage the achievement of the strategic targets confirmed by the Board of Directors both in the short term (short-term incentives) and in the long term (long-term incentives).

The remuneration of the members of the Board of Directors is determined by the Annual General Meeting. The remuneration of the members of the Board of Directors consists of the Board of Directors’ fees, which may be fixed monthly or annual fees, meeting fees and other fees determined by the Annual General Meeting. The remuneration of the Board of Directors is not tied to the company’s performance or sustainability targets.

The terms and conditions of the CEO’s employment are determined by the company’s Board of Directors. As a rule, the same principles and practices of remuneration are applied to the remuneration of the CEO as to the remuneration of the Management Team and other Ponsse employees, although the remuneration of the CEO differs quantitatively because of the demanding responsibilities associated with the task. The CEO’s remuneration consists of a fixed basic salary, fringe benefits and other financial benefits, variable remuneration, such as a short-term performance bonus and a long-term incentive scheme, as well as supplementary pension arrangements.

In 2024, the short-term performance bonus targets for the CEO and the Management Team were based on indicators related to the following aspects: working capital % (weighting 20%), cash flow from operating activities, EUR (30%) (total weighting of working capital efficiency: 50%), the company’s profitability,

EBIT % (30%), employee satisfaction, eNPS (10%) and accident frequency, LTIF (10%).

In 2024, the company’s Board of Directors decided on a performance-based shareholding plan for the CEO for 2024–2026. The shareholding plan takes into account social sustainability targets, which include employee satisfaction (eNPS, 10%) and accident frequency (LTIF, 10%). In addition to the CEO, the shareholding plan also applies to other employees covered by the programme.

So far, climate-related targets have not been taken into account in the remuneration of administrative, management and supervisory bodies. The remuneration policy is published on the company’s website.

Sustainability due diligence process

In its operations, Ponsse follows due diligence to identify, prevent, reduce and stop actions that cause negative human rights and environmental impacts in the company’s value chain.

Ponsse’s management monitors the implementation of the due diligence obligation and the effectiveness of the related measures, ensuring that the company’s processes and operating methods are in line with regulations, standards and the company’s Code of Conduct. The management sets targets to fulfil the due diligence obligation and creates metrics to monitor the fulfilment of the obligation. The progress of strategic measures and targets and changes in the operating environment are monitored quarterly in strategy reviews. Measures related to operating activities are monitored at weekly and monthly management meetings in accordance with the principles of continuous improvement.

The Code of Conduct applies to all persons working at Ponsse Group in all the company’s countries of operation and, as applicable, to external people, companies and communities closely connected to Ponsse when they act with or on behalf of Ponsse. Each Ponsse employee is obligated to act as an example in compliance with the Code of Conduct and to represent the company in an exemplary fashion. Training on the Code of Conduct is part of the induction programme for new employees.

In Ponsse’s Code of Conduct, the starting point for operating methods for environmental responsibility is to develop and manage operations taking the environment into account. It commits all Ponsse employees to act proactively to avoid and reduce adverse environmental impacts caused by operations. In accordance with the Supplier Code of Conduct, suppliers must comply with all applicable laws and regulations. Suppliers must also ensure that their subcontractor and partner network comply with Ponsse’s Code of Conduct or similar guidelines. Ponsse requires that suppliers also pay special attention to human rights in their value chain and ensure that there are no forced labour,

human trafficking or other activities that violate human rights in their operations or supply chain. In accordance with Ponsse’s operating policy, every Ponsse employee takes responsibility for high-quality and safe operating methods and their development, and addresses the environmental impacts of their work.

Ponsse Plc and its country organisations adhere to company-specific management systems, such as the ISO 9001 quality management standard, the ISO 14001 environmental management standard, the ISO 45001 occupational health and safety management standard and the ISO 27001 standard for information security management systems. Information about company-specific management systems can be found under *G1 Business Conduct*. The goal of the systems is to standardise the Group’s operations and ensure the company’s continuous development. In 2024, 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’s human rights due diligence (HRDD) process was conducted and described at the end of 2023, assisted by external human rights specialists. Specialists from Ponsse were also engaged in the process. The process was started by conducting a human rights impact assessment (HRIA) to assess the human rights impacts and risks of Ponsse’s operations and specify the most significant human rights themes and standards. As a result of the impact assessment, the internal processes, monitoring and communication of Ponsse’s human rights responsibility were specified and development needs were assessed. More information about the human rights impact assessment process is provided under *S1 Own workforce*.

The Ponsse maintenance service network is regularly audited in accordance with Ponsse’s internal ESW (Effective and Safe Workshop) audit programme. The safety section of the audit programme includes, among other aspects, safety training, emergency preparedness, safety metrics and safety observations and safety walks, as well as the different areas of accident investigation. Audit incidents are reported, and the corrective measures required are monitored globally.

Processes related to environmental responsibility at Ponsse sites are reviewed as part of Ponsse’s internal ESW audits. These include, for example, the following aspects: whether the site has oil separation wells in place, where wastewater is discharged, how chemicals are stored and whether emergency instructions for leakage situations can be found at their storage and use locations.

Ponsse Plc takes due care when selecting its business partners. Suppliers’ background checks use an external service provider’s data and analytics service, which checks business partners’ backgrounds in an up-to-date and risk-based manner as part of business processes. The service can be used to identify risks in terms of trade sanctions, corruption, money laundering, human rights violations and various types of misconduct. More information about suppliers’ background checks is provided under *G1 Business conduct*.

Ponsse follows due diligence in its material purchases. Suppliers are required to ensure to the fullest extent possible that the conflict minerals used in the components (tin, tungsten, tantalum and gold) are responsibly sourced and do not contribute to conflicts or other similar illegal activities.

Key elements of the due diligence process	Paragraphs in the sustainability report
Embedding due diligence in governance, strategy and the business model	<ul style="list-style-type: none"><li>• Ponsse’s management systems and policies guide compliance with due diligence in operations:<ul style="list-style-type: none"><li>• Code of Conduct, page 92</li><li>• Supplier Code of Conduct, page 92</li><li>• Procurement policy, page 92</li><li>• Operating policy, page 92</li><li>• Health and safety policy, page 79</li><li>• Management system audits, page 92</li></ul></li></ul>
Interaction with affected stakeholders during all key phases of the due diligence process	<ul style="list-style-type: none"><li>• Human rights impact assessment (S1, <i>Respect for human rights at Ponsse</i>, page 79)</li><li>• Suppliers’ background checks (G1, <i>We know our business partners</i>, page 95)</li><li>• Internal ESW audits (E4, <i>Sites near biodiversity-sensitive areas</i>, page 67, S1, <i>Promoting occupational safety</i>, page 81)</li></ul>
Identification and assessment of adverse impacts	<ul style="list-style-type: none"><li>• Human rights impact assessment (S1, <i>Respect for human rights at Ponsse</i>, page 79)</li><li>• Double materiality assessment (ESRS 2, <i>Identification and assessment of sustainability topics</i>, page 47)</li><li>• Group risk assessment (ESRS 2, <i>Sustainability reporting risk management and internal control</i>, page 43)</li><li>• Management systems (G1, <i>Policies</i>, page 92)</li></ul>
Measures to prevent adverse impacts	<ul style="list-style-type: none"><li>• Ponsse’s ESW audits (E4, <i>Sites near biodiversity-sensitive areas</i>, page 67, S1, <i>Promoting occupational safety</i>, page 81)</li><li>• Internal background checks (G1, <i>We know our business partners</i>, page 95)</li></ul>
Tracking and communicating the effectiveness of these efforts	<ul style="list-style-type: none"><li>• Internal ESW audits (E4, <i>Sites near biodiversity-sensitive areas</i>, page 67, S1, <i>Promoting occupational safety</i>, page 81)</li></ul>



Interests and views of stakeholders

Ponsse’s main stakeholders are presented in the table below. The table describes the cooperation with stakeholders and how the interests and views of different stakeholders affect Ponsse’s business model and strategy.

Stakeholder	Cooperation with stakeholders	Impact on the company’s business model and strategy
<ul style="list-style-type: none"><li>Customers</li></ul>	<ul style="list-style-type: none"><li>Customer feedback processes</li><li>Customer seminars and training</li><li>Product development project idea groups and product testing</li><li>Measuring customers’ willingness to recommend and customer satisfaction</li><li>Events and customer visits</li><li>Stakeholder interviews</li></ul>	<ul style="list-style-type: none"><li>New innovations that promote the environmental friendliness of harvesting and the related technologies</li><li>Product safety development</li><li>New products, product features and services that improve forest machine productivity, cost-effectiveness, usability and ergonomics</li></ul>
<ul style="list-style-type: none"><li>Forest companies and forest owners</li></ul>	<ul style="list-style-type: none"><li>Cooperation meetings</li><li>Product development cooperation</li></ul>	<ul style="list-style-type: none"><li>Identification of sustainable forest management needs in product and service development</li><li>Development of industrial harvesting productivity and raw material optimisation</li></ul>
<ul style="list-style-type: none"><li>Personnel</li></ul>	<ul style="list-style-type: none"><li>Personnel events</li><li>Personnel training</li><li>Personnel surveys</li><li>Stakeholder interviews</li><li>Occupational safety observations</li><li>Continuous improvement initiatives</li><li>Cooperation management team and cooperation with shop stewards</li></ul>	<ul style="list-style-type: none"><li>A strong value-driven corporate culture that generates customer-focused solutions and promotes employees’ well-being</li><li>Advanced product and service solutions</li><li>Production efficiency and quality</li><li>Working environment safety</li><li>Company reputation</li><li>Business operations that are ethical and adapt to changes in the operating environment</li></ul>
<ul style="list-style-type: none"><li>Dealers and contractual service partners in the Ponsse network</li></ul>	<ul style="list-style-type: none"><li>Cooperation and strategy meetings</li><li>Process for handling customer feedback</li><li>Events</li><li>Training and technical advice</li><li>Product development projects and product testing</li></ul>	<ul style="list-style-type: none"><li>Customer satisfaction and sales growth</li><li>Advanced product and service solutions that take market-specific customer needs and the expertise of the Ponsse network into account</li><li>Increase in market knowledge</li></ul>
<ul style="list-style-type: none"><li>Subcontractors and suppliers</li></ul>	<ul style="list-style-type: none"><li>Supplier events and meetings</li><li>Product development cooperation</li><li>Project cooperation</li><li>Stakeholder interviews</li></ul>	<ul style="list-style-type: none"><li>A supply chain committed to sustainable practices and their development</li><li>New material solutions and product development</li><li>Development of solutions based on resource efficiency and the circular economy</li><li>Improving manufacturability</li></ul>
<ul style="list-style-type: none"><li>Owners</li></ul>	<ul style="list-style-type: none"><li>Annual General Meeting</li><li>Active dialogue and meetings</li></ul>	<ul style="list-style-type: none"><li>Capital and business continuity</li><li>Strategic guidance and advice</li><li>A long-term vision and direction for the future</li><li>Support for growth and development</li><li>Company reputation and networking</li></ul>
<ul style="list-style-type: none"><li>Local communities and associations</li></ul>	<ul style="list-style-type: none"><li>Active dialogue and meetings</li><li>Involvement in the local community</li><li>Sponsorship cooperation</li></ul>	<ul style="list-style-type: none"><li>Employer and company reputation</li><li>Infrastructure development</li><li>Flexible facility and plot solutions</li><li>Service and training offering that supports business operations</li><li>Labour availability</li></ul>
<ul style="list-style-type: none"><li>Legislators and the authorities</li></ul>	<ul style="list-style-type: none"><li>Active dialogue and meetings</li></ul>	<ul style="list-style-type: none"><li>Financial effects such as tax payments, customs fees and employer contributions</li><li>Development of environmental and product safety</li><li>Rules related to employment relationships</li></ul>
<ul style="list-style-type: none"><li>Schools and educational institutions</li></ul>	<ul style="list-style-type: none"><li>Cooperation agreements</li><li>Research and development projects</li><li>Traineeships and thesis opportunities</li><li>Events and visits</li></ul>	<ul style="list-style-type: none"><li>Development of operations and solutions</li><li>Employees’ professional development</li><li>Employee availability through the Ponsse Path and Ponsse Pro training programmes, for example</li></ul>
<ul style="list-style-type: none"><li>Funding providers, investors and analysts</li></ul>	<ul style="list-style-type: none"><li>Annual General Meeting</li><li>Active dialogue and meetings</li><li>Investor events</li></ul>	<ul style="list-style-type: none"><li>Assessment of sustainability targets and risks</li><li>Promoting sustainable business operations</li></ul>
<ul style="list-style-type: none"><li>Media</li></ul>	<ul style="list-style-type: none"><li>Media events and meetings</li><li>Open communication</li></ul>	<ul style="list-style-type: none"><li>Up-to-date and transparent communication about the company’s business operations and product solutions</li><li>Company reputation</li></ul>
<ul style="list-style-type: none"><li>Jobseekers</li></ul>	<ul style="list-style-type: none"><li>Recruitment events and interviews</li><li>Jobseeker satisfaction measurement NPS</li></ul>	<ul style="list-style-type: none"><li>Employer image</li></ul>

It is essential for Ponsse to act honestly and ethically as part of the community. Good corporate governance and the Code of Conduct define how we treat people equally, conduct sustainable business and engage in good cooperation.

Trust between Ponsse and its stakeholders is based on open long-term cooperation. The aim is to understand the views and expectations of the company’s key stakeholders in terms of success, and to develop the company’s operations accordingly. The company engages in active dialogue with stakeholders and provides up-to-date information about the company’s operations in accordance with market regulations. Ponsse’s most important stakeholders are customers and Ponsse employees throughout the Ponsse network. We want to know our customers personally and take their families and stakeholders into account in Ponsse’s operations. The Ponsse network refers to both Ponsse’s own country organisations and its dealers, who are always treated equally alongside Ponsse’s own country organisations.

In 2024, stakeholder interviews were conducted as part of the double materiality assessment. The interviews complemented the materiality assessment carried out in 2022. The interviewees represented the following stakeholders: personnel, the authorities, owners, value chain workers and forest owners. The results of the stakeholder interviews were used in the assessment of Ponsse’s impacts, risks and opportunities.

More information about stakeholder cooperation is provided under *S1 Own workforce*, *S4 Consumers and end users* and *G1 Business conduct*.

Material impacts, risks and opportunities related to sustainability and their management

**Identification and assessment of sustainability topics**  
In 2024, Ponsse renewed its assessment of material sustainability impacts, risks and opportunities. The assessment was carried out as a double materiality assessment in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) to determine the impact materiality and financial materiality related to the company’s sustainability. The aim of the double materiality assessment carried out as part of the company’s risk management process was to identify and assess the material impacts of Ponsse’s operations on society, stakeholders and the environment, as well as the risks and opportunities related to sustainability that have financial effects on Ponsse. In addition, the aim was to support the development and strategic planning of Ponsse’s sustainability work.

In the double materiality assessment, the company identifies and prioritises the key economic, social and environmental sustainability topics that have the greatest impact and strategic value in both the short and long term. Ponsse prioritises negative

impacts based on their relative severity and likelihood, and positive impacts based on their relative scope and likelihood. To build a sustainable business strategy, it is important to understand which economic, environmental and social topics the company needs to take into account and prioritise. The company’s business model and strategy take into account, for example, climate change, based on which Ponsse has developed the PONSSE EV1 forwarder concept, which is based on an electric powerline.

The assessment of key sustainability topics is carried out annually in connection with Ponsse’s strategy update. Impacts, risks and opportunities have been identified for both Ponsse’s own operations and the upstream and downstream value chain. This is to understand which impacts arise from Ponsse’s strategy and business model and which arise from the nature of its business relationships.

The double materiality assessment was carried out with the help of an external partner and started with the Ponsse value chain definition, which is described on page 42. Following the determination of the value chain, stakeholder interviews were conducted to collect the views of internal and external stakeholders on the company’s key impacts, risks and opportunities. The stakeholder interviews carried out in connection with the double materiality assessment supplemented previous stakeholder interviews conducted in 2021–2022. In addition to own employees and value chain workers, the stakeholders interviewed included investors, customers, private forest owners and non-governmental organisations, among other groups. The results of the stakeholder interviews were used in Ponsse’s double materiality assessment.

The assessment of Ponsse’s impacts, risks and opportunities was carried out in an internal management workshop. Ponsse’s positive and negative impacts were assessed based on scale, scope, remediability and probability. Financial risks and opportunities related to sustainability were assessed from the perspectives of sales, costs, investments and funding. The assessment was carried out using a scale in which the short term refers to a period of less than one year, the medium term to one to five years, and the long term to more than five years.

The double materiality assessment takes into account the ESRS standard list of sustainability matters (ESRS 1, Appendix A, AR 16). Although the double materiality assessment was carried out at the topical level, Ponsse has taken the relevant sub-topics and sub-sub-topics into account when making topical assessments. The assessment takes into account the dependencies of the impacts on risks and opportunities. The double materiality assessment was carried out at the level of Ponsse Group as a whole. A materiality threshold was used in the assessment of impacts, risks and opportunities. Ponsse’s experts and management have analysed the thresholds and selected the



most material impacts, risks and opportunities, which are the most severe and noteworthy for the company. We estimate that the most material impacts, risks and opportunities start from a value of three (3) on a scale of 1 to 5. The expected financial effects of material risks and opportunities will be assessed during 2025. A resilience analysis of the strategy and business model has not been carried out in the 2024 reporting year. During 2025, Ponsse will examine the capabilities to implement a strategy and business model resilience analysis.

Ponsse's material sustainability topics

Based on the results of the materiality assessment, the following are the most material sustainability topics for Ponsse: *E1 Climate change*, *E4 Biodiversity and ecosystems*, *E5 Resource use and circular economy*, *S1 Own workforce*, *S4 Consumers and end users* and *G1 Business conduct*. Material sustainability topics are reported as part of the sustainability report.

In the double materiality assessment, we also identified impacts, risks and opportunities related to pollution, water and marine resources, workers in the value chain and affected communities. However, we estimate that the impacts, risks and opportunities related to these topics are not material in Ponsse's operations in relation to other sustainability topics.

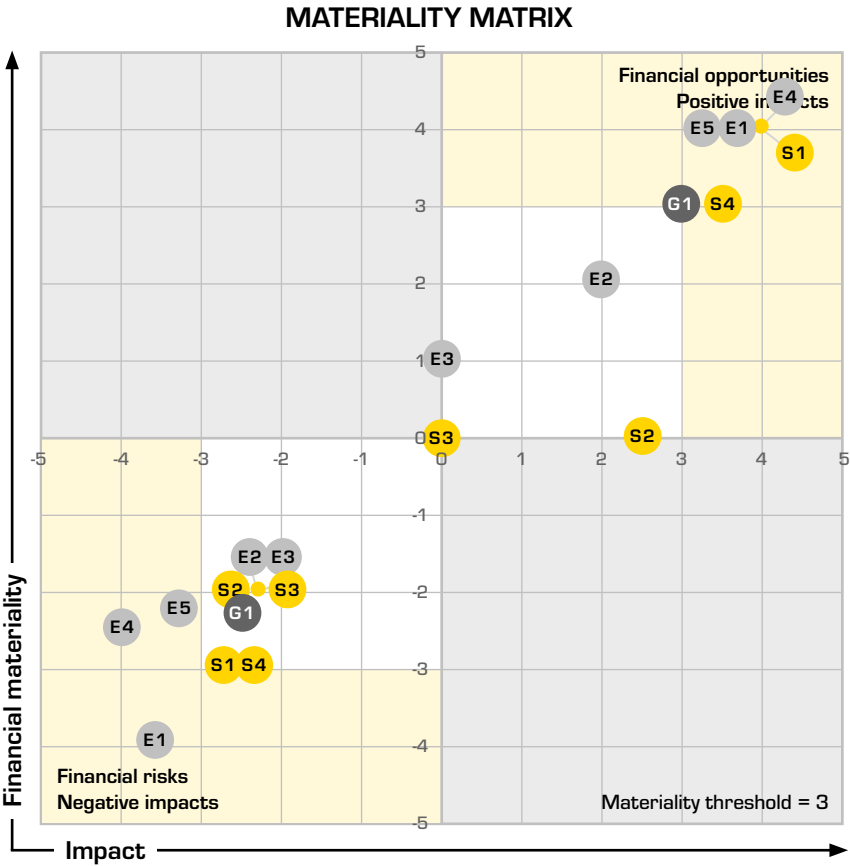
Ponsse's impacts on pollution include, for example, oil emissions to soil and VOC emissions to the air, which are seen as somewhat significant, but affect a very limited area. Remediating oil emission is difficult in the terrain, but bio-based lubricants that are less harmful to the environment can be used in PONSSE forest machines. The financial risks arising from the topic are small and the opportunities are very small.

In relation to water and marine resources, the company's material processing operations in the upstream value chain are water-intensive, but the use of water is local and is limited to the immediate environment of the processing operations and to the water bodies in the immediate environment. Ponsse's own production and maintenance processes are not water-intensive. The financial risks and opportunities arising from the topic are estimated to be minor.

The employees of Ponsse's value chain include the employees in Ponsse's supplier and subcontracting network, as well as the employees of dealers and contract workshops. Ponsse's impacts on workers in the value chain are local, and almost half of the company's production purchases are made within a 25-kilometre radius of the Vieremä factory. Impacts on forest machine operators are taken into account in *S4 Consumers and end users*. The financial risks and opportunities for workers in the value chain are estimated to be quite small.

Ponsse's negative impacts on affected communities are indirect through operations in the value chain. Value chain harvesting operations can have negative impacts on local communities, and Ponsse has no information about whether its value chain operates in Indigenous areas in South America, for example. However, the negative impacts are estimated to be moderate and concentrated. The financial risks of the topic are related to the factory's immediate surroundings, such as the environment and traffic safety, as well as the costs arising from these. However, these risks are estimated to be low.

The final results of the double materiality assessment are presented on page 49.





# ENVIRONMENTAL INFORMATION

EU taxonomy .....	50
E1 – Climate change .....	57
E4 – Biodiversity and ecosystems .....	64
E5 – Resource use and circular economy.....	68

## 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 2024, compa-

nies 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 all the six environmental objectives. Companies must also disclose information about the taxonomy alignment of their business operations in terms of the four other environmental objects for the first time, in addition to the climate objectives.

Ponsse's taxonomy eligibility for the financial period that ended on 31 December 2024 has been assessed using 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.

The assessment of taxonomy-eligible and taxonomy-aligned business activities 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 Organization on Fundamental Principles and Rights at Work
- The International Bill of Human Rights

Ponsse has assessed the human rights impacts of the parent company and foreign country organisations with the help of 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 Ponsse's Supplier Code of Conduct. In its operations, Ponsse is committed to complying with good corporate governance and the local legislation and regulations of the country in which is operates. 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
- Total EUR 121,849,238

Ponsse has solid expertise in the circular economy, especially in its spare parts and used machine operations. Ponsse sells and refurbishes used machines in all its market areas, and also spare parts in an increasing number of market areas. Remanufactured and reused spare parts support Ponsse's goals to develop its material efficiency and achieve carbon neutrality.

The 2024 taxonomy reporting identified the net sales associated with the remanufacturing of Ponsse's spare parts it's 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*. Ponsse recognises that compliance with the taxonomy alignment requires the global implementation of the waste plan introduced in Finland's operations, which will be further developed during 2025.

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 the company's operations are considered to be partly taxonomy-eligible. The Epec Flow Power Distribution Unit (PDU) enables the combination of electric motors, batteries and various devices. The taxonomy-eligible turnover for the PDU product has been included in the taxonomy reporting for 2024. Epec Oy's turnover cannot currently be estimated with sufficient accuracy in accordance with the taxonomy, as further measures are still required to meet all the criteria for compliance. The PDU product is considered to be in category 3.6 *Manufacture of other low carbon technologies*.

### 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 the 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 it is possible to affect emissions from the operation of forest machines through innovative R&D activities. A significant proportion of R&D investments is enabling harvesting with even lower emissions in the future.

In terms of capital expenditure, the following have been identified as taxonomy-eligible expenses:

- 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 LED lighting and building automation
- Investment expenses associated with electric and hybrid cars and electric forklifts
- Total EUR 1,151,893

In terms of capital expenditure, the following have been identified as taxonomy-aligned expenses:

- Vieremä factory biogas investment
- Solar panel installation expenses
- Investment expenses associated with electric vehicle charging stations
- Total EUR 255,463



In the autumn of 2022, Ponsse launched the PONSSE EV1 forwarder concept with an electric powertrain. It is still in the R&D phase, and its final emissions reduction potential is not yet known. As part of the 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. The goal is to further specify the estimate during 2025. 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*.

Ponsse's Vieremä factory switched to renewable biogas in July 2024. Renewable biogas replaces the LPG used in the paint shop and is a significant step towards achieving the carbon neutrality target for Ponsse's production. The biogas investment includes gas pipelines and burners, which have been classified in activity 7.6 *Installation, maintenance and repair of renewable energy technologies*.

In 2024, investments were made in Ponsse's properties to improve energy efficiency, including the installation of solar panels and building automation, the replacement of regular lights with LEDs, and the installation of electric vehicle charging stations in six properties. LED lighting and building automation expenditure is considered to fall under activity 7.3 *Installation, maintenance and repair of energy efficiency equipment*. The investment expenses related to solar panels have been classified in activity 7.6 *Installation, maintenance and repair of renewable energy technologies*. The investments in charging stations for electric vehicles have been identified as belonging to activity 7.4 *Installation, maintenance and repair of charging stations for electric vehicles in buildings*.

In 2024, Ponsse Group invested in six electric and hybrid cars and one electric forklift. Electric and hybrid cars and electric forklifts are considered to fall under activity 6.5 *Transport by motorbikes, passenger cars and light commercial vehicles*.

In 2023, Epec Oy's factory investment was reported as part of capital expenditure. Epec moved its headquarters and

production to new premises in late 2023, and there is nothing to report on the factory investment in 2024.

The taxonomy's capital expenditure criteria are met for solar panels, electric vehicle charging points and biogas investment. Alignment with the taxonomy system could not be reported in other respects, as sufficient information about suppliers' compliance with the DNSH (do no significant harm) criteria and minimum social safeguards 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.

In terms of operating expenditure, the following have been identified as taxonomy-eligible expenses:

- Expenses associated with the FORWARD'27 development project
- Research expenses associated with the PONSSE EV1 forwarder
- Total EUR 721,745

Ponsse has identified the research expenses as taxonomy-eligible operating expenditure. In 2023, Business Finland granted EUR 10 million in funding for Ponsse and Epec's FORWARD'27 programme 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. The R&D expenses associated with the FORWARD'27 project and the PONSSE EV1 forwarder have been classified in activity 3.6 *Manufacture of other low carbon technologies*.

In 2023, rail transport using renewable electricity and purchases of electricity produced from nuclear power and renewable energy sources were taken into account as part of operating expenditure. The estimate was further specified during 2024, on the basis of which transport expenses have been excluded from the taxonomy reporting.

The criteria for operating expenditure under the taxonomy were not met for the identified operating expenses. Alignment with the taxonomy system could not be reported, as sufficient information about suppliers' compliance with the DNSH (do no significant harm) criteria was not available.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024		Substantial Contribution Criteria							DNSH criteria ('Does Not Significantly Harm')(h)									
	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2024 (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 2023	Category enabling activity (19)	Category transitional activity (20)
Economic Activities (1)				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)																			
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	95,317 €	0.013%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.002%		
5.1 Repair, refurbishment and remanufacturing	CE 5.1	2,201,944 €	0.3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.2%		
5.4 Sale of second-hand goods	CE 5.4	119,551,977 €	15.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								13.8%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		121,849,238 €	16.2%	0.08%	0%	0%	0%	99.92%	0%								13.9%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		121,849,238 €	16.2%	0.10%	0%	0%	0%	99.90%	0%								13.9%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		628,577,311 €	83.8%																
TOTAL		750,426,549 €	100%																



Proportion of CapEx from products or services associated with  
Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year 2024 (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 2023	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)																			
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	42,255 €	0.2%	E/S	E/S	E/S	E/S	E/S	E/S							K	0%		
7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	213,208 €	1.0%	E/S	E/S	E/S	E/S	E/S	E/S							K	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		255,463,00 €	1.2%	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	848,518 €	3.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5.1%		
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	237,076 €	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
7.3 Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	66,299 €	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,151,893 €	5.3%	100%	0%	0%	0%	0%	0%								6.5%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		1,151,893 €	5.3%	100%	0%	0%	0%	0%	0%								6.5%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		20,436,437 €	94.7%																
TOTAL		21,588,330 €	100%																

Proportion of OpEx from products or services associated with  
Taxonomy-aligned economic activities – disclosure covering year 2024

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria (‘Does Not Significantly Harm’)(h)											
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year 2024 (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 2023	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; N/EL (b) (c)	Y/N	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)																					
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-€	0.0%	0.0%	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.0%		
Of which Enabling		-€	0%	0%	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)	EL; N/EL (f)											
3.6 Manufacture of other low carbon technologies	CCM 3.6	721,745 €	3.93%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.42%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		721,745 €	3.93%	100%	0%	0%	0%	0%	0%	0%									0.98%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		721,745 €	3.93%	100%	0%	0%	0%	0%	0%	0%									0.98%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
OpEx of Taxonomy-non-eligible activities		17,628,789 €	96.1%																		
TOTAL		18,350,534 €	100%																		



RowNuclear 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
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

# E1 – Climate change

## Material impacts, risks and opportunities related to climate change

Positive impacts	Part of the value chain	Controls and measures
Efficient harvesting planning is supported by solutions and services that can reduce in-service emissions from forest machines. (A)	Downstream value chain	<ul style="list-style-type: none"><li>• Map solutions make it possible to optimise the use of the forest machine and to plan the trails, which improves the energy efficiency of the work.</li><li>• The PONSSE High-Precision Positioning solution provides location information about felled trees, which can also be used in future logging planning.</li><li>• Optimisation of forest machine use is taught as part of operator training: how to maximise efficiency with minimal fuel consumption.</li><li>• Training on switching to the cut-to-length method focuses on aspects to be taken into account in logging planning, such as productivity, the number of trips and fuel consumption minimisation.</li></ul>
The electrification of forest machines and the improvement of efficiency regardless of the energy source. (P)	Downstream value chain	<ul style="list-style-type: none"><li>• Electrification, improvement of energy efficiency and research into energy recovery have been taken into account in the product development strategy.</li><li>• Developing the efficiency ratio of forest machines by improving hydraulics and using engines with a newer emission class.</li><li>• Technological solutions to reduce fuel consumption, such as the PONSSE EV1 electric machine concept and the PONSSE Synchrowinch solution, which reduces fuel consumption during slope work.</li></ul>
Negative impacts	Part of the value chain	Controls and measures
Ponsse’s own and value chain emissions, most notably during the operations of forest machines, arising from fuel consumption. (A)	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Emissions reduction targets have been set for emissions from own operations and purchased energy.</li><li>• Taking measures to reduce emissions.</li><li>• Reducing forest machine fuel consumption, improving energy efficiency and developing low-emission product solutions.</li></ul>
Harvesting affects forest carbon sinks before the next generation of trees grows. (A)	Downstream value chain	<ul style="list-style-type: none"><li>• Ponsse manufactures, develops and sells cut-to-length forest machines, in which the use of wood raw material is optimised, and the amount of waste is minimised.</li><li>• Cut-to-length forest machines are also suitable for thinning and selection logging</li><li>• Developing solutions to maximise the use of harvested wood up to the minimum top diameter.</li></ul>
The manufacture of PONSSE forest machines involves large amounts of steel, which is highly emission-intensive. (A)	Upstream value chain and own operations	<ul style="list-style-type: none"><li>• Material use is optimised through calculation and simulation, improving material efficiency.</li><li>• Replacement materials for steel are being studied in technically sensible locations.</li><li>• Some of the raw materials of the components are recycled, for example, 97% of the steel casting comes from recycled material.</li><li>• A cooperation agreement on the phasing-in of fossil-free steel from 2026 onwards; the material concept of fossil-free steel and forwarder load space were introduced in 2024.</li></ul>



Financial opportunities	Part of the value chain	Controls and measures
Development of new technologies, improvement of resource efficiency and development of operations.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>Continuous improvement of the productivity and efficiency of the current product offering.</li><li>Development of operator assistance functions to improve productivity, such as PONSSE Active Crane, which helps operators improve work efficiency.</li><li>Project cooperation, such as the FORWARD'27 ecosystem project.</li></ul>
Demand for new innovations, such as products enabling fire extinguishing and zero-emission harvesting.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>Ponsse actively interacts with customers about their needs.</li><li>Developing innovative product solutions such as PONSSE Firefighting Equipment and the EV1 electric machine concept.</li></ul>
Creating value for society and gaining a competitive advantage with sustainably produced, innovative solutions that reduce environmental impacts.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>Developing sustainable solutions such as PONSSE Active Speed and PONSSE Active Crane.</li><li>Developing strategic expertise for the electrification of work machines</li><li>Developing production technologies.</li><li>Cooperating with higher education institutions, universities and research organisations..</li></ul>
IT services and data collection developed to enhance the efficiency of harvesting.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>PONSSE Manager 2.0 provides information about forest machine productivity and fuel consumption.</li><li>Remote diagnostics enable proactive maintenance calls and make it possible to avoid unnecessary driving related to maintenance.</li><li>Developing map and navigation technologies and improving the accuracy of positioning solutions.</li><li>The Thinning Density Assistant technology concept guides the operator in real time to achieve the best thinning frequency and optimise the trail network.</li></ul>
Financial risks	Part of the value chain	Controls and measures
Climate change mitigation and the transition to low-carbon operations cause significant demands and needs for reform in product and technology solutions.	Own operations	<ul style="list-style-type: none"><li>Close cooperation with customers and stakeholders ensures technological development that advances in the correct direction and meets future needs.</li><li>Monitoring legislative developments and future requirements with the aim of responding in advance.</li><li>Participation in research cooperation projects and industry cooperation.</li></ul>

Material impacts, risks and opportunities related to climate change have been identified as part of the company's double materiality assessment, the results of which are taken into account in the Group's risk management process. The process of identifying and assessing the material impacts, risks and opportunities related to sustainability topics is described on page 47. The impacts, risks and opportunities table indicates whether the impact identified is actual (A) or potential (P). The only climate-related risk identified as material is the transition risk where climate change mitigation and the transition to low-carbon solutions create significant demands and needs for innovation in product and technology solutions. Scenario analysis has not been used in the assessment.

Material impacts, risks and opportunities have been identified by extensively evaluating Ponsse's own operations and value chain. Available information about previous greenhouse gas

emission calculations and life cycle assessments for a few products has been used to identify emission sources. Physical risks related to own operations have been identified using the WWF's Risk Filter tool.

The positive impacts and opportunities related to climate change are based on the company's strategy. In the long term, Ponsse seeks to achieve carbon neutrality in operating activities and solutions. In terms of strategic sustainability targets, the aim is to develop operations taking the natural environment into account and to innovate solutions that reduce the environmental impacts of forest machines. Sustainability guides Ponsse's business operations, giving it direction and ensuring the company's continued success in the future. Negative impacts and risks are strongly related to the business sector in which Ponsse operates. The resilience of Ponsse's strategy or business model in relation to climate change has not been assessed.

Climate targets and progress

Target	Target 2030	Outcome in 2024	Year 2023	Progress on targets 2024
Reducing market-based Scope 1 and 2 emissions by 42%	-42% [~1,850 tCO <sub>2</sub> e]	-10% (-451 tCO <sub>2</sub> e)	4,404 tCO <sub>2</sub> e	<ul style="list-style-type: none"><li>Switiching the paint shop's fuel to biogas</li><li>Acquisition of low-emission vehicles</li><li>Further specification of the amount of fuel consumed in test drive</li></ul>
Increasing the share of renewable energy and nuclear power to 95% of the electricity and heat used	95%	92.3%	90.9%	<ul style="list-style-type: none"><li>Continuing to transfer Finnish sites to renewable district heating</li></ul>

Progress on targets during the reporting period

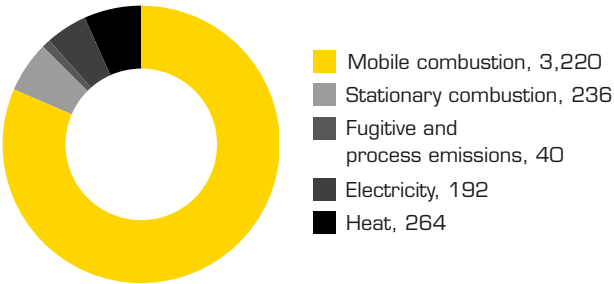
The climate-related targets apply to the whole Group. The Scope 1 and 2 emissions reduction target is compatible with the goal of limiting global warming to 1.5 °C. The target has been determined using a calculator provided by the SBTi (Science Based Targets Initiative) and a multi-sectoral (Absolute Contraction Approach, ACA) emissions reduction pathway. The targets have not been verified by an external party. In addition to these, Ponsse has internally monitored function-specific targets that support the achievement of Group-level targets. Ponsse calculated its greenhouse gas emissions from the value chain for the first time in 2024 based on 2023 data, and no emissions reduction target has yet been set for them. The value chain's emissions reduction target (Scope 3) is expected to be set during 2025. The progress on the targets and the effectiveness of the measures are monitored and evaluated once a quarter by the environmental steering group.

Scope 1 and 2 emissions reduction

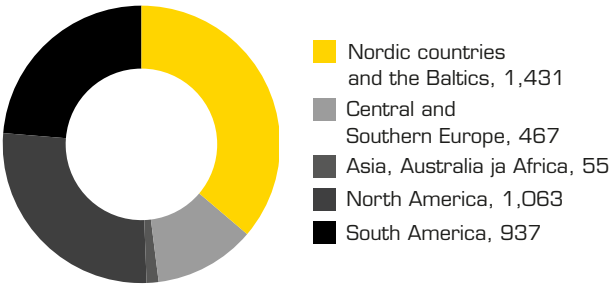
The Scope 1 and 2 emissions reduction target was adjusted during 2024 to meet the requirements of the CSRD. The base year for the new target is 2023, when the market-based emissions from own operations and purchased energy amounted to 4,404 tCO<sub>2</sub>e. Scope 1 emissions accounted for 89% and Scope 2 emissions for 11% in the base year. No need was seen for deriving the base year value from the multi-year average, as the variation in emissions covering the target between 2021 and 2023 has been small. Annual variation in emissions covering the target may be caused by variation in sales volume and business size, depending on the market situation. The target has been found to be achievable by the technologies currently available, and the annual variation in emissions should not have any significant impact on the achievement of the target.

The goal is to reduce market-based Scope 1 and 2 emissions by 42% (1,850 tCO<sub>2</sub>e) from the 2023 base year by 2030. This would mean a linear annual decrease of 6% compared with the 2023 base year (264 tCO<sub>2</sub>e).

MARKET-BASED SCOPE 1 & 2 EMISSIONS BY EMISSION SOURCE, TCO<sub>2</sub>e



MARKET-BASED SCOPE 1 & 2 EMISSIONS BY MARKET SEGMENT, TCO<sub>2</sub>e





In 2024, Ponsse’s market-based Scope 1 and 2 emissions decreased by 10% (451 tCO<sub>2</sub>e) compared with the 2023 base year. Scope 1 greenhouse gas (GHG) emissions decreased by 11% (442 tCO<sub>2</sub>e) and market-based Scope 2 emissions by 2% (9 tCO<sub>2</sub>e).

During the reporting year, the target was promoted by increasing the use of renewable energy and by electrifying vehicles. Liquefied petroleum gas (LPG) used in the surface treatment process at the Vieremä factory was replaced with biogas in July. In 2024, the emissions reduction achieved by replacing the surface treatment fuel was 66 tCO<sub>2</sub>e, as the change was made in the middle of the year. Of this, 112 tCO<sub>2</sub>e is expected to remain as emissions reductions for 2025. In addition, the new gas burners required for fuel switching are more energy efficient thanks to their adjustability.

During the reporting year, Ponsse acquired a total of six low-emission hybrid and electric vehicles, as well as an electric forklift. The investment expenses related to the biogas switch and low-emission vehicles have been taken into account as part of the EU taxonomy reporting on page 50.

In addition, the test drive fuel consumption of forest machines manufactured at the factory was further specified, which reduced emissions by 255 tCO<sub>2</sub>e. The measures to reduce emissions from the heat used are described under the following target. Other changes in Scope 1 and 2 emissions are related to normal annual changes in business scope and production volumes.

**Increasing the share of renewable energy and nuclear power**  
In addition to its emissions reduction targets, Ponsse has set a target to increase the share of renewable energy and nuclear power to 95% of the electricity and heat consumed by 2030. The target also includes fuels used for heating purposes.

In 2024, the share of renewable energy and nuclear power used by Ponsse increased to 92.3% of the electricity and heat used, or 1.4 percentage points from the previous year. The transfer of Finland’s maintenance service centres to the use of renewable district heating with guarantees of origin continued during the reporting year. The change in district heating reduced emissions by 40 tCO<sub>2</sub>e, taking into account the changes made to purchased district heating in both the reporting year and towards the end of 2023. At Ponsse’s Ilomantsi site, oil heating was replaced with air source heat pumps, which produced 17 tCO<sub>2</sub>e emissions reductions.

In addition, the solar panels installed at the end of 2023 produced electricity throughout the year, thanks to which Ponsse’s own renewable energy production more than tripled from the previous year.

Policies

Ponsse’s impacts, risks and opportunities related to climate change are managed at the top level through the policies described in the Group’s operating policy, Code of Conduct, procurement policy and Supplier Code of Conduct. These are described in more detail under G1 *Business conduct*. Ponsse’s policies related to climate change focus on climate change mitigation and energy efficiency in particular. They do not directly address climate change adaptation or the adoption of renewable energy.

Ponsse’s business operations and product development are guided by sustainability in accordance with the company’s policy. Strategic environmental sustainability targets include the development of operations taking the natural environment into account and the innovation of sustainable and environmentally sound solutions. It is essential to know the environmental impacts of operations and work systematically to improve them. Product development must aim to develop solutions that reduce the environmental impacts of forest machines. Ponsse’s long-term target is to achieve carbon neutrality in its operations. At Ponsse, the carbon neutrality target means that the company strives for zero emissions from PONSSE products and operations in its operations and product development.

Ponsse’s Code of Conduct commits the company’s employees to proactive actions and to minimising the adverse environmental impacts caused by operations. The operating methods arising from this include paying attention to actions that affect climate change in decision-making, developing environmentally sound solutions, selecting the products to be purchased based on their environmental impacts, among other factors, and choosing energy-saving operating methods.

In accordance with the procurement policy and Supplier Code of Conduct, suppliers are encouraged to monitor and reduce greenhouse gas emissions from their operations and value chain. Suppliers should seek to improve the energy efficiency of their operations and take into account the environmental impacts of their products throughout their life cycle.

Ponsse’s parent company’s energy actions are guided by an energy efficiency agreement, in which Ponsse commits to an action plan for the technology industry. The agreement obligates companies to set an energy saving target for their operations, to improve the efficiency of their energy use and to take measures.

Measures

Reducing emissions during product use

Reducing the fuel consumption of forest machines is subject to continuous development work in Ponsse’s product devel-

opment. Efforts are made to improve the energy efficiency of powerline solutions and the fuel efficiency of machines, as well as fuel consumption in relation to the amount of wood harvested. The efficiency ratio of the machines is improved by improving hydraulics and using engines with a newer emission class. The use of renewable fuels in PONSSE forest machines has also been made possible through product development. The use of renewable fuels reduces greenhouse gas emissions from the use of machinery.

Emissions from machines can be significantly reduced by means of technology solutions. In 2022, Ponsse launched the first forestry machine technology concept based on an electric powerline on the market, the PONSSE EV1 forwarder. The concept is an important step towards lower-emission harvesting, although the forest machine will not be commercially available until later. The EV1 machine’s transmission operates fully using battery energy. The battery is charged using the Range Extender, which is operated by a combustion engine at this development stage. During testing, the technology has achieved a clear reduction in fuel consumption compared with forwarders in a similar size category. The technology launch is one of the possibilities of electric transmission. The resources used for the development of PONSSE EV1 during the reporting year have been identified as part of the EU taxonomy reporting on page 50.

Emissions during use are also affected by how the forest machine is used. Ponsse organises training for operators in the use of forest machines in connection with the handover of the machine, where they are guided to optimise the use of the machine and maximise output with as little fuel consumption as possible. In addition, training related to the transition to the cut-to-length method is offered to corporate customers. The training focuses on how logging is planned, taking into account efficiency, the number of trips and thus the lowest possible fuel consumption.

Reducing emissions from own operations, purchased energy and the value chain

Ponsse is subject to the EU Paris-aligned benchmarks, and the emissions reduction target set is compatible with the Paris Agreement’s goals of limiting global warming to 1.5 °C. Ponsse has drawn up an internal roadmap for emissions reduction measures to achieve the previously set Scope 1 & 2 emissions reduction target. The roadmap will be updated to meet the new, more detailed target. The Scope 3 emissions of Ponsse’s value chain were calculated for the first time in 2024 based on 2023 data. The work to reduce emissions from the value chain will continue during 2025 by setting Scope 3 emissions reduction targets and creating an emissions reduction roadmap of actions that can be taken to achieve the target. There is no transition plan yet, but the goal is to draw up one during 2025. Significant resources related to future measures are not yet known.

Ponsse’s and its technology company Epec Oy’s joint FORWARD’27 ecosystem project explores solutions to reduce the emissions and energy consumption of mobile heavy-duty equipment, as well as to improve productivity. The purpose of the five-year project, which was in progress during the reporting year, is to develop new technological solutions for mobile heavy-duty equipment in challenging conditions and to support the heavy-duty machinery industry in its sustainability transformation. The project examines autonomous and data-based solutions, sustainable energy sources and sustainable supply chains. The project studies and develops heavy-duty machinery solutions that focus on sustainable energy sources and transmission energy efficiency. In terms of the supply chain, the project focuses on sustainable materials, supply chain digitalisation, sustainable solutions and the circular economy. The research costs of the FORWARD’27 ecosystem project have been taken into account in the EU taxonomy reporting on page 50.

During the reporting year, a material concept was launched in which the load space of the PONSSE Buffalo forwarder was made of SSAB’s fossil-free steel for material testing. This work will continue as part of the FORWARD’27 project. Ponsse has agreed to phase in the use of fossil-free steel from 2026 onwards.

Developing new innovative and sustainable solutions

Ponsse is committed to developing sustainable and innovative harvesting solutions. In accordance with stakeholders’ expectations, environmental aspects have become significant guiding factors in R&D.

In the 2024 reporting year, Ponsse launched the PONSSE Active Speed function. It allows the speed of the harvester head to be adjusted in accordance with the tree species and stem diameter. The function improves sawing power and productivity. The PONSSE Active Crane system improves crane control and makes work more efficient. The system allows the operator to focus on the quality and efficiency of the work, rather than solely focusing on crane control. The system contributes to adopting an economical way of working that reduces strain on the machine.

The PONSSE Firefighting Equipment solution enables the use of a forest machine as a ground fire extinguishing unit. In fire extinguishing, forest machines help to reach off-road and forest fires, which are often located in places that are difficult to reach and extinguish.

Operators’ harvesting work is also supported by digital solutions. Launched in 2024, the PONSSE Manager 2.0 platform solution provides users with information about the productivity and fuel consumption of forest machines, and its map solutions assist in optimising the use of the forest machine and in trail planning.



Climate-related metrics

Energy consumption and energy mix, MWh	2024	2023	Change, %
Fuel consumption from coal and coal products	0	0	-
Fuel consumption from crude oil and petroleum products	13,689	14,789	-7%
Fuel consumption from natural gas	933	800	17%
Fuel consumption from other fossil sources	0	0	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	735	1,212	-39%
Total fossil energy consumption	15,358	16,801	-9%
Share of fossil sources in total energy consumption, %	40%	42%	-
Consumption from nuclear sources	9,962	10,097	-1%
Share of consumption from nuclear sources in total energy consumption, %	26%	26%	-
Fuel consumption from renewable sources	2,722	2,870	-5%
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	9,599	9,629	-0.3%
Consumption of self-generated non-fuel renewable energy	602	179	237%
Total renewable energy consumption	12,922	12,677	2%
Share of renewable sources in total energy consumption, %	34%	32%	-
Total energy consumption	38,242	39,575	-3%
Energy intensity			
Total energy consumption per net sales, MWh per MEUR	51.0	48.2	6%

Greenhouse gas emissions, tCO <sub>2</sub> e	2024	2023	Change, %
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions	3,497	3,939	-11%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes, %	0%	0%	-
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions	8,044	8,308	-3%
Gross market-based Scope 2 GHG emissions	456	466	-2%
Significant Scope 3 GHG emissions			
Total gross indirect Scope 3 emissions from significant categories	1,134,778	1,415,362	-20%
1. Purchased goods and services	226,832	195,608	16%
11. Use of sold products	737,778	1,026,820	-28%
12. End-of-life treatment of sold products	170,168	192,935	-12%
Total GHG emissions			
Total GHG emissions (location-based)	1,146,319	1,427,608	-20%
Total GHG emissions (market-based)	1,138,732	1,419,766	-20%
GHG intensity			
Total GHG emissions (location-based) per net sales, tCO <sub>2</sub> e per MEUR	1,528	1,737	-12%
Total GHG emissions (market-based) per net sales, tCO <sub>2</sub> e per MEUR	1,517	1,728	-12%

The changes in Scope 1 emissions arise from a decrease in the use of fossil fuels. Scope 2 emissions have decreased as the share of renewable energy has increased. The decrease in Scope 3 emissions in the value chain is mainly related to lower manufacturing volumes than in the previous year. In addition,

the accuracy of the fuel consumption data from machines is continuously increasing, which increases the accuracy of the data on emissions from the use of sold products. The cost-based emissions of purchased products increased as the procurement category breakdown was further specified.

PRINCIPLES FOR METRICS

Biocomponents of fuel mixtures have been reported in the consumption of renewable fuels. Of the electricity and heat from renewable sources, 34% has a guarantee of origin and 18% has a renewable energy purchase agreement. Of energy from nuclear power, 99% has a guarantee of origin.

The high climate impact sectors that are used to determine energy and emissions intensity include the manufacture of agricultural and forestry machinery, the maintenance of vehicles and the manufacture of electronic components. All Ponsse's operations belong to these areas, so the intensity level covers the whole Group. The turnover determined in the calculation of energy and emissions intensity 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 used in the calculation corresponds to the net sales presented in the consolidated financial statements.

Greenhouse gas emissions are calculated at the Group level, and the calculation includes all Ponsse-owned country organisations. The calculation is based on the international GHG Protocol (GHG Protocol) Corporate Standard and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The calculation takes into account all the greenhouse gases covered by the GHG protocol: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>, which have been converted into carbon dioxide equivalents (CO<sub>2</sub>e). The 100-year global warming potential (GWP) coefficients in accordance with the IPCC's Sixth Assessment Report 6 (AR6) are used in the conversion. Operational control is used in the calculation. Ponsse's environmental reporting excludes Ponsse's Brazilian country organisation's (Ponsse Latin America Ltda) Full Service sites in Belo Oriente, Eunápol, Telémaco Borba and Lençóis Paulista, where customers have operational control over Full Service operations in customers' premises.

The reporting includes direct greenhouse gas emissions from Ponsse's own operations (Scope 1), indirect greenhouse gas emissions from the production of purchased energy (Scope 2), and greenhouse gas emissions from Ponsse's significant value chain emission categories (Scope 3).

Scope 1 emissions take into account stationary combustion, mobile combustion, process and fugitive emissions. The calculation emission factors have been taken from VTT's LIPASTO database, Statistics Finland's fuel classification and the Ecolnvent emissions database. As a change from previous years, emissions from welding gases were added to the 2024 Scope

1 calculation, but their impact on Scope 1 emissions is minimal. Scope 2 emissions are calculated in two ways. The location-based figure is obtained by using country-specific residual mixes. The market-based calculation takes into account the emission factors offered by energy producers, which are supplemented, if necessary, by national residual mix emission factors.

Country-specific emission factors from AIB, Ecoinvent and other national sources have been used as coefficients in emissions calculations. All the categories with an impact of more than 5% on value chain emissions have been defined as significant Scope 3 categories for Ponsse. The following categories have been defined as significant for Ponsse: 1. Purchased goods and services, 12. Use of sold products, and 13. End-of-life treatment of sold products. These categories covered 98% of the greenhouse gas emissions of Ponsse's value chain in 2023. The following categories have been excluded from Scope 3 calculations because of insignificant GHG emissions: fuel and energy related activities, upstream transportation and distribution, waste generated in operations, business travelling, employee commuting, and downstream transportation and distribution. In addition, processing of sold products, downstream leased assets and franchising have been excluded because Ponsse does not undertake such activities. The significance of investments and capital goods in terms of the whole has been assessed as small, and these categories have not been taken into account in the reporting. The whole greenhouse gas inventory is calculated every three years, the next time with 2026 data. Emissions from purchased products and services are calculated on a cost basis. Data from Ponsse's internal systems are used to calculate emissions related to sold products. The sources of emission factors include Defra, Ecolnvent, LIPASTO and Statistics Finland's fuel classification.

Biogenic carbon dioxide emissions arise from used renewable energy sources, fuels and biocomponents of fuel mixtures. In 2024, biogenic Scope 1 emissions totalled 678 tCO<sub>2</sub>e, biogenic Scope 2 emissions were 3,310 tCO<sub>2</sub>e, and biogenic Scope 3 emissions were 30,286 tCO<sub>2</sub>e. Biogenic Scope 3 emissions arise from category 12 (Use of sold products) in the downstream value chain, in which the bio-shares of fuel mixtures are taken into account.

Ponsse does not use carbon credits, and the company does not apply internal carbon pricing systems.

The information is based on the information available at the time of signing the Board of Directors' report and will be updated retrospectively.



# E4 – Biodiversity and ecosystems

## Material impacts, risks and opportunities related to biodiversity and ecosystems

Positive impacts	Part of the value chain	Controls and measures
PONSSE forest machines are suitable for different harvesting methods for both periodic and continuous cover forestry. [A]	Downstream value chain	<ul style="list-style-type: none"><li>• The development, manufacture, sale and maintenance of cut-to-length (CTL) forest machines.</li><li>• The CTL method enables selection and thinning logging.</li></ul>
PONSSE forest machines are based on the CTL harvesting method, which uses wood raw material as efficiently as possible and minimises waste. [A]	Downstream value chain	<ul style="list-style-type: none"><li>• In the CTL method, the trees are processed in the forest in accordance with the application, and the different parts of the stem can be used in the best way.</li><li>• Thanks to the measurement, the dimensions of the stem and the exact amount of wood raw material are known, which makes it possible to optimise the assortments to be cut off.</li></ul>
PONSSE forest machines can use map programs to show sensitive areas of forest nature to machine operators. [A]	Downstream value chain	<ul style="list-style-type: none"><li>• PONSSE forest machines have an Opti information system that enables the use of map programs.</li><li>• The development of interfaces to connect systems to local data in different market areas.</li><li>• The forest machine operator can be shown protected, particularly valuable areas and other areas to consider in map applications.</li></ul>
Through its training offering, Ponsse has good opportunities to influence wood harvesting operators in matters related to biodiversity. [P]	Downstream value chain	<ul style="list-style-type: none"><li>• Training increases awareness of optimising the use of forest machines to maximise their output and minimise the impacts of harvesting on the environment.</li><li>• Training simulators can be used to practise optimising the use of the machine, such as achieving thinning frequency and planning trails in order to prevent root damage.</li><li>• Ponsse provides corporate customers with training related to the transition to the cut-to-length method, in which logging and the number of trips are efficiently planned to reduce environmental impacts.</li></ul>
PONSSE forest machines produce renewable wood raw material for the needs of the forest industry, construction and other sectors. [A]	Downstream value chain	<ul style="list-style-type: none"><li>• CTL forest machines can be used to optimise wood raw material supply and minimise waste.</li><li>• Stem measurement enables accurate measurement and raw material information, which optimises the assortments to be cut off.</li><li>• Solutions designed to maximise the supply of wood to be harvested enable the use of wood up to the minimum top diameter.</li></ul>
Negative impacts	Part of the value chain	Controls and measures
The use of forest machines can cause trails, soil compaction and erosion. [A]	Downstream value chain	<ul style="list-style-type: none"><li>• Reducing the surface pressure of forest machines through product solutions: eight-wheel forest machines, even weight distribution, wider tyres and track equipment.</li><li>• Suitable harvesting fleet for different soil and water management sites.</li><li>• CTL training increases awareness of the impact of timely harvesting on trails and how the soil type, water management and other conditions of the stand should be taken into account in the planning of harvesting.</li><li>• The map programs displayed on forest machines help the operator identify types and features of terrain.</li><li>• PONSSE Scale, a wireless loader scale system, provides the operator with real-time information about the weight of the load.</li><li>• The PONSSE Synchrowinch solution enables harvesting in challenging slope terrain and reduces trails while also reducing the risk of erosion.</li></ul>
Other impacts of harvesting on nature. [A]	Downstream value chain	<ul style="list-style-type: none"><li>• Ponsse has various product solutions and product solutions of different sizes for different purposes.</li><li>• Biodegradable chemicals and enabling their use in PONSSE forest machines reduces the impacts on nature in possible leakage situations.</li><li>• Training offered by Ponsse can increase operators' awareness of minimising environmental impacts.</li><li>• PONSSE simulators can be used to practise trail planning.</li></ul>

Financial opportunities	Part of the value chain	Controls and measures
The CTL harvesting method creates a competitive advantage.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Ponsse focuses on the sale, maintenance, manufacturing and technology of CTL forest machines.</li><li>• Ponsse offers training in the use of forest machines and the implementation of the CTL method.</li><li>• Sales growth opportunity for CTL forest machines in market areas dominated by the tree-length method.</li><li>• Ponsse is involved in research projects that examine the development and effects of the CTL method.</li></ul>
Developing solutions for verifying the sustainability and diversity of wood raw material.	Downstream value chain	<ul style="list-style-type: none"><li>• Developing forest machine positioning accuracy.</li><li>• Wireless data transfer and enabling data transfer to the logistics systems of different forest companies and customers.</li><li>• The Thinning Density Assistant technology concept measures the number of trees remaining in the forest, in addition to the harvested trees.</li><li>• Using the High-Precision Positioning solution, it is possible to verify the location of felled trees.</li></ul>
Developing operator assistance systems.	Downstream value chain	<ul style="list-style-type: none"><li>• Developing map and navigation technologies and improving the accuracy of positioning solutions.</li><li>• Using Lidar technology, the Thinning Density Assistant technology concept guides the operator in real time to achieve the best thinning frequency and optimise the trail network.</li><li>• The High-Precision Positioning solution enables the operator of the machine to see the exact location of the machine and harvester head in the map view, enabling the recognition and verification of valuable natural sites.</li></ul>
Developing innovative products and services that promote sustainable forest management and preserve the natural environment.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Developing products that preserve the natural environment and support biodiversity, such as the PONSSE Firefighting Equipment solution for extinguishing wildfires and forest fires.</li><li>• Participation in research projects and project cooperation, such as the Environmentally Friendly Precision Harvesting project.</li></ul>

Material impacts, risks and opportunities related to biodiversity and ecosystems have been identified as part of the company’s double materiality assessment, the results of which are taken into account in the Group’s risk management process. The process of identifying and assessing the material impacts, risks and opportunities related to sustainability topics is described on page 47. The impacts, risks and opportunities table indicates whether the impact identified is actual [A] or potential [P].

Material impacts, risks and opportunities have been identified by extensively evaluating Ponsse’s own operations and the related value chain. Physical risks related to own operations have been identified using the WWF’s Risk Filter tool. Ponsse’s impact on climate change has been identified as a dependency, which is one factor that reduces biodiversity. Ponsse’s impacts on climate change are described under 57. Biodiversity impacts may arise depending on the use of products and where the machines are used. The life cycle assessments drawn up for products have also studied the impacts of machines on the depletion of resources and fossil fuels, eutrophication and acidification.

In terms of impacts related to biodiversity and ecosystems, the impacts associated with the CTL method arise from the company’s business model, as Ponsse has focused on the development, manufacture and sale of cut-to-length forest machines. The negative impacts are related to the company’s sector. In line with Ponsse’s strategic responsibility targets, it innovates

sustainable and environmentally sound solutions. Ponsse has identified that digitalisation, data-based solutions and operator assistance solutions offer opportunities to support biodiversity in commercial forests. In the Group’s strategy, sustainable development and responsibility are outlined as future success factors and as prerequisites for the continuity of operations. The resilience of Ponsse’s strategy or business model in relation to biodiversity or ecosystems has not been assessed.

### Targets and progress related to biodiversity and ecosystems

Ponsse has not set any biodiversity targets. During 2025, the company will examine whether outcome-oriented and measurable targets related to biodiversity can be set. Although no targets have been set, Ponsse actively seeks to reduce its environmental impacts in accordance with its operating principles and strategic sustainability targets.

### Policies

Ponsse’s impacts, risks and opportunities related to biodiversity are managed through the operating principles described in the Group’s operating policy and Code of Conduct. The company’s operating policy and Code of Conduct are described in more detail under *G1 Business conduct*. Ponsse’s operating policy and



Code of Conduct do not directly address biodiversity impacts, but take nature impacts into account at the top level.

The policy involves a commitment to the development of sustainable and environmentally sound innovative harvesting solutions and to the development of operations taking the natural environment into account. Innovative product solutions aim to reduce the environmental impacts of machines and enable sustainable forestry. The starting point is the identification of the environmental impacts of the operations and systematic action to improve them.

In Ponsse’s Code of Conduct, the starting point for operating methods for environmental responsibility is to develop and manage operations taking the environment into account. It commits all Ponsse employees to act proactively to avoid and reduce adverse environmental impacts caused by operations. The operating methods arising from the Code of Conduct include paying attention to actions affecting biodiversity and natural resources in decision-making, developing environmentally friendly solutions and operating in ways that save natural resources.

PONSSE forest machines are tested after manufacture in forest areas that have both PEFC (Programme for the Endorsement of Forest Certification) and FSC (Forest Stewardship Council) forest certifications. Certifications guide the operation of logging tests. In accordance with them, protected areas in the harvesting areas are flagged and marked in the map programs, artificial snags and retention trees are left in the area in line with the requirements, and birds’ nesting times are taken into account in the timing of logging. Test drive sites have guided practices on how to act in environmental damage situations. The operators always have prevention equipment with them in case of chemical leaks. Test-driven machines and the equipment to be delivered with them are washed before their delivery to the customer in order to prevent the spread of potential alien species with the machines.

Measures

Cut-to-length forest machines

Ponsse focuses on the development, manufacture, sales and maintenance of cut-to-length (CTL) forest machine solutions. CTL is a wood harvesting method that produces timber or wood raw material optimised for further processing and cut to predetermined dimensions. PONSSE forest machines can be used for both thinning and regenerative logging. In addition to this, the products are also suitable for the continuous cover logging method.

The CTL harvesting machine chain consists of two forest machines, a harvester and a forwarder. Harvesters fell, prune, measure, optimise and cut the stems in the forest directly into the assortments ordered by the further processor. Assortments

are logs for different purposes, such as saw logs, veneer logs and small-diameter logs, as well as pulpwood and energy wood. The harvester optimises the stem and cuts it to size. This ensures that the wood raw material is used as efficiently as possible, and that waste is minimised. PONSSE forest machines aim to maximise the use of harvested wood even further by enabling smaller top diameters. Finally, the forwarder transports the cut-to-size assortments to the side of the forest road for further transport.

Developing solutions for operator assistance and for monitoring the sustainability of wood raw material

The aim is to develop operator assistance systems and tree monitoring solutions with the help of various information systems and positioning technologies. PONSSE forest machines are equipped with the Opti information system, which enables the use of map programs on the machines. In map applications, machine operators can be shown, for example, protected, particularly valuable areas and other areas that need to be taken into account. Ponsse is developing new interfaces, so that the systems can be better combined with local information in different market areas. During 2024, the map program was further developed by adding support for work-area-specific standard-format map files. At the same time, the simultaneous use of multiple additional files and the saving of sites detected during harvesting in the location file were enabled.

In addition to harvested trees, Ponsse’s Thinning Density Assistant technology concept measures the amount of trees remaining in the forest. It guides the operator in real time to achieve the best thinning frequency and optimise trails. During the reporting year, the development of the technology concept continued with forest tests.

The PONSSE High-Precision Positioning solution was launched during the reporting year. It enables the machine operator to see the exact location of both the machine and the harvester head. The solution provides location information about the harvester and the harvester head at an accuracy of 0.5 metres, and the location of each stump can be saved in the production file. The solution allows the operator to be shown both the harvesting areas and the areas to be avoided, and enables the verification of the location of the machine and the harvested trees.

Reducing terrain impacts through product solutions

Ponsse’s product range includes forest machines of different sizes for different purposes. The aim is to minimise forest machine trails. The surface pressure caused by machines on the ground is reduced through product solutions, such as eight-wheel PONSSE forest machines, where the weight distribution is more even. Wider tyres and tracks can also have a significant impact on trails.

The map programs displayed on the forest machines help the operator identify the types and features of the terrain, meaning

that the trails and the load can be planned in advance to avoid damage to the terrain. The PONSSE Scale system was launched during the reporting year. It provides the operator with reliable real-time information about the weight of the load.

The PONSSE Synchronwinch solution enables harvesting even on steep slope terrain and reduces trails while also reducing the risk of erosion. In the solution, the winch assists the forest machine to move on the slope and reduces ground breakage. The winch also improves the output of the machine and reduces fuel consumption compared with slope harvesting without a winch.

Operator and CTL training

Ponsse organises training for forest machine operators to increase their awareness of the impact of optimising the use of machines on harvesting output and on minimising the impact on nature. In addition to operator training, training related to the transition to the cut-to-length method is offered to corporate customers. The training focuses on the planning of harvesting, taking efficiency, the number of trips and minimal environmental impacts into account. In addition, training is provided on the importance of timely harvesting in reducing terrain impacts, as well as how soil, water management and other conditions should be taken into account in logging planning.

Optimisation of the use of the forest machine can be practised using training simulators. The simulator exercises teach, among other aspects, the correct realisation of the thinning frequency, the recommended height of stumps and how the operator must take the distance from standing trees into account in order to prevent root damage.

In the reporting year, Ponsse participated in the Environmentally Friendly Precision Harvesting project led by the University of Helsinki’s Department of Forest Sciences. The three-year research project, which ran until the end of the year, focused on environmentally friendly precision harvesting, or organic harvesting. Precision harvesting takes into account the special characteristics of nature, and decisions on wood selection and the forest management method are made at the micro-pattern level. The aim of the research project was to develop, test and implement methods that enable forest operators to implement environmentally friendly precision harvesting. In the project, more accurate learning environments of real forests, or digital twins, were created in the PONSSE simulators for simulator training. The new learning environment is aimed at teaching diverse and climate-friendly forest management in particular.

Sites near biodiversity-sensitive areas

Two Ponsse sites are located in biodiversity-sensitive areas, and nine sites are located near sensitive areas. In the vicinity of these 11 sites, there are a total of 18 different biodiversity-sensitive

areas, one of which is a Key Biodiversity Area, three are Natura 2000 sites protected under the EU Habitats Directive, and the rest are nationally protected areas. The sites have not been found to have negative impacts on biodiversity-sensitive areas or impacts on endangered species. Therefore, no need for biodiversity-related mitigation measures has been identified.

Oil spills have been identified as potential negative impacts of the sites. Oils needed for the maintenance of forest machines are stored at the sites, in addition to which there is oil in the machines brought in for maintenance and in the waste oil tanks. The aim is to repair any oil leaks detected in forest machines at the sites as quickly as possible, and the machines are stored indoors where possible. The possibility of leakage from waste oil tanks is minimised with overfill detectors, and the impacts of possible oil leaks are minimised by means of spill decks. Practises vary from site to site. Absorbents and instructions for possible leakage situations are available at oil storage and use sites.

Other negative impacts may arise from wastewater. The wastewater from the sites is mainly directed to the municipal sewage network through oil separation wells. Oil separator well tanks are emptied regularly, and some of them are equipped with an alarm system. The authorities monitor the quality of wastewater by means of occasional water samples.

Site processes are reviewed as part of Ponsse’s internal ESW (Effective and Safe Workshop) audits. Audits include checking whether the site has oil separation wells, where wastewater is discharged, how chemicals are stored, and whether emergency instructions for possible leakage situations are available at their storage and use locations.

ASSESSMENT PRINCIPLES

A site is considered to be near a biodiversity-sensitive area if the area is located within one kilometre of the site. To the best of our knowledge, the impacts of the sites reach a maximum distance of one kilometre. In the event of any major spillage, the oil will reach a depth of around a few metres in the soil, in which case the contaminated soil will be removed, delivered for appropriate further treatment and replaced with clean soil. The water used comes mainly from the municipal water supply network, and the wastewater is directed to the municipal wastewater sewer through oil separation. Ponsse uses little water in its operations. Hazardous waste is collected separately and delivered for treatment through waste management companies. Ponsse’s sites are usually located in zoned industrial areas.

The following sources have been used to examine biodiversity-sensitive areas: Key Biodiversity Areas map, EEA Natura 2000 viewer, EEA European Protected Sites, USGS Protected Areas, Protected Planet’s Protected Areas (WDPA) and the UNESCO World Heritage viewer.



# E5 – Resource use and circular economy

## Material impacts, risks and opportunities related to resource use and the circular economy

Positive impacts	Part of the value chain	Controls and measures
The consumption of resources and materials is reduced by providing refurbished and reused spare parts. [A]	Upstream value chain and own operations	<ul style="list-style-type: none"><li>• Providing training in the network increases the use of the offering and the availability of the frames to be refurbished.</li><li>• With the authorised Reman concept, the operations can be expanded into the desired market areas.</li></ul>
Packaging waste is reduced through circulated packaging, packaging design and component transportation stands. [A]	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• The use of circulated packaging and transportation stands in Finland between Ponsse and its major suppliers, and in some of the deliveries of Reman parts, reduces packaging waste and material waste by protecting products that are susceptible to damage.</li></ul>
The supply of wood raw material is optimised using the assortment method. [A]	Downstream value chain	<ul style="list-style-type: none"><li>• The cutting of wood harvested using PONSSE forest machines is optimised by computer calculation and accurate length measurement in accordance with the end use of the wood.</li></ul>
Negative impacts	Part of the value chain	Controls and measures
Materials and natural resources are consumed in the manufacture of machinery. [A]	The whole value chain	<ul style="list-style-type: none"><li>• The need for materials is reduced by optimising machine structures in product development.</li><li>• The aim is to replace plastic parts with parts made from renewable raw materials.</li><li>• Factory waste is reduced through continuous improvement.</li></ul>
Financial opportunities	Part of the value chain	Controls and measures
Making use of and developing the circular economy in business operations creates new markets and resource efficiency.	Own operations	<ul style="list-style-type: none"><li>• Increasing refurbishment operations in the country organisations.</li><li>• Systemising the further development of the disassembly of used machines and the reuse of parts.</li></ul>
Service agreements and digital services support the extension of the life cycle of the product.	Own operations	<ul style="list-style-type: none"><li>• PONSSE Full Service offers a tailored solution for machine maintenance. The continuous maintenance service aims at the agreed utilisation rate of the machines without unexpected interruptions.</li><li>• Regular preventive maintenance through service agreements extends the service life of products and components.</li><li>• Digital services enable the use of remote diagnostics, up-to-date data and predictive service calls in order to reduce environmental impacts, improve the efficiency of maintenance work and develop the smooth operation of the service.</li></ul>

### Assessing and identifying material impacts, risks and opportunities

The material impacts, risks and opportunities related to resource use and the circular economy have been identified as part of the company’s double materiality assessment, the results of which are taken into account in the Group’s risk management process. The process to identify and assess the material impacts, risks and opportunities related to sustainability topics is described on page 47.

The impacts, risks and opportunities table indicates whether the impact identified is actual [A] or potential [P].

Material impacts, risks and opportunities have been identified by extensively evaluating Ponsse’s own operations and the related value chain. The identified aspects are linked to the company’s strategy, which, alongside its business models, looks at trends in the operating environment and drivers in the industry. The circular economy is also linked to Ponsse’s vision for the future, which emphasises innovations focusing on responsibility and healthy forests as the basis for the future. Ponsse’s sustainability strategy also guides the company to avoid burdening the natural environment.

There is a clear dependency between resource efficiency achieved through the refurbishment and reuse of spare parts, circular economy business opportunities and financial impacts.

## Targets and progress related to resource use and the circular economy

Target	Target year	Outcome in 2024	Base year 2023	Progress on targets 2024
Increasing the recycling rate to 70%	2030	57.9%	51.3%	<ul style="list-style-type: none"><li>• Examining the current state of waste management and updating instructions in Finnish operations</li><li>• Improving sorting efficiency</li><li>• Harmonising waste reporting in Finland</li></ul>
Reducing the total volume of mixed and energy waste by 40%	2030	-10.5% (-83 t)	792 t	<ul style="list-style-type: none"><li>• Further specifying and streamlining sorting</li><li>• Reducing waste through alternative approaches</li></ul>
Service agreement coverage 90% in new machine sales	2030	50%	47%	<ul style="list-style-type: none"><li>• Active contract offering</li><li>• Systemisation of training</li></ul>

### Progress on targets during the reporting period

The targets related to the circular economy and resource use have been set in accordance with the company’s operating policy. The operating policy involves a commitment to developing operations taking the natural environment into account, as well as identifying the environmental impacts of operations and systematically working to improve them. Waste generated in operations has been identified as an environmental impact. The targets set are related to resource outflows: the recycling of waste and the reduction of the amount of energy fraction and mixed waste. The waste targets apply to the whole Group. In the value stream, the targets focus on the company’s own operations, covering the manufacture of the product and maintenance during its use. From the perspective of the waste hierarchy, the targets are part of waste prevention and recycling. The waste targets are based on the legislation in terms of the priority order and the separate collection obligation, but Ponsse has set a higher recycling rate target than the national target.

The operating principles are regularly updated. Practices supporting the circular economy and their development are monitored through ESW audits of the quality and maintenance service network. The effectiveness of the measures and progress towards the targets are monitored quarterly by the company’s environmental steering group.

#### Increasing the recycling rate to 70%

The recycling rate in 2024 was 57.9%. Compared with the 2023 base year, the recycling rate increased by 6.6 percentage points. Waste management practices in Finland have been harmonised by centralising the procurement of services with one partner. The change will streamline data collection and reporting. Having consistent data facilitates monitoring and increases the control of operations. A current state survey was carried out together with the waste management partner for Finnish operations, on the basis of which sorting opportunities were increased and enhanced, and a waste management

guide will be drawn up. Sorting and recycling were enhanced by increasing the separate collection of plastic and biowaste and redirecting timber waste to reuse instead of energy recovery. The impact of the measures is expected to be more clearly visible in the coming reporting period, as some of the actions were implemented at the end of the reporting period. The reuse of metal parts was increased by expanding the range of components to be refurbished.

#### Reducing the mixed and energy waste by 40%

The amount of mixed and energy waste in 2024 decreased by 10.5% (-83 t) compared with the 2023 base year. Recycling was enhanced by increasing the separate collection of plastic and biowaste and increasingly redirecting timber waste to reuse instead of energy recovery. The Vieremä factory replaced paper hand towels with reusable fabric hand towels. The use of disposable tableware was reduced in the staff canteen and other break rooms.

#### Increasing service agreement coverage to 90% in new machine sales

Active communication and monitoring of the service agreement target highlighted development needs and guided the growth of service agreement operations. During the reporting period, more service contracts were systematically offered in connection with new machine sales. In addition, training for the network was systematised, and internal training paths for different professional groups were further specified. The coverage of service agreements is monitored in the company’s ERP system and customer relationship management system.

### Policies

In the company’s operating policy and Code of Conduct, Ponsse has described the policies related to resource use and the circular economy that it has implemented to manage the material impacts, risks and opportunities related to resource use and the circular economy.



The operating policy involves a commitment to developing and manufacturing sustainable, innovative harvesting solutions, as well as to innovating sustainable and environmentally sound solutions, thus enabling the implementation of sustainable forestry. In accordance with the circular economy approach, Ponsse takes responsibility for the life cycle of the machine and extends it through maintenance services. Ponsse develops product and service solutions that promote the circular economy and reduce the environmental impacts of the machine. The company is committed to developing its operations taking the natural environment into account. The environmental impacts of the operations are known, and operations are systematically carried out to minimise the negative impacts. The aim is carbon neutrality and material efficiency in the operations. At Ponsse, the carbon neutrality target means that the company strives for zero emissions from PONSSE products and operations in its operations and product development.

The Code of Conduct describes the company's general principles of environmental responsibility, but it does not have a direct connection to resource use and the circular economy. The guidelines commit all Ponsse's employees to complying with environmental laws and to identifying and managing the environmental impacts of the company's operations. As an integral part of environmental responsibility, adverse impacts of the company's operations on the natural environment are prevented and reduced. The Code of Conduct involves a commitment to practices that save energy, materials and natural resources. This means that the products and materials to be purchased are selected taking into account their environmental impacts, and products are developed with business and environmental targets in mind. More information about Ponsse's Code of Conduct is provided under *G1 Business conduct*.

Ponsse's operating principles do not address the transition away from primary resources, increasing the use of recycled material or the sustainable sourcing and use of renewable natural resources.

Measures

Reducing resources and material consumption

Ponsse has strong circular economy expertise in the spare parts and used machinery business. Used machines are sold and refurbished in all markets of the company, and spare parts are also refurbished in an increasing number of markets. Used machines refurbished by skilled mechanics have an extended service life when they are updated with different spare parts packages to meet today's requirements.

In addition to new parts, Ponsse's Reman operations provide its network with refurbished and reused spare parts. The operations support Ponsse's goals of improving material efficiency

and achieving carbon neutrality. Parts remanufacturing provides customers with low-cost products, minimises material waste, and solves challenges related to the availability of spare parts. The parts sent for remanufacturing are typically the largest and most valuable mechanical transmission components, such as engines and gearboxes. Remanufactured parts include a security deposit, which customers get back when they return the damaged part for remanufacturing. This ensures that spare parts do not end up as waste.

The focus is on the refurbishing of mechanical transmission parts, but the Reman range also includes hydraulic parts and forest machine information systems. The refurbishment unit cooperates with the spare parts reuse centre, whose task is to receive broken or otherwise returned parts from customers, the factory and the sales network, and to assess their reuse possibilities in accordance with the principles of the circular economy. Both units work in close cooperation with Ponsse's used machine services, in which used forest machines are maintained and updated to extend their life cycle under the ownership of several new owners. When a machine finally reaches the end of its service life, it can be dismantled. Usable parts will be refurbished to make low-cost spare parts, while any unusable parts will be recycled as material. More than 90% of a forest machine's weight is made up of recyclable material, mainly steel and cast iron.

Ponsse has also expanded its refurbishment operations into its country organisations. As a result, services are provided closer to customers, without needing to transport parts over long distances for remanufacturing. Refurbishment operations have also been increased with partners to provide more refurbishment resources and the opportunity to expand the product range.

Awareness of circular economy activities is increased through regular training for dealers and subsidiaries. The training increases the network's awareness of the range and availability of refurbished parts, and of the operating model on how to collect blanks to be refurbished. The training aims to increase the use of the existing offering and the availability of frames to be refurbished.

To increase refurbishment operations, the blank buy-back campaign launched in Finland in 2023 was expanded into Sweden and the United Kingdom during 2024. The Reman Core Return application, an information system that supports the return logistics of the parts to be refurbished, is also under development. The range of refurbished parts has been expanded to include new products such as drive pumps and motors. There is also a desire to further increase refurbishment operations within the Ponsse network. To enable expansion into new markets, an authorised operating model has been determined that facilitates the start of operations. The possibility of reusing components is increased by systematising the dismantling of used machines and the processing of parts for reuse. The goal is to double refurbishment operations in the future.

Services support extended life cycles

Maintenance services emphasise preventive maintenance, avoiding unexpected breakdowns and allowing maintenance to be carried out with due regard to the environment and occupational safety. To ensure comprehensive preventive maintenance, the Group has a long-term target of 90% maintenance agreement coverage for new machinery. In maintenance services, raw material savings are realised when customers are offered only the necessary part as a spare part, avoiding the need to replace large sections.

Digital services enable the use of remote diagnostics, up-to-date data and proactive maintenance calls to reduce environmental impacts, improve the efficiency of maintenance work and develop the smooth operation of the service. The Active Remote Support service enables a video connection between Ponsse's technical support and a customer or mechanic working on a forest machine. The application enables smaller issues to be solved remotely, which reduces the number of kilometres driven by maintenance vehicles and reduces emissions. The Fleet Monitoring solution provides an up-to-date overview of the technical condition of PONSSE forest machines operating in the forest. This, together with the Maintenance Call service, enables the smooth planning of scheduled maintenance and any additional work.

Optimal use of materials

The parts manufactured for Ponsse can reduce the need for materials with the right material choices and optimisation of structures. In such a case, the materials, their strengths and quantities are optimised for the application. The durability of the product is ensured through strength calculation and product testing. In addition to developing the final product, new product processes aim to optimise the entire manufacturing chain. Comprehensive development is based on Dimension Management -thinking, which takes into account manufacturing jigs, fasteners and the features necessary for quality assurance. Alternatives have been sought to replace plastic parts with parts made from renewable raw materials, and the use of pulp-based plastic has been tested. The testing continues. Minimising waste is also an important part of Ponsse's productivity development and competitiveness.

At the factory, waste is reduced by means of continuous improvement aimed at the efficiency and quality of the processes. Around 1,400 measures are implemented annually. Material waste can also be affected in the supply chain through the choice of manufacturing techniques. In addition, suppliers are continuously developing their own processes to minimise waste. Efficient operations and use of materials also ensure cost-effectiveness in the delivery of goods.

Circulated packaging is used in Finland between Ponsse and its major suppliers and in some deliveries of Reman parts. Circu-

lated packaging reduces waste and protects sensitive products from breakage, thereby also reducing material waste.

Optimisation of raw material supply

Cut-to-length harvesting does not directly affect the resource flows of Ponsse's own operations. However, it can be considered significant, as its impacts are visible further down the value chain when wood harvested using Ponsse's products is used by the end user. The cutting of wood harvested using PONSSE forest machines is optimised by computer calculation and accurate length measurement in accordance with the end use of the wood: what diameters of the wood are needed, and which has the greatest value. In the mechanical forest industry, it is important to cut the trunk to the right size, so that the raw material can be used efficiently, and wood can be processed into higher added value products that can be reused or recycled and only then used for energy. In harvesting pulpwood, the most important aspect is to optimise the supply of the raw material so that the wood is used efficiently up to the minimum top diameter.

Resource inflows

Raw materials and components for production and maintenance services

Materials used for manufacturing products and recycled materials used during the reporting period:

Material	Tonnes	%	Proportion of recycled material (t), %
Steel	15,040	68.0	3,008 t, 20%
Cast iron	2,106	9.5	2,043 t, 97%
Iron	2,221	10.0	0
Rubber, tyres	1,644	7.4	0
Rubber, other	212	1.0	0
Hydraulic oil	216	1.0	0
Aluminium	326	1.5	0
Plastic	160	0.7	0
Polycarbonate	83	0.4	0
Polyurethane	26	0.1	0
Lead	48	0.2	0
Copper	32	0.1	0

The proportion of recycled raw materials is not known for all materials. For metal, the proportion of recycled raw materials in parts is 20% in steel and 97% in iron and steel casting.

The quantities of materials used in the manufacture of the products are based on the number of manufactured machinery and harvester heads, model-specific type weights, and the material distributions determined in the LCA calculations for the harvester and the forwarder. The amount of material does

not take into account spare parts purchases or second hand machines. The LCA calculation for the forwarder is from 2021, and the LCA calculation for the harvester is from 2019. In life cycle assessments, 98% of the materials used in the machine were reviewed, and the remaining 2% were expected to be distributed in the same way. The material distributions determined for the PONSSE Buffalo forwarder, PONSSE Ergo harvester and PONSSE H7 harvester head were used for reporting for all forwarder, harvester and harvester head models.

For metal, the reported share of recycled raw materials is based on information provided or published by suppliers. For materials for which information is not available, the proportion of recycled material has been reported as zero.

Ponsse has identified that the raw materials and components to be procured contain at least aluminium and copper in terms of critical raw materials. No information is available on the amount of rare earth elements. Biological materials are not known to be used in the product.

**Machinery, equipment and tools**

In 2024, cooperation with a tool supplier, whose operating model is based on the circular economy, was expanded at the factory and in maintenance services in Finland. Tools are purchased as a service, meaning that after use, they return to the supplier for refurbishment for reuse or are donated for lighter use. If a tool can no longer be reused, recycling allows the materials to be reused. The tool service can be used to optimise the tools in use and extend their service life.

In addition to the service model, other tools and fixtures have been purchased for operations during the past period. All purchased devices are electrically powered, and their material is mainly metal or composite. The fixtures are mainly metal.

**Workwear as a service**

The work clothes of Finland’s production and maintenance service personnel are acquired as a service. Ponsse’s workwear service partner’s products are designed for long-term use and made from durable materials. The clothes are also easy to repair and reuse for different purposes. When washing textiles, water and energy consumption are optimised. At the end of their life cycle, textiles are recycled and given a new life, as either a different product or a new material. The operating model reduces material consumption and waste.

**IT devices**

Ponsse acquires IT equipment and phones through partners, who also help the company take care of information security. The common goal is for the equipment to be in use for as long as possible and for the raw materials contained in them to be recycled after the end of use. At the end of the leasing period,

the partners will take care of the refurbishment of the equipment, and equipment that is in a good condition will be reused. If the equipment is not suitable for reuse, it will be recycled and used as material.

**Materials for refurbishment operations**

All materials used in Ponsse’s refurbishment and reuse operations are materials that have been abandoned by other operations or are unnecessary for them, and would end up as waste without the refurbishment operations. Refurbishment doubles the service life of a component. Material savings are created when refurbishment eliminates the need to produce a new component. Incoming goods are inspected and delivered for sale or maintenance. Parts are updated and refurbished if necessary.

Unused parts from Ponsse’s service network are returned to Ponsse’s logistics centre if there is no need for them in the network. Returns also include parts replaced with other components in connection with product changes, which can be updated to be usable. The return flow is managed by means of separate instructions.

The factory submits slightly damaged parts for refurbishment that are usable and functional but cannot be used in factory installations. New parts damaged during transport are also refurbished. Special parts used in testing may become redundant, in which case they are modified at the spare parts reuse centre to be suitable for basic products or disassembled for use in other installations.

The blanks of all components selected as Reman products come from around the world to the spare parts reuse centre, where they are stored and directed to refurbishment.

The parts to be refurbished are mainly made of steel. The number of blanks received cannot currently be statistically recorded.

**Packaging**

In 2024, a total of 412 tonnes of packaging materials were acquired, of which 321 tonnes (77.8%) were wood, 46 tonnes (11.2%) were cardboard, 34 tonnes (8.2%) were plastic, and 11 tonnes (2.8%) were metal. The proportion of recycled raw material used in packaging materials could only be determined from some plastic packaging. In these, the proportion of recycled raw material varied from 0 to 100%. For other packaging materials, the proportion of recycled material is not known.

All packaging materials are recyclable. Rare earth elements are not known to have been used in packaging materials. In terms of critical raw materials, packaging contains aluminium, which accounts for 0.173 tonnes (0.04%) of the packaging materials used.

The quantities of packaging and the information about materials are compiled from the information received from the suppliers.

Packaging materials are also received with the products purchased. Packaging is influenced by means of agreements and

delivery terms. The type of packaging and material to be used is determined by the characteristics of the product to be delivered and the logistics arrangements. The aim is to package the products in such a way that they have sufficient protection, but packaging material is not used excessively.

As a rule, the products to be procured are transported on pallets. Depending on the characteristics of the product, the packaging may also include plastic or cardboard boxes, plastic bags, film or metal or plastic clamping straps.

Recycled plastic boxes are used with high-volume suppliers in Finland and nearby suppliers, making the return transport of the boxes feasible. Various metal racks and wood or plywood boxes are also used as circulated packaging. The use of circulated packaging reduces packaging waste, and product-specific packaging reduces product transport damage, thus saving material. Circulated packaging is used between Ponsse and its suppliers in Finland. Typical products transported in circulated packaging have characteristics such that they cannot be supplied in standard packaging size or materials.

The main materials of the packaging are wood, plastic and cardboard. Plastic boxes or steel, plywood, wood or plastic foam (polyethylene) as materials are common in circulated packaging.

**Resource outflows**

**Raw materials and components used in the products**

The Vieremä factory manufactures forest machines and related components. Based on LCA calculations for harvesters and forwarders, around 63.5% of the structures of the machines manufactured are steel, 18.5% iron or cast iron, 7% rubber and 1.1% plastic. It has been identified that in terms of critical raw materials, the products contain at least aluminium (1.4%) and copper (0.3%). The high proportion of steel and other metals in the raw materials of forest machines enables the good recyclability of materials at the end of the product life cycle. Recycling tyres also guarantees the recycling of rubber. Tyre recycling varies by market area. Of the tyres used in Finland, 100% are recycled, and 95% in the rest of Europe (source: European Tyre & Rubber Manufacturers’ Association, ETRMA).

**Packaging**

The logistics centre packages and delivers products and components to Ponsse’s service network. In outgoing deliveries at Ponsse, the main packaging materials are wood, cardboard, plastic and iron. Used packaging is largely reusable or its material can be recycled.

**Maintenance services and refurbishment operations**

The refurbishment outflow – that is, inspected and refurbished parts – is delivered to the central warehouse, where parts are

available to the whole network and can be ordered. In 2024, a total of 196,333 kg of spare parts were refurbished or produced for reuse in Finland. The amount grew by 21% from the previous year. In Ponsse North America’s operations, a total of 21,398 kg of spare parts were refurbished, with an increase of 103%.

The outflow in maintenance services is defined as used machines that have been refurbished at Ponsse, parts and components that have been installed in maintenance, replaceable and refillable liquids, and components that have been delivered as spare parts.

**Wastewater**

At the factory, water is used to wash items before their surface treatment. Another water application is the washing of forest machines and their delivery equipment before the machines are delivered to customers. Other wastewater corresponds to domestic wastewater. In maintenance services and country organisations, the largest amount of wastewater is generated by washing forest machines. Wastewater is discharged into municipal sewers and wastewater treatment.

**Expected product life and durability**

A forest machine is, in principle, a long-lasting product that is designed to withstand time and use. The design of Ponsse’s products is based on their durability and long service life. Forestry machines are designed with serviceability in mind, and the smooth running of maintenance is tested and verified in product reviews. Comprehensive maintenance services are designed and provided alongside the product, which enhances the use of the product and extends its life cycle.

Forestry machines consist of frame structures and components added to them, which makes it possible to extend the product’s life cycle by replacing individual components. Individual replaceable components can be new or refurbished. The welded steel structures in the frames can be repaired in case of damage. The structure of the final product enables the remanufacturing business to be conducted. The structures allow the product to be disassembled and recycled for reuse as parts or material.

The upgradability of the products is kept as high as possible, and customers are offered performance packages through after-sales. Power packages are easy-to-install spare parts assemblies that can also be used to introduce new features to older machine models to improve machine productivity and operation.

The service life of products is also extended by re-producing used machines through comprehensive refurbishment work.

The average service life of a machine is 20,000–25,000 hours. The annual operating hours of the machines and the interval between replacements depends on the operating methods in the market area.



Net sales from repaired used machines and refurbished spare parts in the reporting year are presented as part of the EU taxonomy reporting on page 50.

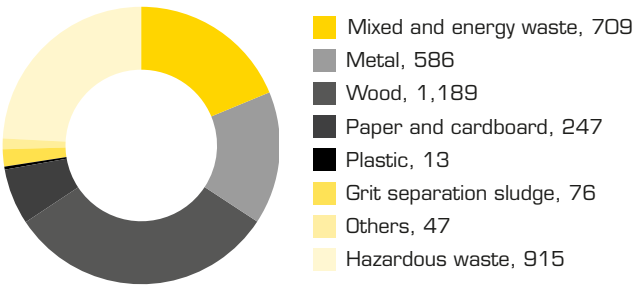
Waste			
Waste volume, t	2024	2023	Change, %
Non-hazardous waste	2,866	3,240	-12%
Diverted from disposal	1,628	1,945	-16%
Preparation for reuse	659	668	-1%
Recycling	969	972	-0.3%
Other recovery operations	0	304	-100%
Directed to disposal	1,238	1,295	-4%
Disposal by incineration	844	732	15%
Landfill	394	475	-17%
Other disposal operations	0	88	-100%
Hazardous waste	915	1,037	-12%
Diverted from disposal	577	561	3%
Preparation for reuse	6	0	-
Recycling	555	552	1%
Other recovery operations	16	9	81%
Directed to disposal	338	477	-29%
Disposal by incineration	229	233	-2%
Landfill	75	114	-34%
Other disposal operations	34	130	-74%
Total waste volume	3,782	4,277	-12%
Non-recycled waste, total amount and %	1,592 t 42.1%	2,085 t 48.7%	-24% -6.6 pp

The total amount of waste was 3,782 tonnes, of which 74% was generated in Finland, 44% at the Vieremä factory and 30% in maintenance services in Finland. The largest waste fractions of the factory were wood, 1,016 tonnes, and metal, 277 tonnes.

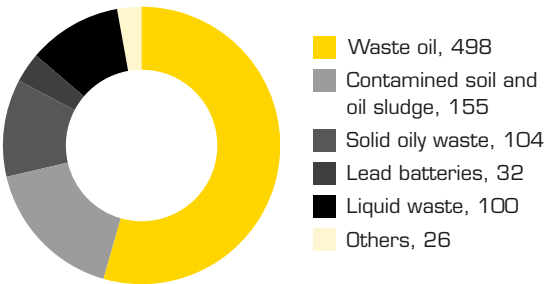
The high amount of hazardous waste is explained by components and chemicals that are replaced during maintenance, such as oils, coolants, lead batteries, used hydraulic hoses and oil filters. When washing forest machines, maintenance services also produce oily soil and oil separator well sludge. Of the hazardous waste, 61% was recycled.

The reuse of pallets increases the recycling rate. Significant recyclable waste items are cardboard, metal and used lubricants, whose materials are used in new products.

WASTE, TONNES



HAZARDOUS WASTE, TONNES



CALCULATION PRINCIPLES

The information describing the volume of refurbishment operations has been collected based on the parts and materials recorded in the work orders opened in the ERP system. Materials information for spare parts refurbished by partners has been obtained from purchase orders.

The packaging material information has been compiled from procurement reports received from suppliers. For Ponsse's products, the packaging information has been calculated based on the sales volume of the products and the materials and weight information of the packaging. Suppliers' reports include information about packaging materials and weight. Only some suppliers report the proportion of recycled raw material in the material. The recyclability of packaging materials has been assessed based on the general recyclability of a corresponding material.

For the most part, the waste data have been obtained from the reports of the waste management companies. In the absence of precise data, the weight of the waste has been estimated by multiplying the number of times of emptying the waste bins by the weight factor of the waste fraction based on bin size. The coefficients have been taken from publications of the Helsinki Region Environmental Services Authority and the Finnish Environment Institute. Information about waste treatment methods has also been compiled from waste management companies' reports. If the waste treatment method is not known, the "landfill" disposal option has been chosen in the reporting. The reporting and calculation exclude Ponsse's Brazilian country company's (Ponsse Latin America Ltda) Full Service sites in Belo Oriente, Eunápol, Telêmaco Borba and Lençóis Paulista, where operations take place in customers' premises.

SOCIAL INFORMATION

S1 – Own workforce	75
S4 – Consumers and end users	86

S1 – Own workforce

Material impacts, risks and opportunities related to own workforce

Positive impacts	Part of the value chain	Controls and measures
Equal treatment and respect for diversity and human rights promote employees' well-being at work and working capacity. [A]	Own operations	<ul style="list-style-type: none"><li>High-quality supervisory work combined with Ponsse's equal, diverse and non-discriminatory corporate culture promotes well-being at work, safety, health and employee engagement.</li><li>Ponsse does not tolerate discrimination against employees or jobseekers on any personal grounds.</li><li>Ponsse is committed to respecting human rights throughout the Group and in all operations.</li><li>A whistleblowing channel for reporting concerns for Ponsse employees and stakeholders.</li><li>Open discussion culture and the opportunity to give feedback through employee surveys.</li></ul>
Employee training, job rotation, work culture and good supervisory and leadership work have a positive impact on employees' working capacity and well-being at work. [A]	Own operations	<ul style="list-style-type: none"><li>High-quality induction ensures common ways of working in terms of work tasks, safety and practices, including the company's values, Code of Conduct and other policies.</li><li>Supporting competence, professional skills and career development through training opportunities.</li><li>Equal opportunities for new jobs in accordance with training and competence.</li><li>Competent supervisory and leadership work and surveys measuring the quality of leadership work.</li><li>Performance reviews twice a year and regular employee surveys.</li><li>Coordination between work and leisure through flexible working hours arrangements and by adopting a positive approach to the use of family leave.</li></ul>
Promoting mental and physical safety in the workplace community improves working conditions and well-being at work. [P]	Own operations	<ul style="list-style-type: none"><li>Code of Conduct (ethical guidelines) for all personnel.</li><li>Continuous development and measurement of and training in occupational safety through safety observations and risk assessments.</li><li>The personnel are encouraged to engage in open discussion and raise concerns when they arise or when support is needed.</li><li>Open discussion and raising concerns</li><li>Certified management systems</li><li>Identification and assessment of psychosocial risks</li><li>Guidelines on addressing bullying and harassment</li></ul>

Financial opportunities	Part of the value chain	Controls and measures
A strong employer brand and the availability and commitment of skilled personnel improve Ponsse's employer image and performance.	Own operations	<ul style="list-style-type: none"><li>Strong reputation as a forest machine manufacturer and employer in Finland. Visibility as an employer varies from country to country and region to region globally.</li><li>Maintaining and developing employee satisfaction have a great impact on employee engagement and a positive employer image.</li></ul>
Good team spirit, value-based operations and good occupational safety results improve employees' efficiency and Ponsse's performance.	Own operations	<ul style="list-style-type: none"><li>Ponsse works to be a good workplace with safe working conditions, the right tools, shared values and coaching supervisors.</li><li>Sickness absences and periods of incapacity for work caused by accidents are reduced by developing occupational safety processes and introducing measures to reduce risks.</li></ul>
Financial risks	Part of the value chain	Controls and measures
The availability and commitment of skilled labour can have a negative impact on Ponsse's performance. The development of employer marketing and communication requires resources and causes costs.	Own operations	<ul style="list-style-type: none"><li>The availability of labour is promoted through active cooperation with educational institutions, recruitment marketing and employer communication.</li><li>In 2024, the reform of the operating model, a new global organisational structure and new work tasks.</li><li>Flexible combinations of on-site and remote work improve the availability of labour.</li><li>Employer marketing and communication facilitate the availability of labour and contribute to a positive employer image.</li></ul>
The development of occupational safety and the provision of training on product solutions require resources and cause costs. Accidents and periods of incapacity for work cause costs.	Own operations	<ul style="list-style-type: none"><li>Ponsse actively assesses the risks associated with the occupational safety and health of its personnel and takes corrective measures to eliminate or minimise these risks.</li><li>Measures to continuously improve safety and increase safety awareness.</li><li>Investments in product safety and compliance and in training on product solutions</li></ul>

Assessing and identifying material impacts, risks and opportunities

Material impacts, risks and opportunities related to own workforce have been identified as part of the company's double materiality assessment, the results of which are taken into account in the Group's risk management process. The views of own workforce have been taken into account as part of the stakeholder interviews of the double materiality assessment. The process to identify and assess the material impacts, risks and opportunities related to sustainability topics is described on page 47. The interests and views of different stakeholders, including own workforce, as well as the impacts on the business model and strategy are explained on page 46. Material impacts related to own workforce have been identified as having a dependency on financial opportunities: for example, the development of occupational safety improves employees' efficiency. Ponsse's operating principles help to promote the identified positive impacts and financial opportunities and to mitigate the identified financial risks. The information to be reported covers all Ponsse's employees under an employment contract. Ponsse has not identified operations involving a significant risk of forced labour or child labour. The impacts, risks and opportu-

nities table indicates whether the impact identified is actual (A) or potential (P).

Of the impacts related to own workforce, operations in accordance with values, the equal treatment of people and respect for diversity and human rights, as well as the continuous improvement of occupational safety and health, are derived from the company's strategy and the action plan for personnel and safety, and they strongly support the implementation of the business model. Ponsse seeks to produce sustainable solutions for the benefit of customers and the environment. The company's mission is to succeed together with customers.

The implementation of Ponsse's business model and strategy is supported by training for employees, high-quality management and highly committed personnel. In accordance with its sustainability strategy, Ponsse seeks to promote people's well-being and is committed to taking care of its personnel, customers and network. The company works to be an equal workplace community, where employees are valued and where it is safe to work. The strategy promotes the company's positive impacts and mitigates the emergence of negative impacts.

Sustainability risks are assessed annually as part of the Group's risk management process. Risk assessments also cover risks related to own workforce.

Sustainability targets and progress related to own workforce

Target	Target year	Outcome in 2024	Outcome in 2023	Progress on 2024 targets
Lost time injury frequency (LTIF) 0	2030	11.5	10.4	<ul style="list-style-type: none"><li>Building a global safety team</li><li>Report on the current state of occupational safety and measures</li><li>Adoption and implementation of an occupational health and safety policy and the provision of related training</li></ul>
Number of safety observations: 8,500	2024	4,448	8,106	<ul style="list-style-type: none"><li>Safety observation system training</li><li>Adoption and implementation of an occupational health and safety policy and the provision of related training</li></ul>
Extensive pulse survey for the personnel (employee satisfaction) > 3.75 (> 75%)	2025	4.0 (80%)	4.09 (81.8%)	<ul style="list-style-type: none"><li>Team-level and company-level plans and measures</li></ul>
Excellent employee experience (eNPS) >40, (on a scale from -100 to 100)	2025	28	31	<ul style="list-style-type: none"><li>Team-level and company-level plans and measures</li></ul>
Quality of managerial work > 3 (on a scale from 1 to 4)	2025	3.24	3.20	<ul style="list-style-type: none"><li>Supervisor training</li><li>Senior management training programmes</li><li>Employee performance review</li></ul>
Voluntary employee turnover < 7%	2025	8.3	8.1	<ul style="list-style-type: none"><li>Leadership training</li><li>Feedback from the personnel survey and measures based on the feedback</li></ul>

Setting goals

Ponsse's management involves personnel in the annual strategy process and in determining strategic targets. At the beginning of the year, all employees participate in the company's Direction event to discuss the company's strategy and the strategic targets for operations. The head of each function is responsible for target-setting in their area of responsibility as part of the company's strategy. Ponsse's common and function-specific targets are implemented for the personnel through goal-setting as part of performance reviews.

Towards the end of 2024, the Ponsse Management Team, under the leadership of the CEO, introduced quarterly strategy follow-up meetings. The meetings monitor the progress of the strategy and strategic targets at Group level and by function, and assess potential obstacles, opportunities and risks related to the strategy.

Employees' representatives and the personnel are informed about the progress of the strategy in various cooperation forums and through various communication channels. All personnel are invited to the CEO's quarterly reviews to discuss topical matters. The annual strategy process and the related goal-setting are developed based on the feedback received.

Progress on targets during the reporting period

Global operating model

Ponsse implemented a global change in its operating model during 2024. The reformed organisational structure entered into force on 1 June 2024. With the new operating model, five regional organisations were formed, which are responsible for sales and maintenance customer work together with the country organisations and the dealer network in each region.

In connection with the change in its operating model, global support functions were created that enable consistent operating methods throughout Ponsse's organisation. The operating model is promoted through common practices.

Ponsse has identified the benefits of the new regional organisation for customers, as well as the importance of global support functions and consistent operating methods.

In the summer of 2024, Ponsse introduced a HR management system for the management of personnel processes. The system was implemented globally in all Ponsse's operations, with the exception of Ponsse's subsidiary Epec Oy, where the system will be introduced during 2025.

The implementation of a global HR management system enables the better transparency and timeliness of personnel data. The system also supports the implementation of consistent personnel processes in Ponsse's organisation.



Occupational safety

Ponsse’s target of zero accidents was not met during 2024. The early part of the year was exceptionally challenging, but by reducing risks and increasing safety awareness, the company was able to improve the results slightly during the rest of the year. The predictive safety observation indicator also fell short of the target. Among other reasons, this was because of the fact that improvement and repair requests brought up in other ways are no longer included in safety observations.

During the operating model reform in the spring of 2024, a global safety team was formed, and an analysis was carried out of the current state of occupational health and safety, based on which the company’s management determined a strategy for occupational health and safety work.

Ponsse’s reformed occupational safety strategy set the goal of introducing a global safety management system that takes into account country-specific legislative requirements in the coming years. At the same time, longer-term targets were determined for safety management and its development. The first step in the transition to the global operating model was the occupational health and safety policy and training implemented in the autumn of 2024, which further specified the occupational health and safety responsibilities of each Ponsse employee.

In 2024, the number of lost-time injuries per million hours worked (LTIF) was 11.5. Most of the injuries were related to hands or fingers and typically resulted in an absence of a few days. Towards the end of 2024, Ponsse paid special attention to hand injury risks and their root causes in selected operations. Training was provided to personnel working in these operations, and the range of protective equipment was improved.

In addition to hand injury risks, other hazards in the working environment include noise, the risk of exposure arising from machining and the use of certain chemicals, hot work, heavy lifting and the need to work above ground level. The risks associated with these situations were reduced during 2024 by improving working methods and conditions and introducing new protective equipment, aids and devices.

Only Ponsse’s own personnel are included in the accident statistics. Ponsse has set a goal to monitor accidents involving external employees from the beginning of 2025.

Employee satisfaction and the employee experience

In 2024, Ponsse’s managers collected suggestions for measures at both team and company level based on a personnel survey. A total of 251 suggestions were submitted: 184 at team level and 67 at company level. At the end of the year, 80% of the team-level suggestions had been implemented or were in progress. Suggestions for company-level measures were also implemented.

Ponsse actively encourages its personnel to develop their expertise and participate in training, and supports them in these

efforts. Ponsse enables continuous development and learning for its personnel through its eAcademy training portal, and also offers training to its dealers. In addition, Ponsse supports its personnel’s self-motivated studies towards a degree in Finland. The development of the personnel’s competence is based on Ponsse’s values, which emphasise continuous learning and renewal.

With a cultural survey carried out in the company in 2023, Ponsse’s values were renewed in early 2024. Ponsse’s renewed values are *We truly care, We work for customers, We are honest, and We are open for renewal*. The renewed values were introduced as part of strategic communication, and supervisors were trained to hold value scorecard discussions. The value scorecard discussions will continue in 2025.

As part of performance reviews, a personal development plan is created to support competence development. The implementation of the development plan is monitored by means of half-year discussions. Extensive investments were made in auditable and mandatory training for personnel in 2024. The company’s Code of Conduct and the related online training were reformed at the end of 2024 and will be presented to the personnel in early 2025. During 2024, Ponsse published its operating policy and control system training, as well as training on its occupational health and safety policy. At the same time, the induction path for new employees and its follow-up were developed in eAcademy.

In the coming years, the goal is to develop and build global learning and development processes and practices that support Ponsse’s strategy and strong learning culture. Ponsse monitors the personnel’s experiences of development and learning through its personnel surveys.

In 2024, 80% (score 4.0 on a scale of 1 –5) of the personnel were satisfied with Ponsse as an employer, based on an extensive personnel survey.

Leadership and supervisory work

Leadership development was supported during the reporting period through training aimed at supervisors. With the new operating model, monthly training on and information about personnel processes and their management has been provided to all those working in a managerial role since August 2024. In Finland, an annual supervisors’ event was organised, where Ponsse’s reformed management principles were communicated, and their communication will continue in 2025.

In 2024, a learning path for working capacity management aimed at supervisors was introduced in Finland.

At the same time, two global senior management training programmes were launched with the support of Aalto Executive Education and Professional Development. The first training programme was targeted at Ponsse’s expanded management team and the second at 40 managers from different countries and

functions. Both training programmes focus on leadership development and support the advancement of the new operating model.

Voluntary employee turnover

Voluntary employee turnover is monitored using a continuously updated 12-month metric. Target-setting has been raised from 5% to 7% at the end of 2024 to better reflect the industry and market average. With good management practices and high-quality local management, Ponsse seeks to commit personnel to the company on a long-term basis. Voluntary turnover varies from country to country and reflects the impacts of local labour market trends on labour demand and availability. Separate measures have not been targeted at voluntary turnover, but all development actions related to personnel and management promote the employee experience and commitment.

Policies

Ponsse always acts in accordance with the laws and regulations of the country in which it operates. In addition to legislation, Ponsse’s business operations are guided by its Code of Conduct, values, policies and guidelines. Ponsse’s Board of Directors approves, and the Management Team processes all the key policies and guidelines that guide Ponsse’s operations. The key policies are updated and approved regularly and apply to all employees and operations of the company globally. Personnel and safety guidelines and policies are the responsibility of Ponsse’s People, Culture & Safety organisation.

Ponsse ensures consistent corporate responsibility practices with the support of the company’s values, Code of Conduct and strategy throughout the Group. The principles of the Code of Conduct are consistent with human rights policy commitments. Ponsse does not accept the use of child labour or any other forms of forced labour under any circumstances. The Code of Conduct applies to all persons working at Ponsse Group in all the company’s countries of operation and, as applicable, to external people, companies and communities closely connected to Ponsse when they act with or on behalf of Ponsse. Ponsse’s Code of Conduct is described in more detail under *G1- Business conduct*.

The Code of Conduct and the internal equality and non-discrimination plan ensure an equal and non-discriminatory corporate culture that promotes employees’ well-being and the employee experience, reduces employee turnover and facilitates the recruitment of skilled labour. The equality and non-discrimination plan implemented in Finland describes the situation of equality and non-discrimination at Ponsse and includes measures to promote them. The goal is an equal workplace community that does not tolerate discrimination, harassment or inappropriate treatment. Discrimination is prevented by providing employees with appropriate induction, communicating Ponsse’s values and rules, providing

training to supervisors and following the agreed ways of working. The personnel are the company’s most important resource, for which equal opportunities, rights and obligations must be created. The identified impacts are promoted through the Code of Conduct and the equality and non-discrimination plan.

In 2024, Ponsse introduced a new occupational health and safety policy. It aims to describe the principles for fulfilling Ponsse’s safety commitments and to clarify each Ponsse employee’s understanding of their own occupational health and safety responsibilities. In accordance with its occupational health and safety policy, Ponsse is committed globally to preventing accidents and occupational diseases, developing safety work, maintaining an occupational health and safety management system and designing products that are safe to manufacture, maintain and use. The policy also requires the open sharing of information about health and safety outcomes and best practices. It promotes positive impacts and financial opportunities related to occupational safety and mitigates financial risks.

Product safety is an essential and important part of Ponsse’s business operations. The objective of the product safety policy introduced in 2024 is to ensure that Ponsse’s products are safe to use throughout their life cycle and do not endanger the safety or health of users, maintenance personnel, employees or the environment. Implementing the policy and acting in accordance with the policy help to prevent accidents and improve customer satisfaction and the safety of Ponsse’s products. Compliance with the policy also helps to reduce the amount of damage and unexpected downtime, protecting the company’s financial performance.

Ponsse’s data security policy ensures compliance with the requirements of information security and data protection. Data protection is ensured throughout the life cycle of data using specifically defined processes and procedures.

Respect for human rights at Ponsse

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

Ponsse addresses human rights in its value chain, following the related due diligence obligation. The company is committed to preventing any negative impacts on human rights and intervening in any decreases in human rights of which it is aware.

Furthermore, Ponsse is 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 with the assistance of external human rights specialists. Specialists from Ponsse were also engaged in the process. The process was started by conducting a human rights impact assessment (HRIA) to assess the human rights impacts and risks of Ponsse’s operations and specify the most significant human rights themes and standards. After the HRIA, Ponsse further specified the internal processes, and the 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 workplace community; 2) customers and end users; 3) employees in procurement chains; and 4) people in local areas and communities.*

In accordance with the HRIA, Ponsse must pay special attention to the fulfilment of its responsibility for human rights in its workplace community. Ponsse needs to ensure the control of its human rights impacts in its processes and practices, and to pay special attention to protecting the safety and health of its employees, including young employees and trainees. Based on the HRIA, Ponsse’s safety team further specified the guidance on the risks affecting young employees and the tasks suitable for them. Measures related to other considerations raised in the assessment – such as the promotion of diversity, equity and inclusion – will be implemented during 2025.

**Engagement with own workforce and employees’ representatives**

For Ponsse, it is important that employees’ representatives provide the employees’ views on the practices and processes related to own workforce. Cooperation with employees’ representatives is actively carried out in countries where representation is part of local operations. Local laws and collective agreements are monitored on an up-to-date basis. In all countries of operation, feedback is collected from personnel through annual pulse surveys for employees and recommendation measurements (eNPS).

Group-level governance representation has been agreed with shop stewards in 2023. The Group’s cooperation management team includes representatives of all Ponsse Plc’s and Epec Oy’s personnel groups. The cooperation management team meets quarterly to discuss matters affecting the personnel, which the employees’ representatives must be aware of and have the opportunity to influence. Of the Group Management Team, the President and CEO, CFO, Chief People, Safety & Culture Officer, Chief Operations Officer and Chief Sales, Service & Marketing Officer regularly attend the cooperation management team’s

meetings. Other members of the management team or experts are invited if necessary. The Group’s cooperation management team has also discussed the Code of Conduct and the human rights commitment, as well as Ponsse Plc’s equality and non-discrimination plan. The Chief People, Safety & Culture Officer is responsible for preparing matters for the cooperation management team and decides with the representatives on the matters to be communicated.

In Finland, in addition to the occupational safety and health committee, there is a continuous dialogue group that meets 11 times a year with shop stewards and occupational safety and health representatives, People Partners, safety experts and representatives of operational functions. The group actively engages in discussions on daily personnel and occupational safety matters. The meetings of the occupational health and safety committee and the continuous dialogue group are the responsibility of Ponsse’s People & Safety team. In country organisations outside Finland, there is active and open dialogue with the personnel and employees’ representatives if there is employee representation in the country.

**Processes to remediate negative impacts and channels to raise concerns**

Ponsse aims to mitigate the negative impacts related to its own workforce through the company’s values and jointly agreed operating principles. Ponsse continuously monitors and develops occupational safety, provides training to employees and supports supervisor and leadership work.

Ponsse’s ethical operating methods are also supported by a whistleblowing channel, which allows any suspected misconduct related to Ponsse and its operations to be reported. The whistleblowing channel is described as part of the company’s Code of Conduct. Every Ponsse employee must complete training on the Code of Conduct.

Whenever Ponsse’s employees or stakeholders have concerns about the Code of Conduct or illegal activity, such concerns must be reported to the company. Ponsse encourages employees to report any concerns or violations primarily to their immediate supervisor, HR or the company’s management. Reports can also be submitted anonymously through Ponsse’s whistleblowing channel, which an external service provider maintains in nine different languages on Ponsse’s website. The whistleblowing channel is also open to Ponsse’s external stakeholders. Further information about the processing of reports submitted through the whistleblowing channel and whistleblower protection is provided under *G1- Business conduct.*

Every Ponsse employee can submit safety observations to the company’s reporting system or in a locally agreed manner. The reporting of safety observations is supported by means of training

and communication in the CEO’s reviews, for example. Safety observations have helped to identify areas for improvement, take corrective action and reduce safety risks. Safety findings are regularly reviewed by the responsible teams, and the progress of corrective measures is monitored.

**Measures**

**An equal workplace community**

An equal and non-discriminating corporate culture promotes employees’ well-being and the employee experience, reduces employee turnover and helps to recruit highly competent labour. Ponsse seeks to strengthen the diversity of the workplace community, and attention is therefore paid to the implementation of equality and non-discrimination. The company’s personnel group reviews Ponsse’s equality and non-discrimination plan annually.

Ponsse maintains an open discussion culture, and employees are offered the opportunity to give feedback through personnel surveys. The personnel pulse survey also measures the personnel’s experiences of equity and equality. In the 2024 survey, 69% of Ponsse employees felt that equality and equity had been well or very well achieved at Ponsse.

Ponsse’s equal workplace community is supported by operations in accordance with values, common operating principles, high-quality supervisory work combined with a strong corporate culture, and the maintenance of an open discussion culture.

Ponsse facilitates coordination between work and leisure through flexible working hours arrangements and by adopting a positive approach to the use of family leave.

**Leadership work and training for employees**

Ponsse monitors the quality of leadership and supervisory work by means of an annual leadership assessment. The results of the survey are used in the development of leadership programmes and support, and to create perspectives on the individual development of supervisors. A leadership assessment survey is sent to each Ponsse employee, and they are asked to evaluate their own supervisor. Based on the results of the assessment, the necessary personal development measures are planned as part of the performance review processes.

Ponsse’s management principles were updated in 2024 and will be used as the basis for the development of Ponsse’s supervisor training.

Ponsse enables performance reviews between the employee and the supervisor twice a year, and encourages open dialogue between the supervisor and the employee. In future, Ponsse will monitor the implementation of the discussions in the HR management system, especially in terms of office employees. The content of the performance reviews will be further specified during 2025, along with the related guidelines and training.

**Promoting occupational safety**

Ponsse has a certified ISO 45001 management system for occupational health and safety in its Finnish operations in Epec Oy and in its Chilean and Uruguayan country organisations. The implementation of the safety policies is the responsibility of Ponsse’s CEO, and occupational safety is actively part of the work of Ponsse’s Management Team and management.

Mental and physical safety is promoted through active development work, including the assessment of mental and physical safety risks and the implementation of corrective measures. In addition, Ponsse has drawn up country-specific guidelines to prevent bullying and harassment. Investments in mental and physical safety improve working conditions and well-being at work while also promoting employees’ efficiency and Ponsse’s financial performance.

Ponsse is committed to the target of zero accidents and occupational diseases. The target has not yet been achieved, but work is actively being carried out towards the target. Accidents are investigated, lessons learned from the investigation are communicated to the personnel and corrective measures are taken to prevent similar accidents.

All Ponsse’s personnel are covered by occupational health examination in accordance with the legislative requirements of each country. Expertise in occupational health care is used in monitoring the development of the personnel’s occupational health and in planning the necessary corrective measures at an early stage in order to maintain the personnel’s working capacity.

The Ponsse maintenance service network is regularly audited in accordance with Ponsse’s ESW (Effective and Safe Workshop) internal audit programme. The safety section of the audit programme includes, among other aspects, safety training, emergency preparedness, safety metrics and safety observations and safety walks, as well as the different areas of accident investigation. Audit incidents are reported, and the corrective measures required are monitored globally.

Ponsse’s Vieremä factory, Epec Oy and Ponsse’s Chilean and Uruguayan country organisations are audited in accordance with the requirements of the ISO management system. Audits are carried out annually.

Well-implemented safety training for new employees ensures the working capacity and well-being of the workforce. Occupational safety training is continuously developed, and the implementation of training is monitored globally.

Ponsse works to offer training opportunities for young employees. In the company, the tasks in which young employees can be placed are always assessed separately, and it is ensured that country-specific statutory perspectives are taken into account.

In addition to occupational health and safety risks, Ponsse’s operations involve product safety risks, for which a product safety policy was implemented in 2024. The product safety policy is described under S4- *Consumers and end users.*



Ponsse approaches occupational safety in a constructive spirit. Development needs are identified and discussed openly, and the best possible ways to manage risks better in the future are identified together. No one is punished for bringing up development needs or any shortcomings. Openness, caring and discussion are part of Ponsse’s values.

Investments in occupational safety and training increase costs, but at the same time reduce the costs of sickness absences, accidents and employee turnover. The costs arising from employees’ absences caused by illness and incapacity for work are addressed by means of alternative duties if permitted by local legislation.

Employer image and employee commitment

In Finland, Ponsse’s strong reputation and good employer image facilitate the availability of labour and Ponsse’s attractiveness. In many other countries, Ponsse is known for its good reputation in its local community, but wider recognition is weaker than in Finland. Active cooperation with the local community and educational institutions helps to create a positive employer image and to ensure that Ponsse is perceived as an attractive employer. Ponsse has long employment relationships, and voluntary employee turnover is well-managed globally. This shows employees’ commitment to Ponsse.

The employer image is promoted in cooperation with the communications department by means of various articles and other communications, in addition to recruitment advertisements. In certain jobs, flexible combinations of on-site and remote work improve the availability of labour.

Ponsse cooperates with educational institutions in universities, universities of applied sciences and vocational education. Professional competence training is also provided in Ponsse’s own premises in Finland in the Ylä-Savo Vocational College’s Ponsse Path training programme. The programme has been run to train mechanics and welders for more than ten years now, and it has been a significant recruitment channel for Ponsse. In 2023, Ponsse started the Ponsse Pro training programme with the Valtimo campus of the North Karelia Municipal Education and Training Consortium Riveria. In the programme, mechanics are trained to be professionals in forest machine maintenance and then given jobs at Ponsse’s maintenance service centres.

With higher educational institutions in Finland, Ponsse has student programmes with the University of Tampere and Savonia University of Applied Sciences. The Student Deal programme of the University of Tampere is intended for students completing a Master’s degree in automation technology, while the target group of the Digital Professional programme of Savonia University of Applied Sciences consists of students of software development. Ponsse’s country organisations also have local educational cooperation. The aim is to provide students with practical training opportunities, topics and opportunities to write their thesis and a possibility to become involved in working life during their studies and complete part of their studies during on-the-job training periods.

Ponsse’s employer image was supported by the reputation award granted to Ponsse for the second time in the 2024 Reputation&Trust survey, in which private investors considered Ponsse to be the most highly reputed company.

Metrics

NUMBER OF EMPLOYEES UNDER AN EMPLOYMENT CONTRACT

Gender	Number of employees under an employment contract (headcount)
Men	1,773
Women	225
Others	0
Not reported	1
Total number of employees under an employment contract	1,999

2024	Women	Men	Others	Not reported	Total
Number of employees under an employment contract	225	1,773	0	1	1,999
Number of employees under a permanent employment contract	216	1,748	0	1	1,965
Number of employees under a temporary employment contract	9	25	0	0	34
Non-guaranteed hours employees	0	0	0	0	0

NUMBER OF EMPLOYEES UNDER AN EMPLOYMENT CONTRACT IN COUNTRIES REPRESENTING

MORE THAN 10% OF THE TOTAL NUMBER OF PERSONNEL

Country	Number of employees under an employment contract (headcount)
Finland	1,150
Brazil	446

NUMBER OF PERSONNEL BY GEOGRAPHICAL AREA

2024	Europe	South America	North America	Asia	Total
Number of employees under an employment contract	1,318	580	77	24	1,999
Number of employees under a permanent employment contract	1,287	578	77	23	1,965
Number of employees under a temporary employment contract	31	2	0	1	34
Number of employees under an employment contract with non-guaranteed hours	0	0	0	0	0

DISTRIBUTION OF EMPLOYEES BY AGE GROUP

Age group	Persons
Aged under 30	391
Aged 30 to 50	1,199
Aged over 50	409

TOTAL NUMBER OF EMPLOYEES WHO HAVE LEFT THE COMPANY AND THE RATE OF EMPLOYEE TURNOVER

Total number of employees who have left the company during the reporting period	380
Employee turnover, %	19.01%

TOTAL COMPENSATION RATIO

The ratio of the annual total compensation of the highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual).	14.08
--	-------

MANAGEMENT TEAM GENDER DISTRIBUTION

Gender	Headcount	Headcount, %
Men	7	78%
Women	2	22%

GENDER DISTRIBUTION IN THE BOARD OF DIRECTORS

Gender	Headcount	Headcount, %
Men	5	71%
Women	2	29%

PAY GAP BETWEEN WOMEN AND MEN

Countries	Ratio
Brazil	117%
China	132%
Finland	102%
United States	108%

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

Number of personnel	Employees covered by a collective agreement	No collective agreement	Covered by a collective agreement, %
1,999	1,819	180	91.0%

Number of personnel (Finland)	Employees covered by a collective agreement	Covered by a collective agreement, %
1,150	1,133	98.52%

Number of personnel (Brazil)	Employees covered by a collective agreement	Covered by a collective agreement, %
446	446	100%

Number of personnel (Finland)	Employees covered by employees' representatives	Covered by employees' representatives, %
1,150	1,133	98.52%

Coverage Rate	Collective Bargaining Coverage		Social dialogue
	Employees – EEA	Employees – Non-EEA	Workplace representation (EEA only)
0–19%			
20–39%			
40–59%			
60–79%			
80–100%	Finland	Brazil	Finland

ADEQUATE WAGES

All Ponsse employees are paid a living wage. The indicators of the living wage have been calculated by comparing the salaries of individuals either with the available market data on the living wage in the area in question or with the locally determined or applied level of the living wage.

For EEA and non-EEA countries, the comparison is based on the applicable collective agreement in the countries where collective agreements are used. If collective agreements are

not applied, the comparison is based on the wage levels of peer groups or on information about adequate wages that may have been published for the country. Adequate wages have been reported based on the situation on 31 December 2024.

FAMILY LEAVE

All Ponsse employees under an employment contract are globally entitled to family leave.

PERSONNEL COVERED BY THE HEALTH AND SAFETY MANAGEMENT SYSTEM

	Headcount	% of personnel
Personnel covered by the health and safety management system	1,285	64%

HEALTH AND SAFETY

Own personnel	2024	2023
Accidents at work	58	50
TRIF	15.6	23.1
Occupational accidents resulting in absence from work	43	42
LTIF	11.5	10.4
Fatal accidents at work	0	0
Occupational diseases	0	NA
Fatal occupational diseases	0	NA

DISCRIMINATION AND HARASSMENT CASES

	2024	2023
Total number of discrimination and harassment cases	0	3

There were no fines or compensation for discrimination or harassment cases in the reporting year. Serious human rights cases, such as forced labour, human trafficking or child labour, have not been reported, and have not resulted in any fines or compensation in the reporting year.

There were no fines or compensation for work-related cases or complaints, or serious human rights impacts or cases involving own workforce in the reporting period.

CALCULATION PRINCIPLES FOR METRICS

All Ponsse Group personnel, excluding trainees, are taken into account in the metrics related to own workforce. The figures for the indicators are reported based on the situation at the end of the year (31 December 2024). The figures related to the number of employees under an employment contract include all persons in active employment. The number of personnel in sustainability reporting differs from the number of personnel presented in the financial statements, which is reported as the average for the reporting year. The number of employees under an employment contract by country is reported for countries where the number of personnel exceeds 10% of the total number of personnel. For the calculation of country-specific data, definitions according to the national laws of each country have been used. There is a legal basis for fixed-term employment contracts with Ponsse employees.

The employee turnover figure includes all employees under an employment contract who left the company voluntarily, were made redundant, retired or died during the reporting year. The number of employees, excluding trainees, in an active employment relationship with Ponsse has been used as the divider of the figure.

The percentage of employees under an employment contract covered by collective agreements out of the total number of employees under an employment contract (excluding trainees) is calculated as follows: employees under an employment contract covered by collective agreements / total number of employees x 100. The number of employees and the information about employees covered by a collective agreement have been reported based on the situation at the end of the reporting period (31 December 2024).

The percentage of employees under an employment contract covered by collective agreements has been reported out of all employees under an employment contract in Ponsse Plc and Epec Oy. In the EEA, only Finland has at least 10% of the total number of employees under an employment contract in the company. Outside the EEA, only Brazil has at least 10% of the total number of employees under an employment contract in the company.

The total remuneration figures have been reported on 31 December 2024 for employees in active employment. The ratio of women's total wages to men's total wages been calculated by comparing the average of women's wages with the average of men's wages. The ratio has not been presented for countries where fewer than five women work, or where both genders are not represented.

When comparing the annual total compensation of the highest-paid individual to the median annual total compensation, the annual wages of employees under an employment contract on 31 December 2024 have been used in the calculation. The wage of the highest-paid individual has been excluded from the median for all employees. Fees have not been taken into account in the median calculation of all personnel, as data is not reliably available for the reporting year. Ponsse will develop a reporting system for fee documentation in 2025. The annual earnings of the highest-paid person also take into account the basic salary of the person without fees, in which case the figures used in the calculation are comparable. The currency conversion for the EUR comparison has been made using the exchange rate that prevailed on 10 January 2025.

The personnel covered by the occupational health and safety management system include the number of personnel of the Group companies subject to the ISO 45001 management system; that is, the parent company Ponsse Plc, Epec Oy and the Chilean and Uruguayan country organisations. Occupational accidents have been reported in the health and safety data for the entire reporting year. For occupational diseases, the reporting and follow-up period is the entire reporting year.

We calculate accident frequencies per million hours worked. When calculating accident frequencies, we use actual working hours, except for the smallest country organisations that do not have a working hour reporting system in place. These play a very minor role in the calculation. All accidents leading to absence from work (on the working day following the accident) are taken into account in the LTIF calculation. In addition to accidents leading to absence from work, all accidents requiring medical treatment and occupational diseases are taken into account in the TRIF calculation. Accidents that have resulted in an injury that requires self-care have been excluded from this year's TRI calculation, as the goal is to lower the reporting threshold for minor accidents. Accidents that occur while commuting are also not included in the statistics but are processed as required locally in each country.

In the 2023 comparison period, theoretical working hours have been used in the calculation, meaning that holidays or other absences have not been deducted from the working hours used in the calculation. In the comparison period, occupational diseases are not included in the TRI calculation, so the figures are not fully comparable with each other.

Only Ponsse's own personnel are included in the accident statistics.

The number of discrimination and harassment cases is based on reports submitted through the company's whistleblowing channel during the reporting year. We are not aware of any cases of discrimination or harassment related to Ponsse having been reported to the OECD National Contact Points for Multinational Enterprises. The metrics have not been validated by any other external party.



# S4 – Consumers and end users

## Material impacts, risks and opportunities for consumers and end users

Positive impacts	Part of the value chain	Controls and measures
The occupational safety and work efficiency of forest machine operators can be affected by, for example, improving work ergonomics and service platforms around the machine. [A]	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Technological development related to the automation, safety, ergonomics and digitalisation of forest machines.</li><li>• Active products to support the operator's work, such as electric armrests for forestry machines and the cabin suspension system.</li><li>• Continuous improvement of product safety</li><li>• Product safety policy introduced in 2024.</li><li>• Development of forest machines taking customer feedback into account</li><li>• Stakeholder cooperation, such as customer seminars</li></ul>
Forestry machine training improves the safe and responsible use of the machine. [A]	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Each new forest machine includes handover and operating training that promotes the safe use of the forest machine.</li><li>• Ponsse offers customised training to the customer, such as supervisor and operator training.</li><li>• Each new forest machine comes with instructions for use.</li><li>• Forest machine instructions are also available as a mobile application (PONSSE Active manual).</li></ul>
Financial opportunities	Part of the value chain	Controls and measures
Ponsse has developed product solutions and operator assistance solutions that are suitable for a wide range of users, and that support the responsible work of operators, improving the demand for products and services.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Forest machines have an Opti information system that enables the use of map programs.</li><li>• Digital services support the operator's decision-making.</li><li>• Active product development of the properties of forest machines.</li></ul>
New sustainable innovations create value for society and new business opportunities for Ponsse.	The whole value chain	<ul style="list-style-type: none"><li>• Active product development taking customers' needs into account</li><li>• Innovations that emphasise sustainability, such as the electric forwarder concept and solutions that promote ergonomics.</li><li>• Close cooperation with customers and stakeholders ensures technological development that advances in the correct direction and meets the future needs of forestry.</li><li>• Cooperating with higher education institutions, universities and research organisations</li></ul>
Financial risks	Part of the value chain	Controls and measures
Accidents involving forest machines can cause costs and reputational damage to Ponsse.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Safety communication to customers in the event of serious deficiencies in the product or user manual.</li><li>• The design and development of forest machines takes into account international ISO-standards and European EN-standards, which ensure compliance with the essential health and safety requirements.</li><li>• Continuous improvement of product safety</li><li>• Product safety policy introduced in 2024.</li><li>• Each new forest machine includes handover and operating training, as well as operating instructions, which enable the safe use of the forest machine.</li></ul>
Changes in consumer behaviour can cause fluctuations in demand and affect the price level of products.	Own operations and downstream value chain	<ul style="list-style-type: none"><li>• Active product development taking customers' needs into account</li><li>• Close cooperation with customers and stakeholders ensures technological development that advances in the correct direction and meets the future needs of forestry.</li></ul>

## Assessing and identifying material impacts, risks and opportunities

The material impacts, risks and opportunities related to consumers and end users have been identified as part of the company's double materiality assessment, which has been carried out as part of the Group's risk management process. The process to identify and assess the material impacts, risks and opportunities related to sustainability topics is described on page 47. Ponsse's consumers and end users include forest companies, forest machine entrepreneurs and machine operators. We have identified that the positive impacts related to consumers and end users have an impact on financial opportunities. The impacts, risks and opportunities table indicates whether the impact identified is actual (A) or potential (P).

The impacts related to forest machines' safety, ergonomics and innovative product solutions on consumers and end users are based on the company's strategy and business model. The purpose of Ponsse's strategy is to create sustainable solutions for the benefit of its customers and the environment. Ponsse works to be the preferred partner in sustainable forestry. The impacts of consumers and end users on the business model and strategy are described on page 46. The company's strategy and business model, which promote people's well-being and safe and ergonomic machines, promote positive impacts and economic opportunities for consumers and end users, and help mitigate negative impacts and financial risks. No changes have been made to the company's strategy based on the double materiality assessment.

In accordance with the targets of Ponsse's sustainability strategy, the company innovates sustainable and environmentally sound solutions and promotes people's well-being. Its product and service solutions enable sustainable forestry. PONSSE forest machines have been developed to be as safe and ergonomic as possible for their users. In Ponsse's strategy, sustainable development and responsibility are seen as future success factors and a prerequisite for the continuity of operations.

Sustainability risks are assessed annually as part of the Group's risk management process. Risk assessments also cover risks related to consumers and end-users.

## Sustainability targets related to consumers and end users

Ponsse did not set measurable and outcome-oriented targets related to consumers and end users in 2024, as the assessment of the current state is still ongoing. During 2025, the company will map out whether measurable and result-oriented targets related to consumers and end users can be set.

Although no measurable targets have been set, Ponsse actively develops the safety and ergonomics of forest machines in cooperation with consumers and end users. Policies such as the product safety policy support the effectiveness of actions.

## Policies

In addition to legislation and the company's values, Ponsse's policies related to consumers and end users are guided by Ponsse's Code of Conduct and Supplier Code of Conduct, as well as management systems, which are described in more detail under G1- *Business conduct*. Product safety work is guided by the product safety policy adopted by the company's Board of Directors in 2024. Ponsse's Code of Conduct and Supplier Code of Conduct are available to consumers and end users on Ponsse's website.

Ponsse respects internationally recognised human rights, such as international basic documents related to human rights and the ILO Declaration on Fundamental Principles and Rights at Work. Ponsse is committed to following the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Ponsse addresses human rights in its value chain, following the related due diligence obligation. The company is committed to preventing any negative impacts on human rights and intervening in any decreases in human rights of which it is aware. More information about human rights commitments and impact assessments is provided under S1 *Own workforce*. During 2024, no human rights violations related to consumers or end users were reported to Ponsse.

In accordance with its Code of Conduct, Ponsse aims to minimise the safety and health risks associated with the use of products and services as part of the development of innovative products and services. Ponsse promotes these targets in product development and by means of quality assurance methods, as well as by developing processes and guidelines with partners.

Product safety is a key part of Ponsse's business operations as a whole, as well as the design and product development of forest machines. The product safety and compliance of PONSSE forest machines are ensured under the coordination of the product safety team. The key objective of the company's product safety policy is to ensure that Ponsse's products are safe to use throughout their life cycle and do not jeopardise the safety or health of users, maintenance personnel, employees or the environment. Implementing and following the policy help to prevent accidents and improve customer satisfaction and product safety. In addition, the policy reduces the amount of damage and unexpected downtime, thereby protecting Ponsse's financial performance.

Engagement with consumers and end users

Mutual trust with various stakeholders is based on open and long-term cooperation. The needs of the industry are constantly evolving, which is why continuous dialogue with forest machine entrepreneurs, forest companies and forest machine operators is particularly important. Close cooperation with customers and stakeholders ensures technological development that advances in the correct direction and meets the future needs of forestry. Ponsse engages with end users directly or through authorised dealers.

Ponsse continuously collects feedback in daily customer service situations, in R&D projects carried out with customers and at customer seminars. A total of 11 customer seminars were held in nine countries in 2024. In the process of continuous improvement, product feedback received from customers or the need for change found in the company's own operations is recorded in the product feedback system. First, the feedback is handled by Ponsse's country organisation, after which it is transferred to maintenance advice services. The maintenance advice department will find out if there already is a solution for the product feedback. If there is no solution, the feedback proceeds to product management, where it is prioritised based on safety, criticality, scope and cost. The feedback is then added to the work list for continuous improvement in product development, prioritising safety-critical feedback. The processing of feedback can be monitored internally, and the party that recorded the feedback will be informed. In the new products process, the decision to start product development work on new products or make significant changes to the existing product range is made by a product panel consisting of representatives of product development, product management, the management and sales.

In processing Ponsse's product safety feedback, information is actively collected about accidents, incidents and near misses occurring in different market areas. In the largest forest machine markets, such as Finland and Sweden, there is regular discussion with the largest forest companies about what kind of accidents and near misses occur in mechanical harvesting. The reported cases are processed under the leadership of the product safety team, and the necessary measures are taken, such as changes to the machines or their operating instructions. If necessary, a safety bulletin is sent to the customer, informing them of the hazard and instructing them to take measures to avoid the hazard. Often the procedure can be a simple instruction, but in some cases, it may be recommended that forest machine should be brought to maintenance for updating. All findings related to product safety made in connection with reporting are forwarded to the design department, so that they can also be addressed in the design of new machines.

Processes to remediate negative impacts

For Ponsse, the safety of forest machine operators is of paramount importance. Ponsse aims to promote positive impacts and mitigate negative impacts on consumers and end users, including through the product safety process.

Ponsse's product safety process is integrated into product development processes, whereby safety requirements and needs are taken into account as part of product development. Product development projects take into account safety aspects, and the risks of the new machine or its features are identified and reduced to a minimum. The primary aim is to minimise risks by means of design, although various protectors and safety devices can also be used. Residual risks are warned of in the operating and maintenance instructions and, if necessary, with warning labels attached to the machines. Machine operating and maintenance instructions provide safe ways to operate and maintain machines.

Ponsse is actively developing the operator's work ergonomics. In 2024, the Armrest and eArmrest were introduced to the market. These armrests make it easier to adjust the ergonomic working position when the machine is used by different operators in consecutive shifts. The PONSSE Opti 5G user interface has been developed to provide the operator with essential information in a timely manner, and the Opti 5G map program facilitates work planning and the monitoring of the operator's own work.

Ponsse actively participates in international standardisation work by developing standards that target forest machines and their sub-assemblies. These include international ISO and European EN standards. In this way, Ponsse is able to ensure that the new PONSSE forest machines are compliant even when the standards change.

Personnel training is a key part of product safety. Various types of targeted training are organised for the personnel and the Ponsse network. The training provided to the personnel is more technical and standards-based, whereas that provided to the network focuses on the investigation and reporting of machine-related injuries and accidents, for example. The goal of training is to increase the organisation's awareness of product safety and the product safety policy, to increase related innovation, and to improve machine safety in order to minimise the risks posed to people and the environment.

Channels for consumers and end users to raise concerns

Consumers and end users may report any non-compliance with the Ponsse Code of Conduct or the law anonymously to the company's ethical reporting channel (whistleblowing), which is also open to external stakeholders. The whistleblowing channel is described in more detail under *G1- Business conduct*.

Measures

Product solutions that support operator safety and ergonomics

Ponsse has developed product solutions and operator assistance solutions that are suitable for a wide range of users, and that support the safe and responsible work of operators, improving the demand for forest machines and the related services. As part of product development projects, Ponsse develops the working comfort, safety and ergonomics of forest machine operators. Solutions and forest machines are developed in cooperation with operators and customers. New sustainable innovations create value for society and new business opportunities for Ponsse.

For forest machine operators, ergonomics plays a significant role when they work long shifts in challenging conditions. Repetitive movements, heavy work stages and static postures burden the operator.

Good ergonomics in the forest machine's cabin reduces the strain directed at the operator and makes working more comfortable while also maintaining working capacity. When the controls related to work can be adjusted to meet the operator's individual needs, stress can be reduced, and the operator can concentrate better and longer on productive work.

Introduced in 2024, the PONSSE Armrest and eArmrest and the Active Cabin suspension system for the redesigned PONSSE Wisent and Elk forwarders further improve the operator's working conditions and work productivity.

During 2024, the management of Active Crane loaders was expanded to include PONSSE C5 and C6 loaders. With the control system, the operator controls the movement of the grapple rather than the individual functions of the loader. This allows the operator to focus on loader work. Active Crane improves the use of sliding boom cranes and the operator's work ergonomics and helps operators cope better at work.

PONSSE Armrests & eArmrests were developed to provide each forest machine operator with a personalised driving experience. The armrests have been designed to match each operator's personal measurements and driving style. The new armrests prevent the risk of neck and shoulder injuries and reduce the strain caused by work.

The PONSSE Active Cabin suspension system increases driving comfort and helps the operator cope at work. The suspension system reduces the adverse effects of prolonged stress, vibration and shocks, contributing to the operator's working capacity.

The PONSSE Active Seat, developed at the request of forest machine operators, improves the operator's work efficiency and working conditions, as well as reducing the stress on the oper-

ator. Thanks to the rotating seat that automatically follows the movements of the loader tip, the operator has a better view of the work area. This feature significantly reduces the operator's head movements, which improves the operator's well-being and working efficiency.

Ponsse's digital services support the operator's harvesting work. Through the digital services platform and the fleet management system for forest machines, PONSSE Manager 2.0, users receive information about the location, productivity and fuel consumption of machines, which supports responsible harvesting. The system monitors the progress of stands and plans and can be used to manage the transport of machines, monitor the production volumes of machines by type of timber and print out measurement certificates. Through continuous data collection, PONSSE Manager 2.0 is able to process and filter from a large amount of data those parts that are relevant for improving work efficiency and productivity and present the data in a way that makes it easy to find, examine and use.

Training for consumers and end users

Ponsse offers consumers and end users various training courses to promote the safe and responsible use of forest machines. Each new forest machine handover includes handover and operation training, where the forest machine's functionalities and best working methods are reviewed with the customer, along with aspects related to the machine's productivity and the operator's ergonomics. Operation training is also offered to buyers of used machines.

In training tailored for supervisory and operator work, training in planning, guidance and supervision is provided to both novice and experienced forest machine operators. In addition, Ponsse offers training that makes it possible to transfer to cut-to-length harvesting, a more environmentally friendly method.

The operating instructions supplied with new forest machines are available in several languages. The operating instructions are also available in the PONSSE Active Manual mobile application, which provides guidance on the appropriate, efficient and economical use of PONSSE forest machines and equipment. It is easy for the consumer and end user to understand and follow the instructions presented in video format.

In 2024, Ponsse was involved in renewing a mechanical harvesting textbook in cooperation with the Finnish research and development centre Metsäteho Oy. The textbook focuses on the working methods of mechanical harvesting and can be used as a textbook especially in those market areas where there are no separate forest machine schools. The textbook contains theory of harvesting, which can be used for practical exercises carried out with simulators.



# GOVERNANCE INFORMATION

G1 – Business conduct.....90

## G1 – Business conduct

### Material business impacts, risks and opportunities related to business conduct

Positive impacts	Part of the value chain	Controls and measures
Ponsse's Code of Conduct and other guidelines that support ethical practices contribute to sustainable practices and a corporate culture where it is reliable and safe for stakeholders to cooperate with the company. [A]	The whole value chain	<ul style="list-style-type: none"><li>• Sustainability practices are ensured with the support of the company's Code of Conduct and values, as well as related training and communication.</li><li>• The Code of Conduct is supplemented by policies and guidelines such as the Supplier Code of Conduct and the procurement and operating policy.</li><li>• Ponsse complies with good corporate governance in accordance with legislation, the Articles of Association and the Corporate Governance Code.</li></ul>
Ponsse's sustainability work and suppliers' sustainability commitments strengthen an ethical corporate culture and trust in the supply chain. [A]	The whole value chain	<ul style="list-style-type: none"><li>• Ponsse requires its suppliers to commit to its Supplier Code of Conduct.</li><li>• Ponsse has a service in place to assess and monitor suppliers from the perspectives of risks, responsible practices and legislation.</li></ul>
The opportunity to report misconduct supports responsible business conduct and reduces risks. [A]	The whole value chain	<ul style="list-style-type: none"><li>• An anonymous whistleblowing channel for reporting suspected misconduct</li><li>• The whistleblowing team processes the reports and forwards them to the Management Team, the Board of Directors or the authorities, if necessary.</li><li>• Whistleblowing guidelines have been taken into account as part of the company's Code of Conduct.</li><li>• Internal control ensures consistent policies</li></ul>
Ponsse creates regional well-being and promotes local vitality and employment. This also strengthens the company's employer image. [A]	The whole value chain	<ul style="list-style-type: none"><li>• Ponsse's production operations, headquarters and logistics centre are located in the Upper Savonia region, and the company's regional employment impact is significant.</li><li>• In the vicinity of the Vieremä factory, there is a partner business village, whose companies carry out subcontracting or manufacture components for Ponsse.</li><li>• The procurement policy and operating policy ensure consistent practices with the supplier network.</li></ul>
Financial opportunities	Part of the value chain	Controls and measures
Ponsse's activities as a responsible corporate citizen strengthen the company's reputation and create a competitive advantage.	The whole value chain	<ul style="list-style-type: none"><li>• Ponsse always complies with local legislation, taxation and regulations.</li><li>• Ponsse reports and discloses tax information in accordance with legislation and tax policy.</li><li>• Strengthening sustainable business practices in the value chain has a positive impact on society.</li><li>• Internal control ensures the planning of operations and finances, as well as assessment and responses to deviations.</li></ul>
A significant proportion of Ponsse's subcontractors and supply chain are local operators, which creates flexibility and efficiency in business operations.	Upstream value chain and own operations	<ul style="list-style-type: none"><li>• In the vicinity of the Vieremä factory, there is a partner business village, where subcontracting is carried out and components are manufactured for Ponsse. Thanks to the nearby location, the availability and development of products, as well as cooperation, are efficient and flexible.</li><li>• The procurement policy and operating policy ensure consistent practices with the supplier network.</li></ul>
Close and long-term cooperation with the supplier network ensures product quality, operational flexibility and competitive price levels.	The whole value chain	<ul style="list-style-type: none"><li>• Supplier relationships are managed through systematic communication, where the supplier's performance is developed on a long-term basis. The goal is to continuously develop the competitiveness of the whole supply chain.</li><li>• The procurement policy and operating policy ensure consistent practices with the supplier network.</li></ul>

### Assessing and identifying material impacts, risks and opportunities

The material impacts, risks and opportunities related to business conduct have been identified in the company's double materiality assessment, the results of which are taken into account in the Group's risk management process. The process of identifying and assessing the material impacts, risks and opportunities related to sustainability topics is described on page 47. We have identified that the positive impacts related to business conduct have a dependency on financial opportunities. Ponsse's operating principles and internal guidelines help to promote the identified positive impacts and financial opportunities

### Targets and progress related to business conduct

Target	Target year	Outcome in 2024	Outcome in 2023	Measures in 2024
100% of suppliers are committed to the Code of Conduct	2025	99%	98.2%	<ul style="list-style-type: none"><li>• Regular supplier meetings</li><li>• Annual supplier event</li></ul>
Net Promoter Score (NPS) > 60	2025	62	52	<ul style="list-style-type: none"><li>• Customer seminars in nine countries</li><li>• Steering group meetings with major customers</li><li>• Product development project idea groups</li></ul>
100% of the personnel have completed the Code of Conduct training	2025	92.4%	92.4%	<ul style="list-style-type: none"><li>• Revised Code of Conduct</li><li>• Code of Conduct training for the personnel from January 2025 onwards</li></ul>

### Progress on targets during the reporting period

#### Suppliers' commitment to sustainability principles

Ponsse requires that suppliers are committed to ethical principles in their cooperation with Ponsse. Of our direct suppliers, 99% (98.2%) have approved our Code of Conduct either by signing Ponsse's Supplier Code of Conduct (82%) or by committing to similar guidelines of their own (17%). All Ponsse's direct suppliers have been taken into account in terms of the commitment percentage related to supplier's sustainability principles. Supplier relationships are managed through systematic interaction, regular supplier meetings and an annual supplier event to discuss the significance of ethical guidelines and the commitment obligation.

#### Customer's recommendation rate (NPS)

Ponsse collects customer feedback in daily service situations, in product development projects implemented in cooperation with customers and in customer seminars. Customer seminars in nine countries were held in 2024. Monitoring customer satisfaction in sales and service situations is continuous. At the end of 2024, the Ponsse

and to mitigate the identified financial risks. The impacts, risks and opportunities table indicates whether the impact identified is actual (A) or potential (P).

The company's Code of Conduct, whistleblowing channel and sustainability commitments towards suppliers strengthen good governance practices and guide the equal treatment of people, sustainable business operation and trust-based cooperation. Good governance creates the basis for the business model, the aim of which is to be the preferred partner in sustainable forestry in accordance with the company's vision.

Sustainability and responsible operating practices are defined in the company's strategy as factors that ensure the continuity of operations and future success.

network's NPS was excellent at 62 (52) based on 1,046 (944) responses. The NPS of Ponsse's subsidiaries continued to be excellent at 50 (48) and that of our dealers increased to 76 (59). The NPS is measured on a scale from -100 to +100, with continuous monitoring in terms of products, maintenance and spare parts. The company's customer recommendation target is NPS > 60. The recommendation index has been calculated by subtracting the percentage of detractors from the percentage of promoters.

#### Training on the Code of Conduct

Ponsse's Code of Conduct and the related training were revised in the autumn of 2024. The new Code of Conduct is based on a human rights impact assessment carried out in the company. The communication and training related to the new Code of Conduct will start at the beginning of 2025, and the goal is that every Ponsse employee completes the Code of Conduct training by the end of 2025. The current training indicator of 92.4% describes the level of completion of the training introduced in 2020. All active Ponsse employees have been taken into account in the Code of Conduct training percentage.

Policies

Ponsse always acts in accordance with the laws and regulations of the country in which it operates. In addition to legislation, Ponsse’s business operations are guided by the company’s Code of Conduct, values, public policies and internal guidelines. Ponsse’s Board of Directors approves all the key policies and guidelines that guide Ponsse’s operations, and the Management Team is responsible for their implementation. Key policies are regularly updated and approved.

Ponsse complies with good corporate governance in accordance with Finnish law, Ponsse’s Articles of Association, and the Corporate Governance Code 2025 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.

The Code of Conduct applies to all persons working at Ponsse Group in all the company’s countries of operation and, as applicable, to external people, companies and communities closely connected to Ponsse when they act with or on behalf of Ponsse. Each Ponsse employee is obligated to act as an example in compliance with the Code of Conduct and to represent the company in an exemplary fashion. The local operating environment or legal provisions may require compliance with guidelines that are stricter or more detailed than this Code of Conduct, in which case they must always be followed. However, no practices falling below the standards defined in this Code of Conduct are permitted.

Code of Conduct training is part of the induction programme for new employees, and supervisors monitor the completion of training in annual performance appraisals. The Code of Conduct is available on Ponsse’s website, which also contains a public link to Ponsse’s whistleblowing channel. Suppliers are required to commit to the Supplier Code of Conduct.

Ponsse’s procurement policy outlines that the company is committed to responsible procurement. Suppliers must reduce greenhouse gas emissions from their operations and value chain, pay special attention to human rights in their value chain and ensure that there is no forced labour, human trafficking or other activities that violate human rights in their operations or supply chain.

The company’s operating policy was also revised in 2024 to include Ponsse’s strategic sustainability targets. The operating policy supports the achievement of Ponsse’s strategic targets and helps to ensure value creation for stakeholders, which is measured in terms of the customer and employee experience.

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

- ISO 9001 quality management standard: Ponsse Plc, Ponsse Chile S.p.A., Ponsse Latin America Ltda, Ponsse Uruguay S.A, Epec Oy

- 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 standards help to 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.

Ponsse’s tax policy describes the company’s main principles regarding taxation, which are based on the company’s values and Code of Conduct. Ponsse is committed to being a responsible corporate citizen and works to promote an open tax policy in its sector. Ponsse reports and discloses tax information in accordance with the transparency objectives of legislation and tax policy.

In addition to Ponsse’s Code of Conduct, the Supplier Code of Conduct, procurement policy, operating policy and tax policy can be found on Ponsse’s website.

The internal gifts and hospitality guideline, which further specifies the Code of Conduct, ensures consistent practices in situations that may inappropriately influence decision-making or create such an impression.

Ponsse is committed to combating corruption in all its forms, including extortion and bribery. No bribes or other illegal payments will be made, and Ponsse will not authorise such payments in order to obtain or maintain business. The anti-corruption principles are included in the Code of Conduct, and corruption is also addressed as part of the training on the Code of Conduct. Ponsse assesses corruption risks annually as part of its continuous risk management process. Key risks are summarised in connection with the strategy round for assessment by the Board of Directors and the management. The risk of corruption has been assessed as low in the Group as a whole. The risk assessment has not highlighted any individual activity that would be significantly more susceptible to corruption. Ponsse has not reported any corruption or bribery cases during 2024.

Ponsse does not accept or facilitate money laundering, and the company complies with legislation related to the prevention of money laundering everywhere in the world. Ponsse conducts business only with reputable parties involved in legitimate business activities, with funds derived from legitimate sources.

Whistleblowing channel

Ponsse uses an ethical whistleblowing channel as required by the Finnish Whistleblower Act and the EU Whistleblower Directive, through which Ponsse’s employees and stakeholders’ representatives can report any activities in breach of the company’s Code of Conduct or suspicions of such activities. These may include any suspected misconduct that affects people, the organisation, society or the environment and is in violation of the law or the Code of Conduct. Reports can also be submitted anonymously through the whistleblowing channel.

The company encourages its employees to primarily report any concerns or violations related to the Code of Conduct to their nearest supervisor, heads of functions or the HR department. Its stakeholders should contact the company’s managers or submit reports to the whistleblowing channel.

The whistleblowing channel is in a system outside Ponsse, where the processing of reports is protected and encrypted. Communication related to the processing of the report is handled using the processing number. A link to and instructions for using the whistleblowing channel can be found on the company’s intranet and website.

Processing whistleblowing reports

Ponsse’s Board of Directors has appointed a whistleblowing team to process reports and forward them to the Management Team or Board of Directors, if necessary. The team ensures that reports are processed, and consequences are imposed identically in similar cases and that corrective measures are carried out.

Access to the whistleblowing channel is limited to the processing team, which has the authority granted by Ponsse’s Board of Directors to process any cases of suspected misconduct. The whistleblowing report processing team consists of the company’s internal auditor, CFO and Chief People, Safety & Culture Officer. All measures related to the processing of reports are recorded, and cases are processed confidentially.

If the processing of a report also requires expertise from outside the team, external specialists may also be invited. In this case, any specialists from outside the team will also be covered by a confidentiality obligation.

Principles applied to the investigation of reports

- All reports will be processed confidentially, securely and using encryption.
- All reports will be taken seriously in accordance with whistleblowing guidelines.
- No member of the processing team or anyone else participating in the investigation process will attempt to identify the identity of the person who submitted the report.

- For anonymous reports, the processing team may ask further questions through the whistleblowing channel, if required, to maintain anonymous contact with the persons who submitted such reports.
- The persons involved in suspected misconduct will not participate in the investigation of reports.
- The processing team will decide on the method of processing reports. If any crime is suspected, the report in question will be brought to the attention of the company’s President and CEO and forwarded to the authorities.
- The whistleblowing channel is maintained by an external partner to ensure anonymity.

The role of governance and management

Ponsse’s owners, Board of Director and management are committed to promoting sustainability, and sustainability has been integrated into Ponsse’s business strategy. The company’s Board of Directors is provided with a regular overview of the company’s sustainability work, as well as risks and opportunities associated with corporate responsibility. The Board of Directors also approves key policies and operating instructions related to sustainability.

The Board of Directors addresses sustainability matters as an integral part of other processes and business reviews. In addition, the Board assesses the company’s sustainability strategy and the key focuses of sustainability activities. The company’s Board of Directors has a strategic corporate responsibility expert, and the company’s Management Team has a Chief Responsibility Officer.

The elected members of Ponsse’s Board of Directors must have the competence required for the position and the opportunity to allocate sufficient time for Board work. The members must be willing to dedicate themselves to Ponsse, and they must conform to the company’s values. The provisions of the Limited Liability Companies Act apply to the general eligibility criteria. No special eligibility criteria such as an upper age limit have been set in the Articles of Association for the members. Overall, the members of the Board of Directors are required to have sufficiently diverse expertise and the ability to carry out their tasks effectively. Key factors include that their education and experience supplement those of other members. When considering the number of members, there is a focus on Ponsse’s operational goals and the resulting requirements: the number of members must be relative to the company’s size, line of business, market position and development stage. In addition, the shareholders’ opinions must be addressed. It benefits the company as a whole that individuals whose skills, backgrounds and views differ are appointed as members of the Board. This ensures the development of business operations and sustainability, as well as good corporate governance.



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’s Management Team is in charge of function-specific sustainability goals, their monitoring and achievement, and the identification of operational risks and opportunities associated with sustainability. In addition, the company has an environmental responsibility steering group.

Expertise of the members of Ponsse’s boards of directors

Board member	Training and position	Key employment history	Other key positions of trust
Jarmo Vidgren, Chair	Commercial College Graduate in Marketing Board member since 2020	<ul style="list-style-type: none"><li>Ponsse Plc, Group Sales and Marketing Director and Vice President 2008–2020</li><li>Ponsse Plc, Area Director, North-European business area 2007–2008</li><li>Ponsse Plc, Sales Director, Finland 2004–2008</li><li>Ponsse Plc, Area Sales Manager 2001–2004</li><li>Ponsse AB, Warranty Handler and Area Sales Manager; used machines 1999–2001</li><li>Ponsse Plc, Warranty Handler 1997–1999</li></ul>	<ul style="list-style-type: none"><li>Einari Vidgren Foundation, Board Member</li><li>Jamo Investment Company Oy, Chair of the Board</li><li>Kalpa Hockey Oy, Board Member</li><li>Savonmaan Puolesta Oy, Board Member</li></ul>
Mammu Kaario, Vice Chair	Master in Law, MBA Board professional Board member since 2010	<ul style="list-style-type: none"><li>Partnera Oy, Managing Director 2016–2017</li><li>Korona Invest Oy, Investment Manager 2011–2016</li><li>Unicus Oy, Partner 2006–2011</li><li>Conventum Corporate Finance Oy, Director 1998–2005</li><li>Prospectus Oy, Vice President 1994–1998</li><li>Kansallis-Osake-Pankki, Assistant Vice President 1998–1994</li></ul>	<ul style="list-style-type: none"><li>CapMan Oyj, Vice Chair of the Board</li><li>Gofore Oyj, Board Member</li><li>HC Ässät Pori Oy, Board Member</li><li>Lapti Group Oy, Board Member</li><li>Makai Holding Oy, Chairman of the Board</li><li>Puulo Oyj, Board Member</li><li>SAKA Finland Group Oy, Chair of the Board</li><li>Sibelius Academy Foundation, Chair of the Board;</li><li>Sten &amp; Kimet Oy, Board Member</li><li>Taideyliopiston sijoituskomitea, Member</li><li>Urhea-halli Oy, Board Member</li></ul>
Terhi Koipijärvi, Member	M.Sc., Forestry and Forest Products Marketing Milton Oy, Senior Advisor, Corporate Responsibility and Strategy Board member since 2023	<ul style="list-style-type: none"><li>Metsähallitus, Director; various responsibilities: communications, strategy and sustainability 2017–2022</li><li>Stora Enso Oy, Corporate Responsibility Manager and other responsibilities 2010–2017</li><li>Metsä Group Oyj, Environmental and Corporate Responsibility Manager and other areas of responsibility 2000–2010</li><li>Suomen Metsäyhdistys, Communications Officer 1998–2000</li><li>Thomesto Oy, Thomesto Sverige AB, various chief positions 1993–1998</li></ul>	<ul style="list-style-type: none"><li>FIBS, Chair of the Board</li><li>Green Resources (East Africa), Board Member</li><li>Metso Oyj, Board Member</li></ul>
Matti Kylävaonio, Member	M.Sc. (Econ.) Keitele Timber Oy, CEO Board member since 2016	<ul style="list-style-type: none"><li>Keitele Timber Oy, Director of sawmill operations 2014–9/2022</li><li>Keitele Timber Oy, Sales Director 2006–2014</li><li>Keitele Timber Oy, Export Manager 1999–2006</li></ul>	<ul style="list-style-type: none"><li>Keitele Forest Oy, Chairman of the Board</li><li>Sahateollisuus ry, Chairman of the Board</li></ul>
Ilpo Marjamaa, Member	M.Sc. (Tech.), Production Systems and Technologies Board member since 2022	<ul style="list-style-type: none"><li>KONE Oyj, Director, Strategic Projects 2019–2020</li><li>KONE Oyj, Senior Vice President, Head of Modernization business 2011–2019</li><li>KONE Oyj, Senior Vice President, Head of Escalator business 2009–2011</li><li>KONE Oyj, Senior Vice President, Head of Supply Operations 2006–2009</li><li>KONE Hissit Oyj, CEO, Finland and The Baltics 2003–2006</li><li>Kone Corporation 1999–2020, various management positions related to strategy and business development, as well as sales, production, and logistics.</li></ul>	<ul style="list-style-type: none"><li>Hetitec Oy, Board Member</li><li>Oyj Sisu Auto AB, Board Member</li></ul>
Juha Vanhainen, Member	M.Sc. (Tech.), Process Technology Board member since 2018	<ul style="list-style-type: none"><li>Apetit Oyj, President and CEO 2015–2019</li><li>Stora Enso Oy, Board Member (different areas of responsibility) 2007–2015</li><li>Stora Enso Oy, managerial positions 1990–2007</li><li>Kemi Oy, Engineer 1988–1990</li></ul>	<ul style="list-style-type: none"><li>EKE Rakennus Oy, Board Member</li><li>Metsä Board Oyj, Board Member</li></ul>
Jukka Vidgren, Member	Bachelor of Culture and Arts Mutant Koala Pictures Oy, Managing Director Board member since 2011	<ul style="list-style-type: none"><li>Mutant Koala Pictures, entrepreneur since 2004</li></ul>	<ul style="list-style-type: none"><li>Einari Vidgren Oy, Board Member</li><li>Einari Vidgren Foundation, Board Member</li></ul>

Ponsse’s culture

Ponsse has a unique corporate culture, and the company’s personnel have been its main resource through the ages. Ponsse seeks to cherish its unique culture, but also to evolve over time and ensure the implementation of its strategy and business targets with the support of its 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. In addition, each employee had the opportunity to provide feedback on the company’s culture in a personnel pulse survey. One of the first measures of cultural work was to examine the company’s values. Ponsse’s values were renewed at the beginning of 2024, respecting traditions and looking to the future. The renewed values – *we truly care, we work for customers, we are honest* and *we are open for renewal* – were presented to the personnel at the beginning of 2024. Values guide everyday work and behaviour in all business operations and affect how customers perceive Ponsse’s products, services and operations. Employee feedback on the company culture is collected as part of the annual personnel survey. The Ponsse spirit – to put it briefly, working together – is materialised when we work every day according to our values. At Ponsse, “we” is always more important than “I”, while we also take care of the individual. Often, it also means a sparkle in the eye and great professional pride in doing the best for the customer. Ponsse’s corporate culture work will continue in 2025, when the management principles derived from the values will be brought into Ponsse’s management and supervisory work

Relationships with suppliers

We know our partners

Ponsse is committed to carrying out its business operations sustainably and responsibly. Of Ponsse Group’s direct purchases, 91% take place through the parent company, Ponsse Plc. Ponsse Plc’s management of supplier relationships is based on systematic and active contact, with which Ponsse seeks to develop its suppliers’ performance in the long term and thereby enable the continuous development of competitiveness throughout the supply chain. Meetings with each direct supplier are held regularly, at least once a year. In addition to current matters, the supplier meetings include discussions on environmental and safety aspects related to sustainability. 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.

As part of Ponsse’s supplier selection process, new suppliers are assessed at supplier meetings. In addition, new suppliers’ sustainability and risks are assessed by means of a questionnaire in terms of financial information, safety and environmental information, management systems and the Code of Conduct. Ponsse only works with suppliers that adhere to Ponsse’s Code of Conduct and pass the background checks. Ponsse Plc takes due care when selecting its business partners. Suppliers’ background checks use an external service provider’s data and analytics service, which checks business partners’ backgrounds in an up-to-date and risk-based manner as part of business processes. The service can be used to identify risks in terms of trade sanctions, corruption, money laundering, human rights violations and various types of misconduct. If elevated risks are detected in the supplier’s background information, the service issues an alert, which must be responded to. In accordance with Ponsse Plc’s payment policy, suppliers’ invoices are paid in accordance with the due dates, regardless of the supplier. Payment materials are automatically generated in the system by due dates, which ensures that payments are up to date and no payment delays can occur. Ponsse seeks to enter into long-term procurement agreements, but also uses alternative procurement channels to ensure a smooth flow of deliveries even during any disruptions. Flexibility in Ponsse’s operations and sensitivity to changes help the company adapt to changes in the operating environment.

Investments in the local dimension

Ponsse finds it important to be a responsible company in the communities in which it operates. Partners are always selected based on business and sustainability criteria. Ponsse Plc has identified its impact on its local community and its opportunity to create regional well-being through profitable business operations that address the environment. This is why Ponsse Plc also takes the local dimension into account when selecting cooperation partners. Ponsse’s production operations and headquarters are still located in Vieremä, where the company was founded, and its impact on employment in the Upper Savonia region is significant. In the vicinity of the Vieremä factory, there is a partner business village, whose companies carry out subcontracting or manufacture components for Ponsse. Thanks to the nearby location, the availability and development of products, as well as cooperation, are efficient and flexible. Components available at a short distance also reduce adverse environmental impacts caused by transport.

Metrics

Local procurement, %	2024	2023
Finland	69.5%	69.0%
From the EU area	99.3%	97.5%
From outside the EU area	0.7%	2.5%

Background checks of new suppliers, %	2024
% of new suppliers who have undergone a background check	100%

Income taxes by country, TEUR	2024	2023	Change, %
Finland	6,978	12,941	-46%
Sweden	495	244	103%
Norway	186	79	135%
France	411	327	26%
United Kingdom	135	30	350%
the Netherlands	13	0	-
Ireland	0	0	-
Czech	62	91	-32%
Chile	22	39	-44%
Brazil	0	0	-
Uruguay	298	454	-34%
China	7	6	17%
United States	522	1,316	-60%

CALCULATION PRINCIPLES FOR METRICS

The percentage describing local procurement includes all Ponsse's direct suppliers and subcontractors, as well as the products procured during the reporting year. Ponsse only manufactures forest machines in Finland, in Vieremä. Direct procurement refers to raw materials and components that are used to manufacture the company's end products and deliver its spare parts. The information has been reported separately for Finland, the EU area and countries outside the EU area. The percentage of background checks on new suppliers is inclusive of all Ponsse's new direct suppliers in reporting year. The figure covers new suppliers in the reporting year who have undergone a background check in accordance with the process determined by the company.

The income tax by country figures describes the sum of income taxes paid in the reporting year by country, taking into account the tax periods of the reporting year. The metrics related to business conduct have not been validated by any other external party.

CONTENT INDEX

ESRS 2 – General disclosures	
Disclosure requirement	Page
BP-1 – General basis for preparation of sustainability statements	38
BP-2 – Disclosures in relation to specific circumstances	38
GOV-1 – The role of the administrative, management and supervisory bodies	42–43
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	42
GOV-3 - Integration of sustainability-related performance in incentive schemes	43–44
GOV-4 - Statement on due diligence	44–45
GOV-5 - Risk management and internal controls over sustainability reporting	43
SBM-1 – Strategy, business model and value chain	38–42
SBM-2 – Interests and views of stakeholders	46–47
SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	36–37, 47–49
IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities	47–49
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement	37

E1 – Climate change	
Disclosure requirement	Page
ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes	44
E1-1 – Transition plan for climate change mitigation	61
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	57–58
ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	47, 58
E1-2 – Policies related to climate change mitigation and adaptation	60
E1-3 – Actions and resources in relation to climate change policies	60–61
E1-4 – Targets related to climate change mitigation and adaptation	59–60
E1-5 – Energy consumption and mix	62–63
E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions	62–63
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	63

E4 – Biodiversity and ecosystems	
Disclosure requirement	Page
E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	65
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	64–65
ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	47, 65, 67
E4-2 – Policies related to biodiversity and ecosystems	65–66
E4-3 – Actions and resources related to biodiversity and ecosystems	66–67
E4-4 – Targets related to biodiversity and ecosystems	65



E5 – Resource use and circular economy	
Disclosure requirement	Page
ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	47, 68
E5-1 – Policies related to resource use and circular economy	69–70
E5-2 – Actions and resources related to resource use and circular economy	70–71
E5-3 – Targets related to resource use and circular economy	69
E5-4 – Resource inflows	71–73
E5-5 – Resource outflows	73–74

S1 – Own workforce	
Disclosure requirement	Page
ESRS 2 SBM-2 – Interests and views of stakeholders	46–47, 76
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	47, 76
S1-1 – Policies related to own workforce	79–80
S1-2 – Processes for engaging with own workers and workers’ representatives about impacts	80
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	80–81
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	81–82
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	77–79
S1-6 – Characteristics of the undertaking’s employees	82–83
S1-8 – Collective bargaining coverage and social dialogue	83–84
S1-9 – Diversity metrics	82–83
S1-10 – Adequate wages	84
S1-14 – Health and safety metrics	84
S1-15 – Work-life balance metrics	84
S1-16 – Compensation metrics (pay gap and total compensation)	83
S1-17 – Incidents, complaints and severe human rights impacts	84

S4 Consumers and end users	
Disclosure requirement	Page
ESRS 2 SBM-2 – Interests and views of stakeholders	46–47, 87
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	47, 87
S4-1 – Policies related to consumers and end-users	87
S4-2 – Processes for engaging with consumers and end-users about impact	88
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	88
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	89
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	87

G1 – Business conduct	
Disclosure requirement	Page
ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies	93
ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	47, 91
G1-1 – Business conduct policies and corporate culture	95
G1-2 – Management of relationships with suppliers	95

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material datapoint	Page
SRS 2 GOV-1 Board’s gender diversity paragraph 21 (d)	X		X		Material	42–43, 83
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			X		Material	42–43
ESRS 2 GOV-4 Statement on due diligence paragraph 30	X				Material	44–45
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	X	X	X		Not material	-
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	X		X		Not material	-
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	X		X		Not material	-
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			X		Not material	-
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				X	Not material	-
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		X	X		Not material	-
ESRS E1-4 GHG emission reduction targets paragraph 34	X	X	X		Material	59, 61
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	X				Material	62
SRS E1-5 Energy consumption and mix paragraph 37	X				Material	62
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	X				Material	62
ESRS E1-6 Gross Scope 1, 2, 3 and total GHG emissions paragraph 44	X	X	X		Material	62
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	X	X	X		Material	62
ESRS E1-7 GHG removals and carbon credits paragraph 56				X	Not material	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			X		Not material	-
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		X			Not material	-
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		X			Not material	-
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		X			Not material	-
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			X		Not material	-
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	X				Not material	-
ESRS E3-1 Water and marine resources paragraph 9	X				Not material	-
ESRS E3-1 Dedicated policy paragraph 13	X				Not material	-
ESRS E3-1 Sustainable oceans and seas paragraph 14	X				Not material	-

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material datapoint	Page
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	X				Not material	-
ESRS E3-4 Total water consumption in m³ per net revenue on own operations paragraph 29	X				Not material	-
ESRS 2 – IRO 1 – E4 paragraph 16 (a) i	X				Material	67
ESRS 2 – IRO 1 – E4 paragraph 16 (b)	X				Not material	-
ESRS 2 – IRO 1 – E4 paragraph 16 (c)	X				Not material	-
ESRS E4-2 Sustainable land/ agriculture practices or policies paragraph 24 (b)	X				Not material	-
ESRS E4-2 Sustainable oceans/ seas practices or policies paragraph 24 (c)	X				Not material	-
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	X				Not material	-
ESRS E5-5 Non-recycled waste paragraph 37 (d)	X				Material	74
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	X				Material	74
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	X				Not material	-
ESRS 2 – SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	X				Not material	-
ESRS S1-1 Human rights policy commitments paragraph 20	X				Material	79–80
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			X		Material	79–80
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	X				Material	79
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	X				Material	79
ESRS S1-3 Grievance/ complaints handling mechanisms paragraph 32 (c)	X				Material	80–81
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	X		X		Material	84
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	X				Not material	-
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	X		X		Material	83
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	X				Material	83
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	X				Material	84
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	X		X		Material	84–85
ESRS 2 – SBM3 – S2   Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	X				Not material	-
ESRS S2-1 Human rights policy commitments paragraph 17	X				Not material	-
ESRS S2-1 Policies related to value chain workers paragraph 18	X				Not material	-
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	X		X		Not material	-
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			X		Not material	-

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material datapoint	Page
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	X				Not material	-
ESRS S3-1 Human rights policy commitments paragraph 16	X				Not material	-
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	X		X		Not material	-
ESRS S3-4 Human rights issues and incidents paragraph 36	X				Not material	-
ESRS S4-1 Policies related to consumers and end-users paragraph 16	X				Material	87
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	X		X		Material	87
ESRS S4-4 Human rights issues and incidents paragraph 35	X				Material	87
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	X				Material	93
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	X				Material	93
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	X		X		Not material	-
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	X				Not material	-



# FINANCIAL STATEMENTS

## CONTENTS

Information for shareholders.....	104
Financial indicators.....	105
Per-share data.....	106
Formulae for financial indicators.....	107
Consolidated statement of comprehensive income.....	110
Consolidated statement of financial position.....	111
Consolidated statement of cash flows .....	112
Consolidated statement of changes in equity .....	113
Notes to the consolidated financial statements.....	114
Parent company's profit and loss account.....	150
Parent company's balance sheet.....	151
Parent company's cash flow statement.....	152
Notes to the parent company's accounts .....	153
Shares and shareholders.....	161
Board of Directors' proposal for the disposal of profit.....	165
Auditor's Report.....	167
Assurance Report on the Sustainability Report .....	171





# Information for shareholders

Ponsse Plc’s Annual General Meeting for 2025 will be held on Tuesday 8 April 2025 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 Thursday 27 March 2025 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 3 April 2025 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 1 April 2025, 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 0.50 per share is paid for 2024. 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, 10 April 2025. The dividend shall be paid on 17 April 2025.

## 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 2025

In addition to the financial statements and the Annual Report for 2025, Ponsse Plc will issue three interim reports. Interim reports for the financial year 2025 will be published as follows:

- January–March 23 April 2025
- January–June 12 August 2025
- January–September 21 October 2025

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

# Financial indicators

	IFRS 2024	IFRS 2023	IFRS 2022
Extent of operations, continuing operations			
Net sales, (1,000 EUR)	750,427	821,800	755,123
Change, %	-8.7	8.8	24.1
R&D expenditure, total (1,000 EUR)	24,578	29,466	27,702
of which capitalised (1,000 EUR)	9,603	11,888	12,692
as % of net sales	3.3	3.6	3.7
Gross capital expenditure (1,000 EUR), including discontinued operations	21,591	35,892	41,917
as % of net sales	2.9	4.4	5.6
Average number of employees	2,083	2,106	2,016
Net sales/employee (1,000 EUR)	360	390	375
Order stock, EUR million	188.6	232.1	353.7
Profitability, continuing operations			
Operating profit (1,000 EUR)	36,755	47,153	46,577
as % of net sales	4.9	5.7	6.2
Profit before taxes, (1,000 EUR)	21,470	42,949	43,219
as % of net sales	2.9	5.2	5.7
Profit for the period (1,000 EUR)	12,506	30,026	34,182
as % of net sales	1.7	3.7	4.5
Profitability, including discontinued operations			
Return on equity, % (ROE)	3.9	5.9	12.0
Return on capital employed, % (ROCE)	6.3	8.9	12.8
Financing and financial position, including discontinued operations			
Current ratio	2.4	2.0	1.8
Equity ratio, %	58.7	53.3	55.0
Net gearing, %	1.0	14.1	6.1
Interest-bearing liabilities (1,000 EUR)	86,931	119,453	96,300
Non-interest-bearing liabilities (1,000 EUR)	148,942	164,759	170,547

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 2024	IFRS 2023	IFRS 2022
Earnings per share (EPS), EUR, continuing operations	0.45	1.07	1.22
Earnings per share (EPS), EUR, discontinued operations	0.00	-0.40	0.10
Earnings per share (EPS), EUR (including discontinued operations)	0.45	0.67	1.33
Equity per share, EUR (including discontinued operations)	11.69	11.49	11.49
Nominal dividend per share, EUR	0.50 <sup>1</sup>	0.55	0.60
Dividend per share adjusted for share issues EUR	0.50 <sup>1</sup>	0.55	0.60
Dividend per earnings, % (including discontinued operations)	111.1 <sup>1</sup>	82.1	45.1
Effective dividend yield, %	2.5 <sup>1</sup>	2.4	2.4
Price/ earnings ratio (P/E) (including discontinued operations)	44.7	33.7	19.0
Share performance			
Lowest trading price	19.70	21.75	22.80
Highest trading price	27.10	35.00	44.40
Closing price	20.10	22.60	25.30
Average price	22.82	26.72	30.14
Market capitalisation, EUR million	562.8	632.8	708.4
Dividends paid, EUR million	14.0 <sup>1</sup>	15.4	16.8
Shares traded	855,116	788,385	1,219,318
Shares traded, %	3.1	2.8	4.4
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 0.50 per share is paid for 2024.

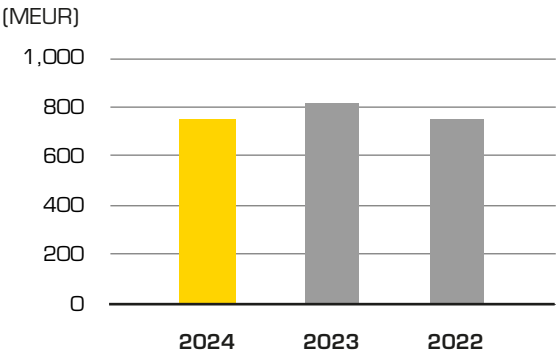
Formulae for financial indicators

<b>1. Return on equity,% (ROE) (including discontinued operations)</b>	=	<div>Net profit for the period</div> <div>Shareholders' equity + minority interest (average during the year)</div>	<b>x 100</b>
<b>2. Return on capital employed, % (ROCE) (including discontinued operations)</b>	=	<div>Profit before taxes + financial expenses</div> <div>Shareholders' equity + financial liabilities (average during the year)</div>	<b>x 100</b>
<b>3. Equity ratio, % (including discontinued operations)</b>	=	<div>Shareholders' equity + minority interest</div> <div>Balance sheet total – advance payments received</div>	<b>x 100</b>
<b>4. Net gearing, % (including discontinued operations)</b>	=	<div>Financial liabilities – cash and cash equivalents</div> <div>Shareholders' equity</div>	<b>x 100</b>
<b>5. Average number of personnel 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), continuing operations</b>	=	<div>Net profit from continuing operations for the period – minority interest</div> <div>Average number of shares during the accounting period, adjusted for share issues</div>	
<b>7. Earnings per share (EPS), discontinued operations</b>	=	<div>Net profit from discontinued operations for the period – minority interest</div> <div>Average number of shares during the accounting period, adjusted for share issues</div>	
<b>8. Earnings per share (EPS), (including discontinued operations)</b>	=	<div>Net profit for the period – minority interest</div> <div>Average number of shares during the accounting period, adjusted for share issues</div>	
<b>9. Equity per share (including discontinued operations)</b>	=	<div>Shareholders' equity</div> <div>Number of shares at closing of the accounts, adjusted for share issues</div>	
<b>10. Dividend per share, adjusted for share issues (including discontinued operations)</b>	=	<div>Dividend per share</div> <div>Adjustment factors for share issues afer financial period</div>	
<b>11. Dividend per earnings, % (including discontinued operations)</b>	=	<div>Dividend per share</div> <div>Earnings per share</div>	<b>x 100</b>
<b>12. Effective dividend yield, %</b>	=	<div>Dividend per share, adjusted for share issues</div> <div>Last trading price for the period, adjusted for share issues</div>	<b>x 100</b>
<b>13. Price/earnings ratio (P/E) (including discontinued operations)</b>	=	<div>Last trading price for the period, adjusted for share issues</div> <div>Earnings per share</div>	
<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>	=	<div>Shares traded during the financial period</div> <div>Average number of shares during the period</div>	<b>x 100</b>

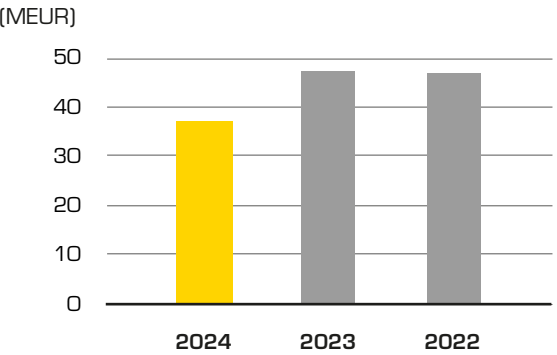




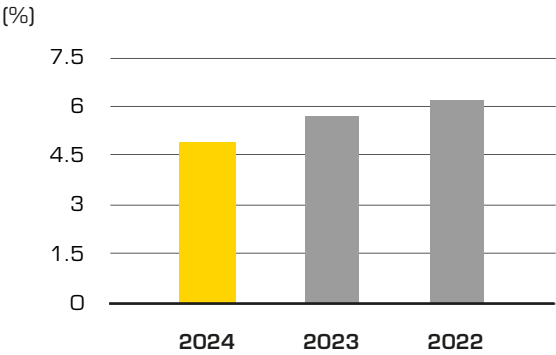
NET SALES



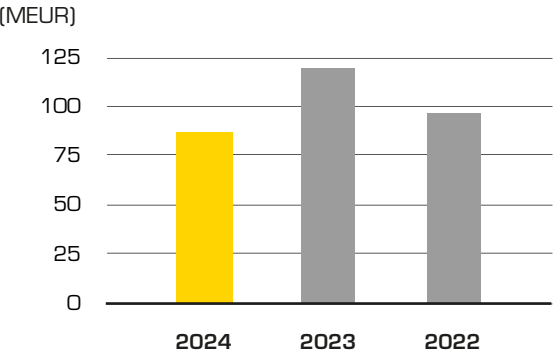
OPERATING PROFIT



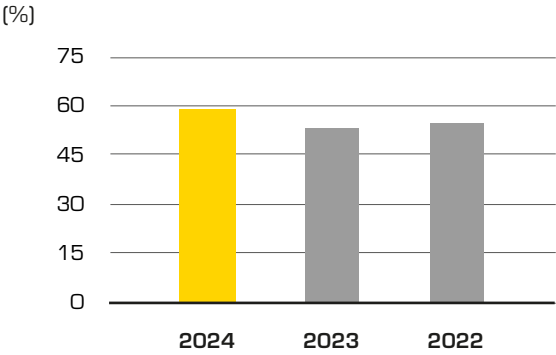
OPERATING PROFIT OF NET SALES



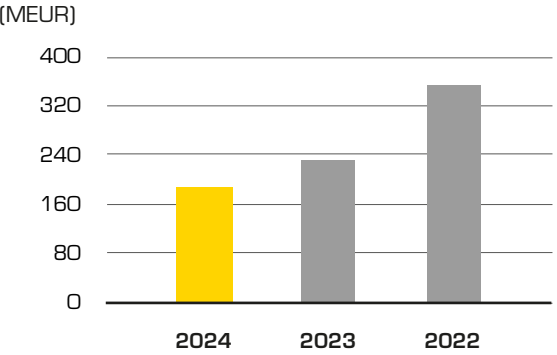
INTEREST-BEARING LIABILITIES



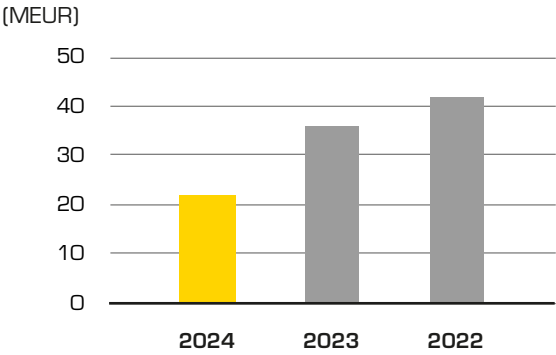
EQUITY RATIO



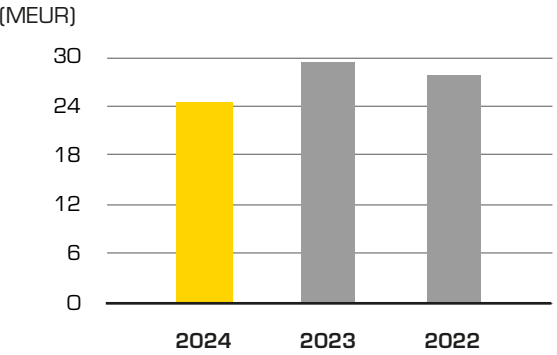
ORDER BOOKS



GROSS CAPITAL EXPENDITURE



R&D EXPENDITURE





Consolidated statement of comprehensive income

(1,000 EUR)	Note <sup>1</sup>	2024	2023
<b>Net sales</b>	2.2	<b>750,427</b>	<b>821,800</b>
Other operating income	2.3	7,689	5,593
Change in inventories of finished goods and work in progress		-4,782	-3,545
Raw materials and services		-475,554	-534,497
Expenditure on employment-related benefits	3	-110,199	-115,262
Depreciation and amortisation	4.3	-36,033	-31,337
Other operating expenses	2.4	-94,793	-95,599
<b>Operating profit</b>		<b>36,755</b>	<b>47,153</b>
Financial income and expenses	5.2	-15,420	-4,459
Share of results of associated companies	7.3	135	255
<b>Profit before taxes</b>		<b>21,470</b>	<b>42,949</b>
Income taxes	6.1	-8,964	-12,924
<b>Net profit from the continuing operations</b>		<b>12,506</b>	<b>30,026</b>
Net profit from the discontinued operations	4.1	0	-11,149
<b>Net profit for the period</b>		<b>12,506</b>	<b>18,877</b>
<b>Other items included in total comprehensive result</b>			
Translation differences related to foreign units		7,792	3,001
<b>Total comprehensive result for the financial period</b>		<b>20,298</b>	<b>21,878</b>
Earnings per share calculated from the result belonging to parent company shareholders:			
Diluted and undiluted earnings per share from continuing operations	2.5	0.45	1.07
Diluted and undiluted earnings per share from discontinued operations	2.5	0.00	-0.40
Diluted and undiluted earnings per share	2.5	0.45	0.67

<sup>1</sup> The note refers to the Notes to the Accounts on pages 114 -149.

Consolidated statement of financial position

(1,000 EUR)	Note <sup>1</sup>	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	4.1	116,183	119,017
Goodwill	4.2	6,535	6,698
Intangible assets	4.2	48,177	52,736
Financial assets	5.3, 5.7	378	374
Investments in associated companies	7.3	1,007	1,067
Receivables	4.5	297	3,229
Deferred tax assets	6.2	8,759	8,446
<b>Total non-current assets</b>		<b>181,336</b>	<b>191,569</b>
<b>Current assets</b>			
Inventories	4.4	219,123	240,837
Trade receivables and other receivables	4.5	77,975	98,355
Tax receivable based on taxable income for the period		1,042	1,249
Cash and cash equivalents	5.4, 5.7	83,590	74,002
<b>Total current assets</b>		<b>381,730</b>	<b>414,443</b>
<b>TOTAL ASSETS</b>		<b>563,066</b>	<b>606,011</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	5.1		
Share capital		7,000	7,000
Treasury shares		-47	-463
Translation differences		23,494	15,702
Other reserves		3,824	3,460
Retained earnings		292,922	296,101
<b>Equity owned by parent company shareholders</b>		<b>327,193</b>	<b>321,799</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	6.2	1,167	1,120
Interest-bearing liabilities	5.5, 5.7	63,914	66,637
Other liabilities	4.6, 5.7	5,147	6,284
<b>Total non-current liabilities</b>		<b>70,228</b>	<b>74,041</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	5.5, 5.7	23,017	52,816
Trade creditors and other liabilities	4.6	121,821	141,407
Income tax liabilities	4.6	1,569	1,257
Provisions	4.7	19,238	14,690
<b>Total current liabilities</b>		<b>165,645</b>	<b>210,171</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>563,066</b>	<b>606,011</b>

<sup>1</sup> The note refers to the Notes to the Accounts on pages 114-149.

Consolidated statement of cash flows

CONTINUING AND DISCONTINUED OPERATIONS

(1,000 EUR)	Note <sup>1</sup>	2024	2023
Cash flows from operating activities			
Net profit for the period		12,506	18,877
Adjustments:			
Financial income and expenses	5.2	15,420	16,647
Change in provisions		6,746	3,677
Share of the result of associated companies	7.3	-135	-255
Depreciation and amortisation	4.3	36,033	31,402
Income taxes	6.1	8,964	13,115
Other adjustments		-1,749	1,304
Cash flow before changes in working capital		77,785	84,767
Change in working capital:			
Change in trade receivables and other receivables		16,945	-17,531
Change in inventories		22,741	-10,166
Change in trade creditors and other liabilities		-17,181	-4,451
Interest received		1,705	960
Interest paid		-4,922	-3,927
Other financial items		-3,292	-294
Income taxes paid		-8,780	-18,966
Net cash flows from operating activities (A)		85,001	30,391
Cash flows used in investing activities			
Investments in tangible and intangible assets		-21,591	-35,892
Proceeds from sale of tangible and intangible assets		562	1,282
Acquisition of subsidiaries*		0	-1,458
Net cash flows used in investing activities (B)		-21,029	-36,068
Cash flows from financing activities			
Withdrawal/repayment of current loans		-33,745	14,121
Withdrawal of non-current loans		0	10,000
Withdrawal/repayment of finance lease liabilities		-5,712	-4,066
Dividends paid	5.1	-15,400	-16,794
Net cash flows from financing activities (C)		-54,857	3,261
Change in cash and cash equivalents (A+B+C)			
		9,115	-2,416
Cash and cash equivalents 1 Jan		74,002	76,545
Impact of changes in exchange rates		473	-127
Cash and cash equivalents 31 Dec	5.4, 5.7	83,590	74,002

<sup>1</sup> The note refers to the Notes to the Accounts on pages 114-149.

\* During financial year 2023, acquisition of Bram Engineers B.V. (currently, Epec 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	Other reserves	Translation differences	Treasury shares	Retained earnings	Shareholders' equity total
Shareholders' equity, 1 Jan 2024		7,000	3,460	15,702	-463	296,101	321,799
Comprehensive result:							
Net result for the period						12,506	12,506
Other items included in total comprehensive result:							
Translation differences				7,792			7,792
Total comprehensive result for the period				7,792		12,506	20,298
Direct entries to retained earnings						-	-
Transanctions with shareholders							
Share Plan			364		-		364
Dividend distribution	5.1					-15,400	-15,400
Change in treasury shares *	3.3, 5.1				416	-285	132
Transanctions with shareholders in total			364		416	-15,685	-14,904
Shareholders' equity, 31 Dec 2024		7,000	3,824	23,494	-47	292,922	327,193
Shareholders' equity, 1 Jan 2023		7,000	3,460	12,701	-274	298,926	321,813
Correction for 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						18,877	18,877
Other items included in total comprehensive result:							
Translation differences				3,001			3,001
Total comprehensive result for the period				3,001		18,877	21,878
Direct entries to retained earnings						54	54
Transanctions with shareholders							
Share Plan			-		343		343
Dividend distribution	5.1					-16,794	-16,794
Change in treasury shares *	3.3, 5.1				-532	-	-532
Transanctions with shareholders in total			-		-189	-16,794	-16,983
Shareholders' equity, 31 Dec 2023		7,000	3,460	15,702	-463	296,101	321,799

<sup>1</sup> The note refers to the Notes to the Accounts on pages 114-149.

\* 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 Epec B.V. in the Netherlands, which is a wholly-owned subsidiary of Epec Oy.

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. The impact of the business arrangement is described in more detail in the note 4.1 Tangible assets.

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

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 10 March 2025. 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 2024. 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 2023 apart from the following new standards, interpretations and amendments to existing standards valid as of 1 January 2024.

The Group has adopted the following standards and standard amendments in the beginning of year 2024.

— *Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16 *Leases* (effective for financial years beginning on or after 1 January 2024)

The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

— *Classification of Liabilities as Current and Non-current* – Amendments to IAS 1 *Presentation of Financial Statements* (effective for financial years beginning on or after 1 January 2024)

The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify transfer of a company’s own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognized as equity under IAS 32.

— *Supplier Finance Arrangements* – Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*: Disclosures (effective for financial years beginning on or after 1 January 2024)

The amendments enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. Amendments require to disclose quantitative and qualitative information about supplier finance programs.

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 operating 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 monetary 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 accounting 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 2024	Average exchange rate 2024	Closing exchange rate 31 Dec 2023	Average exchange rate 2023
SEK	11.45900	11.42258	11.09600	11.45634
NOK	11.79500	11.61808	11.24050	11.39499
GBP	0.82918	0.84685	0.86905	0.87019
USD	1.03890	1.08264	1.10500	1.08160
BRL	6.42530	5.84997	5.36180	5.41283
RUB	-	-	98.59600	91.89923
CNY	7.58330	7.77928	7.85090	7.65887
CLP	1,029.52000	1,018.58000	970.43000	907.00923
CZK	25.18500	25.12285	24.72400	23.98208

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 period 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 annual improvements to standards will enter into force on or after 1 January 2025. Ponsse will assess their impact and implement them as appropriate.

- *Lack of Exchangeability* – Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* (effective for financial years beginning on or after 1 January 2025, early application is permitted)

The amendments require the application of a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

- *Classification and Measurement of Financial Instruments* – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*\* (effective for financial years beginning on or after 1 January 2026, early application is permitted)

The amendments clarify that an entity is required to apply settlement date accounting when derecognising a financial asset or a financial liability; and to permit an entity to deem a financial liability that is settled using an electronic payment system to be discharged before the settlement date if specified criteria are met. The amendments clarify the application guidance for assessing the contractual cash flow characteristics of financial assets, including financial assets with contractual terms that could change the timing or amount of contractual cash flows, for example, those with environmental, social and governance (ESG)-linked features, financial assets with non-recourse features and financial assets that are contractually linked instruments.

- *Annual Improvements to IFRS Accounting Standards* – Volume 11\* (effective for financial years beginning on or after 1 January 2026, early application is permitted)

The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRS Accounting Standards to be grouped together and issued in one package annually. The amendments clarify the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter

- IFRS 7 Financial Instruments: Disclosures – Gain or loss on derecognition; Disclosure of differences between the fair value and the transaction price; Disclosures on credit risk
- IFRS 9 Financial Instruments –Derecognition of lease liabilities; Transaction price
- IFRS 10 Consolidated Financial Statements – Determination of a 'de facto agent'
- IAS 7 Statement of Cash Flows – Cost Method
- IFRS 18 *Presentation and Disclosure in Financial Statements*\* (effective for financial years beginning on or after 1 January 2027, early application is permitted)

IFRS 18 will replace IAS 1 *Presentation of Financial Statements*. The key new requirements are as follows:

- Income and expenses in the income statement to be classified into three new defined categories—operating, investing, and financing—and two new subtotals—"Operating profit or loss" and "Profit or loss before financing and income tax".
- Disclosures about management-defined performance measures (MPMs) in the financial statements. MPMs are subtotals of income and expenses used in public communications to communicate management's view of the company's financial performance.
- Disclosure of information based on enhanced general requirements on aggregation and disaggregation. In addition, specific requirements to disaggregate certain expenses, in the notes, will be required for companies that present operating expenses by function in the income statement.
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*\* (effective for financial years beginning on or after 1 January 2027, early application is permitted)

The new standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. It will enable subsidiaries to keep only one set of accounting records to meet the needs of both their parent company and the users for their financial statements and reduce disclosure requirements.

- *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*\* (available for optional adoption, effective date deferred indefinitely)

The amendments address the conflict between the existing guidance on consolidation and equity accounting and require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations.

Other new or amended standards, interpretations or annual improvements applicable from January 1, 2025, or later are not material for the Group's consolidated financial statements.

\* not yet endorsed for use by the European Union as of 31 December 2024.

## 2. Profitability

### 2.1 Segment information

ACCOUNTING PRINCIPLES

Segment reporting

The operating segments are based on market area segmentation and are defined on the basis of reporting, monitored by the company's top operational decision-maker.

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.

Ponsse has changed its operating segments since the second quarter of 2024, following the Group's operating model reform. Instead of the previous four operating segments, there are now five operating segments based on geographical division of regions. The operating segments are defined based on reports used by the Group's management team for operational decision making. Due to this change, the segment information for 2023 that is presented below has been restated to reflect the new segment presentation.

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:

- Nordic countries and the Baltics
- Central and Southern Europe
- North America
- South America
- Asia, Australia and Africa

Pricing between segments is based on fair market price.

OPERATING SEGMENTS 2024

(1,000 EUR)	Nordic countries and the Baltics	Central and Southern Europe	North America	South America	Asia, Australia and Africa	Total
Net sales of the segments	485,515	175,683	112,157	103,902	19,206	896,463
Revenues between segments	-138,044	-4,130	-3,103	-520	-239	-146,036
Net sales from external customers	347,470	171,552	109,054	103,382	18,968	750,427
Operating profit of the segment	14,823	19,827	7,370	-6,191	970	36,798
Unallocated items						-43
Operating profit	14,823	19,827	7,370	-6,191	970	36,755
Depreciation and amortisation	29,641	1,025	1,108	4,105	154	36,033

OPERATING SEGMENTS 2023

(1,000 EUR)	Nordic countries and the Baltics	Central and Southern Europe	North America	South America	Asia, Australia and Africa	Total
Net sales of the segments	549,224	183,087	126,770	129,010	25,145	1,013,236
Revenues between segments	-184,587	-2,820	-2,298	-1,382	-349	-191,436
Net sales from external customers	364,636	180,268	124,472	127,628	24,796	821,800
Operating profit of the segment	9,170	23,943	18,618	-7,969	4,546	48,308
Unallocated items						-1,154
Operating profit	9,170	23,943	18,618	-7,969	4,546	47,153
Depreciation and amortisation	26,512	943	889	2,812	181	31,337

2.2 Net sales

RECONCILIATIONS

(1,000 EUR)	2024	2023
Net sales		
Net sales of the reporting segments	896,463	1,013,236
Elimination of income between segments	-146,036	-191,436
Group's net sales, total	750,427	821,800
Operating profit		
Result of the reporting segments	36,798	48,308
Items not allocated to any segment	-43	-1,154
Group's operating profit, total	36,755	47,153

NET SALES BY INTERNATIONAL BUSINESS OPERATIONS

%	2024	2023
Export share of net sales	73.8	74.9

NET SALES BY CONTRACT TYPE

(1,000 EUR)	2024	2023
Machine sales	561,359	616,562
Service	169,501	177,460
Systems solutions	19,566	27,778
Total	750,427	821,800

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)	2024	2023
Rental income	69	178
Sales profits on tangible assets	562	1,109
Public subsidies	2,344	1,246
Recycling income	305	379
Other	4,409	2,681
Total	7,689	5,593

2.4 Other operating expenses

OTHER OPERATING EXPENSES		
(1,000 EUR)	2024	2023
Voluntary employee expenses	6,486	6,526
Travel expenses	5,884	6,313
Operating and maintenance expenses	15,334	16,309
Sales related expenses	14,754	16,796
Rent expenses	1,505	2,748
Marketing and representation expenses	5,697	5,665
Administrative expenses	11,336	11,590
Saas expenses	6,210	4,727
R&D expenditure	5,349	6,300
Other expense items	22,238	18,625
Total	94,793	95,599

Other expenses include purchased services, insurance premiums, service charge-like items, credit losses, and the losses that were recorded from the Brazilian Full Service contract during the financial year.

AUDITOR'S REMUNERATIONS		
(1,000 EUR)	2024	2023
KPMG		
Auditor's remunerations	308	292
Certificates and statements	120	14
Tax advice	2	16
Other remunerations	22	67
	452	388

Above-mentioned other remunerations than auditor's remunerations paid to KPMG Oy AB amounted to EUR 149 thousand (EUR 96 thousand in 2023).

(1,000 EUR)	2024	2023
OTHER ORGANISATIONS		
Auditor's remunerations	75	47
Certificates and statements	3	4
Tax advice	36	26
Other remunerations	27	46
	141	124
Total	593	512

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.

	2024	2023
Profit for the financial period belonging to parent company shareholders (1,000 EUR)	12,506	18,877
Weighted average number of shares during the financial period (1,000 pcs)	27,985	27,985
Undiluted earnings per share (EUR/share), continuing operations	0.45	1.07
Undiluted earnings per share (EUR/share), discontinued operations	0.00	-0.40
Undiluted earnings per share (EUR/share)	0.45	0.67

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 years 2023 and 2024, 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)	2024	2023
Wages and salaries	90,895	91,302
Pension expenditure defined contribution plans	12,900	11,187
Share plan	-343	1,513
Other long-term employee benefits – Long service plan	-1,166	586
Other social security costs	7,913	10,674
Total	110,199	115,262

AVERAGE NUMBER OF STAFF DURING THE FINANCIAL PERIOD		
(1,000 EUR)	2024	2023
Employees	1,207	1,278
Clerical workers	876	828
Total	2,083	2,106

3.2 Management's employment-related benefits

(1,000 EUR)	2024	2023
Salaries and other short-term employment-related benefits	4,009	3,967
Voluntary pension security	490	548
Total	4,499	4,515

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)	2024	2023
President and CEO		
Salaries and other short-term employment-related benefits	998	895
Voluntary pension security	246	283
Total	1,244	1,177
Compensation of the members of the Board of Directors		
Kaario Mammu	45	45
Koipijärvi Terhi (from 12 Apr 2023)	38	28
Kyläivainio Matti	38	38
Marjamaa Ilpo	38	38
Vanhainen Juha	38	38
Vidgren Janne (until 12 Apr 2023)	0	12
Vidgren Jarmo	42	48
Vidgren Juha (until 12 Apr 2023)	0	12
Vidgren Jukka	38	38
Total	277	297

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.

PLAN: RESTRICTED SHARE PLAN 2021

TYPE	SHARE
Instrument	Restricted Share Plan 2021–2023
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
Changes during period	Restricted Share Plan 2021–2023
1 Jan 2024	
Outstanding in the beginning of the period, pcs	0
Reserve in the beginning of the period, pcs	12,000
Changes during period, pcs	
Granted, pcs	0
Forfeited, pcs	0
Earned, pcs	0
Delivered, pcs	0
31 Dec 2024	
Outstanding at the end of the period, pcs	0
Reserved at the end of the period, pcs	12,000

During the financial year 2023, the Board of Directors of Ponsse Plc decided on two new share-based incentive plans (release 3 March 2023). The Board of Directors of Ponsse Plc decided on new performance periods of share-based incentive plans in June 2024 and published a stock exchange release about them on 11 June 2024.

The key employees' plan consists of three performance periods, each lasting for three calendar years: 2023–2025, 2024–2026 and 2025–2027. The prerequisite for participating in the performance period and receiving the reward is that the key employee participating in the plan acquires shares in the company at the beginning of the performance period. Ponsse delivers matching shares for the performance period in a 2:1 ratio: the key employee receives one (1) additional share for every two (2) shares they have acquired. The conditional reward will be paid in 2023, 2024 and 2025 after the acquisition of the investment shares and confirmation of the reward, as soon as practically possible. Shares received as conditional rewards may not be transferred during the restriction periods ending on 31 December 2025, 31 December 2026 and 31 December 2027. The performance-based reward will be paid by the end of May following the end of each performance period. The portion of the maximum reward to be paid to a participant is determined based on the achievement of the targets set for the earning criteria in relation to the investment made by the participant. The target group includes key employees, including the members of the Group Management Team, with the exception of the CEO.

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

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

TYPE	SHARE	SHARE	SHARE	SHARE
	Matching reward 2023–2025	Performance Period 2023–2025	Matching reward 2024–2026	Performance Period 2024–2026
Instrument				
Initial amount, pcs	30,000	30,000	60,000	60,000
Dividend adjustment	No	No	No	No
Issuing date	3 Mar 2023	3 Mar 2023	11 Jun 2024	11 Jun 2024
Vesting date	31 Dec 2026	31 May 2026	31 May 2027	31 May 2027
Vesting conditions	Continued employment	Continued employment, Revenue growth, EBIT & eNPS	Continued employment	Continued employment, Revenue growth, EBIT & eNPS
Maximum contractual life, yrs	3.2	3.2	3.0	3.0
Remaining contractual life, yrs	1.4	2.4	2.4	2.4
Number of persons at the end of reporting year	88	88	109	109
Payment method	Cash and equity	Cash and equity	Cash and equity	Cash and equity
Changes during period	Matching reward 2023–2025	Performance Period 2023–2025	Matching reward 2024–2026	Performance Period 2024–2026
1 Jan 2024				
Outstanding in the beginning of the period, pcs	9,172	27,452	0	0
Reserve in the beginning of the period, pcs	52	2,549	0	0
Changes during period, pcs				
Granted, pcs	0	0	13,247	39,644
Forfeited, pcs	0	104	31	92
Earned, pcs	0	0	0	0
Delivered, pcs	0	0	0	0
31 Dec 2024				
Outstanding at the end of the period, pcs	9,172	27,348	13,216	39,553
Reserved at the end of the period, pcs	52	2,652	31	20,448

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 in 2024, 2025, and 2026. The matching shares delivered as a matching reward cannot be transferred during restriction periods that will end on 31 December 2025, 31 December 2026, and 31 December 2027. The performance-based reward will be paid by the end of May, after the end of each performance period. The shares

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

During the performance period 2024–2026 of the CEO Performance-Based Share Ownership Plan, the rewards are based on the group’s operating result, revenue, personnel satisfaction and injury frequency (LTIF). The amount of rewards to be paid based on the performance period 2024–2026 will correspond to an approximate maximum total of 50,000 Ponsse Plc shares, including also the portion to be paid in cash

(gross reward). The matching shares delivered as a matching reward cannot be transferred during a restriction period that will end on 31 December 2026. The performance-based reward will be paid by the end of May 2027. The payment of rewards under both the conditional and performance-based shareholding plans requires that the person's employment relationship continues.

PLAN: THE CEO PERFORMANCE-BASED SHARE OWNERSHIP PLAN 2023–2027

TYPE	SHARE	SHARE	SHARE	SHARE	SHARE	SHARE
	Performance period 2023–2025 Matching reward	Performance period 2023	Performance period 2023–2024	Performance period 2023–2025	Performance period 2024–2026 Matching reward (CEO)	Performance period 2024–2026
Instrument						
Initial amount, pcs	10,653	14,204	14,204	28,408	50,000	
Dividend adjustment	No	No	No	No	No	No
Issuing date	3 Mar 2023	3 Mar 2023	3 Mar 2023	3 Mar 2023	11 Jun 2024	11 Jun 2024
Vesting date	31 May 2024	31 May 2024	31 May 2025	31 May 2026	30 Jun 2024	31 May 2027
Transfer restriction	31 Dec 2025	31 Dec 2025	31 Dec 2025	n/a	31 Dec 2026	n/a
Vesting conditions	Continued employment	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	1.2	1.2	2.2	3.2	2.6	3.0
Remaining contractual life, yrs	1.0	1.0	1.0	1.4	2.0	2.4
Number of persons at the end of reporting year	1	1	1	1	1	1
Payment method	Cash and equity	Cash and equity	Cash and equity	Cash and equity	Cash and equity	Cash and equity
Changes during period	Performance period 2023–2025 Matching reward	Performance period 2023	Performance period 2023–2024	Performance period 2023–2025	Performance period 2024–2026 Matching reward (CEO)	Performance period 2024–2026
1 Jan 2024						
Outstanding in the beginning of the period, pcs	10,653	14,204	14,204	28,408	0	0
Reserve in the beginning of the period, pcs	0	0	0	0	0	0
Changes during period, pcs						
Granted, pcs	0	0	0	0	9,426	25,136
Forfeited, pcs	0	0	0	0	0	0
Earned, pcs	10,653	4,332	0	0	0	0
Delivered, pcs	7,189	4,268	0	0	0	0
31 Dec 2024						
Outstanding at the end of the period, pcs	7,189	4,268	14,204	28,408	9,426	25,136
Reserved at the end of the period, pcs	0	0	0	0	0	0

TYPE	SHARE
Changes during period	Total
1 Jan 2024	
Outstanding in the beginning of the period, pcs	104,093
Reserve in the beginning of the period, pcs	14,601
Changes during period, pcs	
Granted, pcs	87,453
Forfeited, pcs	226
Earned, pcs	14,985
Delivered, pcs	11,457
31 Dec 2024	
Outstanding at the end of the period, pcs	177,920
Reserved at the end of the period, pcs	35,183

**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 are set out in the table below:

VALUATION PARAMETERS FOR INSTRUMENTS GRANTED DURING THE FINANCIAL YEAR	
Share price at grant, EUR	23.66
Share price at reporting period end, EUR	20.10
Discount rate	2.8%
Present value of expected dividends, EUR	1.41
Valuation model	Dividend discount
Fair value 31 Dec 2024, (EUR)	2,046,259

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	418
Liabilities arising from share-based payments 31 Dec 2024	27
Estimated amount of cash to be paid	843

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)	2024	2023
Actuarial gain (-) / loss (+) on liabilities due to change in financial assumptions	-1,166	586
Total gain (-) / loss (+)	-1,166	586

CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
(1,000 EUR)	2024	2023
Present value of obligation at beginning of the period	6,789	6,203
Liabilities extinguished on settlements	0	0
Actuarial gain (-) / loss (+) due to change in demographic assumptions	0	0
Actuarial gain (-) / loss (+) due to change in financial assumptions	-1,166	586
Present value of defined benefit obligation at end of the period	5,623	6,789

AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
(1,000 EUR)	2024	2023
Present value of the defined benefit obligation	5,623	6,789
Asset (-) / liability (+)	5,623	6,789
Liabilities recognized in the Consolidated statement of financial position	5,623	6,789



THE PRINCIPAL ACTUARIAL ASSUMPTIONS USED TO DETERMINE THE DEFINED BENEFIT OBLIGATION

	2024	2023
Discount rate	2.97–3.01%	3.3%
Assumed inflation rate	1.9%	2.2%
Rate of salary increase	3.2%	3.5%
Employment turnover	4.5%	4.5%
Disability rate	contribution category 1	contribution category 1

WEIGHTED AVERAGE DURATION OF THE DEFINED BENEFIT OBLIGATION IN YEARS

	2024	2023
Finland	10	10

SENSITIVITY ANALYSIS

(1,000 EUR)	2024	2023
Discount rate		
decrease of 0.5%	245	290
increase of 0.5%	-225	-267
Salary increase rate		
decrease of 0,8% (0.5% in 2023)	-42	-274
increase of 0,8% (0.5% in 2023)	42	288
Pension increase rate		
decrease of 0.5%	0	0
increase of 0.5%	0	0
Employment turnover		
decrease of 0.5%	-	-
increase of 0.5%	-243	-288
Medical cost trend		
decrease of 0.5%	-	-
increase of 0.5%	-274	-334
Life expectancy		
decrease of one year	-8	9
increase of one year	8	9

In connection with the arrangement, EUR 4.962 million of re-tained earnings from previous financial years have been restat-ed in 2023. The expected payments in the next financial year are estimated at EUR 0.5 million (EUR 0.6 million in 2023).

3.5 Pension liabilities

The Group did not have any pension obligations.

4. Capital employed

4.1 Tangible assets

Discontinued operations

During the comparison period, 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 trans-action were met. The closing date for the sale of the Russian operations is 18 September 2023, when 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 March 2025. The receivable has not been discounted in the annual financial statements since its impact is not material. The deal's effect on the parent company's distributable reserves is EUR +14.9 million.

PROFIT AND LOSS STATEMENT FROM DISCONTINUED OPERATIONS

(1,000 EUR)	18 Sep 2023
Net sales	3,576
Other operating income	534
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-17
Raw materials and services	-1,190
Expenditure on employment-related benefits	-1,019
Depreciation and amortisation	-68
Other operating expenses	-570
Operating profit	1,247
Financial income and expenses	95
Profit before taxes	1,342
Income taxes	-194
Net profit for the period	1,148
Sales loss from discontinued operations	-2,628
Translation difference	-9,669
Net result from discontinued operations	-11,149

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 2024	3,215	134,356	141,711	3,135	282,416
Increase	472	8,184	9,039	3,692	21,386
Decrease	0	-2,722	-854	-3,992	-7,568
Exchange rate difference	56	525	-1,793	45	-1,167
Acquisition cost 31 Dec 2024	3,743	140,343	148,103	2,879	295,068
Accumulated depreciation and impairment 1 Jan 2024	0	-61,028	-102,372	0	-163,399
Depreciation and amortisation	0	-8,333	-13,178	0	-21,511
Accumulated depreciation on decrease and transfers	0	3,544	2,481	0	6,025
Exchange rate difference	0	-173	174	0	1
Accumulated depreciation and impairment 31 Dec 2024	0	-65,989	-112,896	0	-178,885
Book value 1 Jan 2024	3,215	73,328	39,339	3,135	119,017
Book value 31 Dec 2024	3,743	74,354	35,207	2,879	116,183
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
Decrease	-406	-1,122	-4,915	-10,061	-16,504
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	0	-7,120	-11,686	0	-18,806
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

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

(1,000 EUR)	Buildings	Machinery and equipment	Total
Book value 1 Jan 2024	8,041	3,755	11,796
Increase	4,527	2,944	7,471
Depreciation and amortisation	-2,906	-2,618	-5,524
Exchange rate difference	-124	-507	-631
Book value 31 Dec 2024	9,538	3,574	13,112
Book value 1 Jan 2023	8,455	4,285	12,740
Increase	1,908	1,032	2,940
Depreciation and amortisation	-1,585	-1,300	-2,885
Exchange rate difference	-737	-262	-999
Book value 31 Dec 2023	8,041	3,755	11,796

LEASE LIABILITIES, BALANCE SHEET VALUES

(1,000 EUR)	2024	2023
Book value 1 Jan	12,107	13,071
Exchange rate difference	-975	-223
Increase	7,471	2,940
Interest expense	486	385
Lease payments	-5,712	-4,066
Decrease	0	0
Book value 31 Dec	13,377	12,107
Non-current lease liabilities	8,541	8,063
Current lease liabilities	4,836	4,044
Total	13,377	12,107

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)	2024	2023
Depreciation charge of right-of-use assets	5,524	2,885
Interest expense	486	385
Expense relating to leases of low-value assets or short-term leases	2,283	3,148
Expense relating to variable lease payments not included in lease liabilities	976	-400
Total	9,269	6,018

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, 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 from 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 2024	73,065	3,488	4,557	23,199	18,416	122,726
Increase	10,387	260	125	2,263	6,768	19,803
Decrease	0	0	0	0	-9,856	-9,856
Exchange rate difference	0	0	34	-28	4	10
Acquisition cost 31 Dec 2024	83,452	3,748	4,717	25,434	15,333	132,684
Accumulated depreciation and impairment 1 Jan 2024	-49,288	-2,470	-3,615	-14,617	0	-69,991
Depreciation and amortisation	-10,659	-332	-256	-3,275	0	-14,522
Accumulated depreciation on decrease and transfers	0	0	0	0	0	0
Exchange rate difference	0	0	-13	19	0	6
Accumulated depreciation and impairment 31 Dec 2024	-59,947	-2,803	-3,884	-17,874	0	-84,507
Book value 1 Jan 2024	23,777	1,018	942	8,582	18,416	52,736
Book value 31 Dec 2024	23,505	946	833	7,561	15,332	48,177
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
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	-9,376	-343	-264	-2,547	0	-12,531
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
Book value 31 Dec 2023	23,777	1,018	942	8,582	18,416	52,736

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)	2024	2023
Goodwill is allocated to the following cash-generating units:		
Nordic countries and the Baltics segment: Epec Oy	3,440	3,440
Nordic countries and the Baltics segment: Business in Norrbotten region, Sweden	322	333
Central and Southern Europe segment: Czech	1,852	1,887
Central and Southern Europe segment: the Netherlands	920	1,038
<b>Total</b>	<b>6,535</b>	<b>6,698</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 6 -16.5%. 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 2027 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&D EXPENDITURE

(1,000 EUR)	2024	2023
R&D expenditure in total	24,578	29,466
Share activated in the balance sheet	9,603	11,888

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 a 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)	2024	2023
<b>Intangible assets</b>		
Capitalised development expenditure	10,659	9,376
Patents	332	343
Intangible rights	256	264
Other intangible assets	3,275	2,547
<b>Total</b>	<b>14,522</b>	<b>12,531</b>
<b>Tangible assets</b>		
Buildings	8,333	7,120
Machinery and equipment	13,178	11,686
<b>Total</b>	<b>21,511</b>	<b>18,806</b>
<b>Total</b>	<b>36,033</b>	<b>31,337</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)	2024	2023
Raw materials and consumables	108,119	133,988
Work in progress	15,767	13,916
Finished products/goods	37,672	46,018
Other inventories	57,565	46,915
Total	219,123	240,837

During the financial year, EUR 4.0 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 4.5 million in 2023).

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)	2024	2023
Other receivables	0	3,000
Accrued income	296	229
Total	296	3,229

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

TRADE RECEIVABLES AND OTHER RECEIVABLES (CURRENT)

(1,000 EUR)	2024	2023
Trade receivables	54,107	69,129
VAT receivables	8,426	14,557
Other receivables	7,492	4,125
Accrued income	7,010	8,191
Derivative contracts held for trading	939	2,353
Total	77,974	98,355

Other current receivables include EUR 4.3 million (EUR 4.8 million in 2023) of receivables related to financing arrangements for machine sales. The parent company typically has a liability to the financing company in the amount agreed in the financing arrangements, and this liability is presented under other liabilities. Other receivables include an equivalent amount due from a customer to the parent company which may be realised in the event of default. In addition, other current receivables include a receivable of EUR 3 million related to the sales price of the Russian subsidiary. In the comparison period, this receivable is included in other long-term receivables.

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
2024							
Gross book value of trade receivables	36,347	12,305	2,697	1,802	1,153	645	54,949
Deductible item concerning expected loss	0	0	0	-120	-77	-645	-842
Net book value of trade receivables	36,347	12,305	2,697	1,682	1,076	0	54,107
2023							
Gross book value of trade receivables	44,648	19,361	4,330	1,451	-471	475	69,794
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

DEDUCTION THROUGH PROFIT AND LOSS FOR THE LOSS ASSOCIATED WITH TRADE RECEIVABLES

(1,000 EUR)	2024	2023
Change in the deduction for the expected loss associated with trade receivables	177	-146
Final credit losses	315	385
Cancelled final credit losses	-218	-84
Total	274	155

RECONCILIATION OF THE DEDUCTION FOR EXPECTED LOSS ASSOCIATED WITH TRADE RECEIVABLES

(1,000 EUR)	2024	2023
At the beginning of the financial year	665	811
Change in the deduction for the expected loss associated with trade receivables	177	-146
At the end of the financial year	842	665

4.6 Trade creditors and other liabilities

TRADE CREDITORS AND OTHER LIABILITIES		
(1,000 EUR)	2024	2023
Trade creditors (other financial liabilities)	63,859	85,785
Advances received	5,375	2,024
Other liabilities	16,308	18,648
Accruals and deferred income		
Accrued staff expenses	28,703	30,576
Interest accruals	513	1,223
Liabilities based on sales contracts	4,086	4,110
Income tax liability	1,569	1,257
Other accruals	6,676	4,509
Derivative contracts held for trading	1,448	816
Total	128,537	148,948

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 the 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
<b>Guarantee provision</b> 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.
<b>Other provisions</b> 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 2023	4,395	10,295	14,690
Increase	1,712	10,173	11,885
Decrease	-487	-6,850	-7,337
31 Dec 2024	5,620	13,618	19,238

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.
<b>Treasury shares</b> 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 2023	28,000	7,000	3,460	-463
Share-based incentive plan	0	0	364	416
31 Dec 2024	28,000	7,000	3,824	-47

The maximum number of shares is 48 million (48 million in 2023). 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 2023). The number of issued shares is 28 million (28 million in 2023). 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 1,997 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 2024, a dividend of EUR 0.55 was paid per share, for a total of EUR 15.4 million (EUR 0.60 per share, for a total of EUR 16.8 million in 2023). 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 0.50 per share shall be paid for 2024. The dividend distribution totals EUR 14.0 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)	2024	2023
Dividend income from the investment of non-current assets	2	2
Interest income from loans and receivables	1,705	851
Exchange rate gains, realised	0	1,458
Exchange rate gains, unrealised	0	1,328
Other financial income	231	899
<b>Total</b>	<b>1,937</b>	<b>4,539</b>

## FINANCIAL EXPENSES

(1,000 EUR)	2024	2023
Interest expenses for financial loans	3,830	4,433
Exchange rate losses, realised	1,835	0
Exchange rate losses, accruals	8,758	0
Change in fair value of currency derivatives	1,077	2,592
Change in fair value of interest rate derivatives	966	1,171
Other financial expenses	893	802
<b>Total</b>	<b>17,358</b>	<b>8,999</b>
<b>Financial income and expenses in total</b>	<b>-15,421</b>	<b>-4,459</b>

The exchange rate accruals mainly consist of the revaluation of intra-group items.

### 5.3 Other financial assets

## OTHER FINANCIAL ASSETS

(1,000 EUR)	Other investments
Acquisition cost 31 Dec 2023	374
Increase	3
Decrease	0
<b>Acquisition cost 31 Dec 2024</b>	<b>377</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)	2024	2023
Cash in hand and at banks	83,590	74,002
<b>Total</b>	<b>83,590</b>	<b>74,002</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)	2024	2023
<b>Non-current interest-bearing liabilities</b>		
Loans from financial institutions	55,373	58,413
Other liabilities	0	161
Lease liabilities	8,541	8,063
<b>Total</b>	<b>63,914</b>	<b>66,637</b>
<b>Current interest-bearing liabilities</b>		
Loans from financial institutions	18,020	47,980
Other liabilities	161	792
Lease liabilities	4,836	4,044
<b>Total</b>	<b>23,017</b>	<b>52,816</b>

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-collateral bank loans. EUR 13,765 thousand of all liabilities have a fixed interest rate (EUR 13,415 thousand in 2023). Other loans EUR 73,166 thousand (EUR 106,038 thousand in 2023) have a variable interest rate.

## DUE DATES AND RECONCILIATION OF LEASE LIABILITIES

(1,000 EUR)	2024	2023
<b>Lease liabilities – total amount of minimum rents</b>		
Within less than twelve months	5,293	4,220
Within one to five years	7,517	7,004
After more than five years	1,262	1,640
<b>Total</b>	<b>14,072</b>	<b>12,864</b>
<b>Lease liabilities – present value of minimum rents</b>		
Within less than twelve months	4,836	4,044
Within one to five years	7,313	6,533
After more than five years	1,228	1,530
<b>Total</b>	<b>13,377</b>	<b>12,107</b>
Financial expenses to be accrued in the future	695	757
<b>Total lease liabilities</b>	<b>14,072</b>	<b>12,864</b>

## 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 74.9 million (EUR 73.1 million in 2023), including a dividend of EUR 0.5 million (EUR 1.3 million in 2023) 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.

CONSOLIDATED FINANCIAL STATEMENTS

The functional currency of the parent company is the euro. Foreign currency assets and liabilities, including intra-group items, translated into euro at the exchange rate at the reporting date are as follows:

NOMINAL VALUES 31 DEC 2024

(1,000 EUR)	USD	SEK	GBP	BRL	Total
Receivables in foreign currency	46,337	10,167	10,272	0	66,776
Liabilities in foreign currency	-3,032	-5,099	0	-43,584	-51,715
Foreign currency derivatives	-26,757	-7,953	-8,047	0	-42,757
Net position	16,548	-2,885	2,225	-43,584	-27,697

NOMINAL VALUES 31 DEC 2023

(1,000 EUR)	USD	SEK	GBP	BRL	Total
Receivables in foreign currency	50,511	16,161	11,250	0	77,922
Liabilities in foreign currency	-3,258	-5,443	0	-55,352	-64,053
Foreign currency derivatives	-44,866	-12,467	-8,233	0	-65,566
Net position	2,387	-1,748	3,017	-55,352	-51,697

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 -27.7 million euros (-51.7 million euros in 2023). 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)	2024				
Change in EUR exchange rate	Strengthening		Weakening		
Effect on profit after taxes					
USD	4%	-535	3%	452	
SEK	2%	42	3%	-67	
GBP	2%	-37	1%	20	
BRL	8%	2,832	10%	-3,494	

(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	

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 56 per cent of all floating rate loans.

(1,000 EUR)		
Sensitivity analysis for floating interest loans:		
Change percentage	+1%	-1%
Floating interest loans	-585	-585
Interest rate swaps	327	327
Net effect on profit after tax	-258	-258

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 2024 was EUR 135.0 million, which equals 90 per cent of the total credit facilities (EUR 95.0 million, 68 per cent in 2023). The credit limit facilities mainly mature for renewal every four years. In 2024, the Group renewed its committed credit facilities. The Group has available an EUR 100 million corporate paper programme, of which EUR 0 has been taken out. In addition, the Group has EUR 3 million of bank account limits available.

The average maturity of the bank loans was 3.8 years (3.1 years in 2023) at the end of the financial year. In 2024, EUR 21 million of new credit agreements were signed to refinance maturing loans.

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.

	Balance sheet value	Cash flow *	Within less than one year	Within one to five years	After more than five years
(1,000 EUR)					
31 Dec 2024					
Loans from financial institutions	73,393	101,077	20,807	80,270	0
Other liabilities	161	162	162	0	0
Lease liabilities	13,377	14,072	5,293	7,517	1,262
Trade creditors and other liabilities	67,135	67,135	67,135	0	0
Liabilities from currency derivatives					
Currency forwards, outgoing cash payments	48,116	48,116	48,116	0	0
Currency forwards, incoming cash payments	-46,830	-46,830	-46,830	0	0
Liabilities from currency derivatives, net	1,286	1,286	1,286	0	0
Liabilities from interest derivatives					
	162	162	32	130	0
Off-balance sheet liabilities**					
	0	8,615	8,615	0	0

	Balance sheet value	Cash flow *	Within less than one year	Within one to five years	After more than five years
(1,000 EUR)					
31 Dec 2023					
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	89,066	89,066	89,066	0	0
Liabilities from currency derivatives					
Currency forwards, outgoing cash payments	35,704	35,704	35,704	0	0
Currency forwards, incoming cash payments	-34,888	-34,888	-34,888	0	0
Liabilities from currency derivatives, net	816	816	816	0	0
Liabilities from interest derivatives					
	0	0	0	0	0
Off-balance sheet liabilities**					
	0	5,488	5,488	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 2024 were EUR 3.3 million (31 Dec 2023: EUR 45.5 million) and net gearing was 1.0 per cent (31 Dec 2023: 14.1 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.

(1,000 EUR)	2024	2023
Interest-bearing liabilities	86,931	119,453
Interest-bearing receivables	0	0
Cash and cash equivalents	-83,590	-74,002
Net liabilities	3,341	45,451
Total shareholders' equity	327,193	321,799
Net gearing	1,0%	14,1%

(1,000 EUR)	Financing liabilities			Other assets		
	Loans	Leases	Sub total	Cash and cash equivalents	Liquid investments	Total
Net liabilities 1 Jan 2024	-107,343	-12,111	-119,454	74,002	0	-45,451
Cash flow effects	33,745	5,712	39,457	9,114	0	48,571
Acquisition – leases	0	-7,471	-7,471	0	0	-7,471
Exchange rate adjustments	44	491	535	474	0	1,009
Net liabilities 31 Dec 2024	-73,554	-13,378	-86,932	83,590	0	-3,341
Net liabilities 1 Jan 2023	-83,213	-13,087	-96,300	76,545	0	-19,755
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
Net liabilities 31 Dec 2023	-107,343	-12,111	-119,454	74,002	0	-45,451

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 value of the underlying interest rate derivatives was EUR 40.9 million (EUR 28.0 million in 2023). The fair value of interest rate derivatives at the balance sheet date was EUR -1.0 million (EUR -1.2 million in 2023).

The nominal values of forward agreements were EUR 57.0 million (EUR 70.8 million in 2023). The fair value of the forward foreign exchange position at the balance sheet date was EUR -1.2 million (EUR -0.1 million in 2023), of which the fair value of positively valued contracts was EUR 0.1 million (EUR 0.7 million in 2023) and the fair value of negative contracts was EUR -1.3 million (EUR -0.8 million in 2023).

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 next table:

- The book values of current financial assets and liabilities measured at amortised cost can be considered to be equivalent to 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 2024 Balance sheet assets	Assets at fair value through profit or loss	Assets at original amortised cost	Total
Unlisted shares	377	0	377
Derivative instruments	939	0	939
Trade receivables	0	54,107	54,107
Sales price receivable	0	3,000	3,000
Receivables related to machine sales financing	0	4,312	4,312
Cash and cash equivalents	0	83,590	83,590
Total	1,316	145,009	146,325

31 Dec 2024 Balance sheet liabilities	Liabilities at fair value through profit or loss	Liabilities at original amortised cost	Total
Loans from financial institutions	0	73,393	73,393
Lease liabilities	0	13,377	13,377
Derivative instruments	1,448	0	1,448
Trade creditors	0	63,859	63,859
Liabilities related to machine sales financing	0	6,873	6,873
Total	1,448	157,502	158,950

(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	0	69,129	69,129
Sales price receivable	0	3,000	3,000
Receivables related to machine sales financing	0	4,792	4,792
Cash and cash equivalents	0	74,002	74,002
Total	2,727	150,923	153,650

31 Dec 2023 Balance sheet liabilities	Liabilities at fair value through profit or loss	Liabilities at original amortised cost	Total
Loans from financial institutions	0	106,393	106,393
Lease liabilities	0	12,107	12,107
Derivative instruments	816	0	816
Trade creditors	0	85,785	85,785
Liabilities related to machine sales financing	0	4,033	4,033
Total	816	208,319	209,135

## 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 goodwill. Moreover, 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.

Deferredred 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

(1,000 EUR)	2024	2023
Tax based on the taxable income for the period	8,862	15,115
Taxes from previous financial periods	452	461
Deferred taxes	-350	-2,653
Total	8,964	12,924

**Reconciliation of tax expenses in the consolidated statement of comprehensive income and taxes calculated at the Group's domestic tax rate (2024: 20.0%, 2023: 20.0 %)**

(1,000 EUR)	2024	2023
Profit before taxes	21,469	42,949
Tax calculated using the domestic tax rate	4,294	8,590
Effect of the different tax rates used in foreign subsidiaries	-1,517	-1,860
Tax-exempt income	-104	-3,264
Non-deductible expenses	475	-1,248
Tax reliefs and supports	-312	-665
Unbooked deferred tax assets	6,466	8,212
Taxes for previous financial periods	452	461
Other items	-791	2,698
Taxes in the consolidated statement of comprehensive income	8,964	12,924

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.

The Pillar II legislation entered into force in Finland from 1 January 2024. Ponsse applies the exemption in IAS 12 not to recognise or report deferred tax liabilities or assets related to taxes payable under Pillar II. Ponsse has assessed the potential Pillar II income tax expenses, taking into account the OECD Safe Harbour assumptions and transitional provisions. The Pillar II legislation had no impact on income taxes in the reporting period. Ponsse estimates that Uruguay is a jurisdiction which is subject to potential additional Pillar II taxes in the future.



6.2 Deferred tax receivables and liabilities

CHANGES IN DEFERRED TAXES DURING 2024

(1,000 EUR)				
	31 Dec 2023	Recognised through profit or loss	Recognised through equity	31 Dec 2024
Deferred tax assets:				
Inventories	5,559	96	0	5,655
Confirmed losses in taxation	477	652	0	1,129
Other items	2,410	-351	0	2,059
Tax receivable based on the taxable income for the period	0	0	-85	-85
Total	8,446	397	-85	8,759

	31 Dec 2023	Recognised through profit or loss	Recognised through equity	31 Dec 2024
Deferred tax liabilities:				
Inventories	0	0	0	0
Fixed assets	1,120	47	0	1,167
Other items	0	0	0	0
Total	1,120	47	0	1,167

CHANGES IN DEFERRED TAXES DURING 2023

(1,000 EUR)				
	31 Dec 2022	Recognised through profit or loss	Recognised through equity	31 Dec 2023
Deferred tax assets:				
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
Total	4,422	2,831	1,194	8,446

	31 Dec 2022	Recognised through profit or loss	Recognised through equity	31 Dec 2023
Deferred tax liabilities:				
Inventories	0	0	0	0
Fixed assets	968	152	0	1,120
Other items	0	0	0	0
Total	968	152	0	1,120

A deferred tax asset of EUR 1.1 million has been recognised for confirmed losses EUR 37.0 million (36.4 million in 2023) 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 Epec 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.

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
Epec B.V., Barendrecht, the Netherlands (owned by Epec Oy)	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

7.1 Related party transactions

The Group's related parties include the parent company and its subsidiaries and associates. Related parties also include significant shareholders, key personnel, close family members of key personnel and specified shareholders, and entities controlled by such persons.

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 Allshares 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 Allshares Oy, but under the pledge agreement Ponsse Plc effectively controls the arrangement by acting as principal and Allshares 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.

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)	2024	2023
At the beginning of financial period	1,068	881
Adjustment for previous periods	-94	0
Dividends received	-102	-68
Share of the result of the financial period	135	255
At the end of financial period	1,007	1,068

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

(1,000 EUR)	2024	2023
Associated company		
Sunit Oy, Kajaani, Finland		
Assets	4,063	4,152
Liabilities	993	1,013
Net sales	5,337	6,061
Profit for the period	505	749
Share of ownership	34%	34%

Sunit Oy specialises in telematics and manufactures vehicle computers.

8. Other notes

8.1 Commitments

CONTINGENT LIABILITIES		
(1,000 EUR)	2024	2023
Guarantees given on behalf of others	2	0
Responsibility of checking the VAT deductions made on real property investments, returns responsibility	8,420	5,349
Other commitments	193	139
Total	8,615	5,488

(1,000 EUR)	2024	2023
Minimum rents due within a year based on other non-cancellable leases	1,874	964

8.2 Climate-related matters

Ponsse has not assessed the economic impact of climate-related matters. The impacts will be assessed in 2025.

8.3 Events after the closing date of the reporting period

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



Parent company’s profit and loss account

(1,000 EUR)	Note <sup>1</sup>	2024	2023
Net sales	2	567,816	654,268
Increase (+)/decrease (-) in inventories of finished goods and work in progress		-1,881	-16,070
Other operating income	3	5,202	3,461
Raw materials and services	4	-382,978	-436,516
Staff costs	5, 6, 7	-64,181	-65,199
Depreciation, amortisation and impairment	8	-23,855	-22,413
Other operating expenses		-72,795	-56,777
Operating profit		27,327	60,754
Financial income and expenses	10	1,048	14,004
Profit before extraordinary items		28,375	74,759
Appropriations	11	0	166
Income taxes	12	-7,055	-12,698
Net profit for the period		21,321	62,227

<sup>1</sup> The note refers to the Notes to the Accounts on pages 153-160.

Parent company’s balance sheet

(1,000 EUR)	Note <sup>1</sup>	2024	2023
ASSETS			
Non-current assets			
Intangible assets	13	40,444	48,185
Tangible assets	13	59,492	65,232
Financial assets	14	17,112	17,112
Total non-current assets		117,047	130,529
Current assets			
Inventories	15	104,528	115,769
Non-current receivables	16	9,892	13,398
Current receivables	16	142,846	158,726
Cash in hand and at banks		54,770	50,445
Total current assets		312,037	338,338
TOTAL ASSETS		429,084	468,867
LIABILITIES			
Shareholders' equity	17, 18		
Share capital		7,000	7,000
Revaluation reserve		841	841
Other reserves		3,458	3,458
Retained earnings		252,165	205,374
Net profit for the period		21,321	62,227
Total shareholders' equity		284,785	278,900
Appropriations	19	0	0
Provisions for liabilities and charges	20	5,945	4,611
Creditors			
Non-current creditors	21	41,000	41,161
Current creditors	22	97,355	144,194
Total creditors		138,355	185,355
TOTAL LIABILITIES		429,084	468,867

<sup>1</sup> The note refers to the Notes to the Accounts on pages 153-160.

Parent company’s cash flow statement

(1,000 EUR)	2024	2023
Cash flows from operating activities		
Operating profit	27,327	60,754
Depreciation, amortisation and impairment	23,855	22,413
Change in provisions	1,721	39
Other adjustments	-217	-260
Cash flow before changes in working capital	52,686	82,946
Change in working capital:		
Increase [-]/decrease [+] in current non-interest-bearing receivables	20,587	-52,792
Increase [-]/decrease [+] in inventories	11,240	12,579
Increase [+] /decrease [-] in current non-interest-bearing liabilities	-15,977	-12,023
Cash flow from operations before financial items and income taxes	68,536	30,710
Interest received	3,236	1,962
Interest paid	-3,088	-2,221
Dividends received	602	1,368
Other financial items	-2,144	646
Direct taxes paid	-7,000	-14,239
Net cash flows from operating activities (A)	60,142	18,226
Cash flows used in investing activities		
Investments in tangible and intangible assets	-10,373	-19,883
Proceeds from sale of tangible and intangible assets	53	-51
Net cash flows used in investing activities (B)	-10,320	-19,934
Cash flows from financing activities		
Increase [+] /decrease [-] in current loans	-30,792	14,197
Increase [+] /decrease [-] in non-current loans	0	2,000
Increase [-] /decrease [+] in non-current receivables	537	735
Dividends paid and other distribution of profit	-15,400	-16,794
Net cash flows from financing activities (C)	-45,655	138
Increase [+] /decrease [-] in liquid assets (A+B+C)	4,167	-1,570
Cash and cash equivalents on 1 Jan	50,445	52,014
Cash and cash equivalents on 31 Dec	54,612	50,445

The comparative figures in the cash flow statement have been partly restated for 2023 to reflect the sale of the company's Russian subsidiary.

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 2024 is comparable with the previous year.



2. Net sales by market area

(1,000 EUR)	2024	2023
Nordic countries and the Baltics	298,379	308,861
Central and Southern Europe	133,146	141,081
North America	70,216	96,144
South America	53,985	92,219
Asia, Australia and Africa	12,090	15,963
Total	567,816	654,268

3. Other operating income

(1,000 EUR)	2024	2023
Sales profits on tangible assets	53	3
Public subsidies	2,142	930
Sale of recycled products	304	379
Other	2,703	2,149
Total	5,202	3,461

4. Raw materials and services

(1,000 EUR)	2024	2023
Raw materials and consumables		
Purchases during the financial period	361,832	427,590
Increase [-]/decrease [+] in inventories	8,359	-2,487
External services	12,787	11,413
Total	382,978	436,516

5. Average number of staff

Persons	2024	2023
Employees	506	514
Clerical workers	477	471
Total	983	985

6. Staff costs

(1,000 EUR)	2024	2023
Salaries and bonuses	53,664	53,757
Pension costs	9,060	9,070
Other social security costs	1,458	2,372
Total	64,181	65,199

7. Management salaries and remunerations

(1,000 EUR)	2024	2023
President and CEO	1,244	1,177
Members of the Board of Directors	328	365
Total	1,572	1,543

8. Depreciation and value adjustments

(1,000 EUR)	2024	2023
Depreciation according to plan	23,855	22,413
Total	23,855	22,413

9. Auditor’s remunerations

(1,000 EUR)	2024	2023
	KPMG	KPMG
Auditor's remunerations	108	95
Certificates and statements	108	14
Tax advice	2	16
Other remunerations	22	0
Total	241	124

10. Financial income and expenses

(1,000 EUR)	2024	2023
Income from participations in Group companies	0	14,946
Dividend income		
From Group companies	500	1,300
From associated companies	102	68
Dividend income, total	602	1,368
Interest income and other financial income		
From Group companies	1,806	1,547
Change in the fair value of derivative instruments	322	2,326
From others	6,714	5,182
Interest income and other financial income, total	8,842	9,055
Financial income, total	9,444	25,369
Interest expenses and other financial expenses		
Change in the fair value of derivative instruments	3,576	3,254
To others	4,819	8,111
Interest expenses and other financial expenses, total	8,396	11,365
Financial expenses, total	8,396	11,365
Financial income and expenses, total	1,048	14,004
The item Financial income and expenses includes exchange rate profit/loss (net)	-4	-1,660

The item Income from participations in Group companies includes the proceeds from the sale of the Russian subsidiary OOO Ponsse and its shareholding in Ponsse Centre.

11. Appropriations

(1,000 EUR)	2024	2023
Difference between depreciations according to plan and depreciations in taxation	0	166

12. Income tax

(1,000 EUR)	2024	2023
Income taxes from actual operation	7,055	12,698
Total	7,055	12,698

### 13. Intangible and tangible assets

INTANGIBLE ASSETS 2024

(1,000 EUR)	Development costs	Patent costs	Intangible rights	Other intangible assets	Prepayments and unfinished acquisitions	Total
Acquisition cost 1 Jan 2024	68,132	3,375	2,363	23,436	15,649	112,594
Increase	10,192	222	0	2,263	2,991	15,668
Decrease	0	0	0	0	-9,497	-9,497
Transfers between items	0	0	0	0	0	0
Acquisition cost 31 Dec 2024	78,324	3,597	2,363	25,699	9,143	119,125
Accumulated depreciation on 1 Jan 2024	-44,823	-2,421	-2,273	-15,251	0	-64,769
Accumulated depreciation on decrease and transfers	0	0	0	0	0	0
Depreciation for the accounting period	-10,445	-322	-52	-3,093	0	-13,913
Accumulated depreciation on 31 Dec 2024	-55,268	-2,743	-2,326	-18,344	0	-78,681
Book value 31 Dec 2024	23,056	854	37	7,354	9,143	40,444
Book value 31 Dec 2023	23,309	953	89	8,185	15,649	48,185

TANGIBLE ASSETS 2024

(1,000 EUR)	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and unfinished acquisitions	Total
Acquisition cost 1 Jan 2024	1,618	84,021	94,811	230	1,734	182,414
Increase	0	3,277	2,287	0	444	6,009
Decrease	0	0	0	0	-1,809	-1,809
Transfers between items	0	0	0	0	0	0
Acquisition cost 31 Dec 2024	1,618	87,299	97,098	230	369	186,614
Accumulated depreciation on 1 Jan 2024	0	-43,893	-74,130	0	0	-118,022
Accumulated depreciation on decrease and transfers	0	0	0	0	0	0
Depreciation for the accounting period	0	-3,917	-6,024	0	0	-9,940
Accumulated depreciation on 31 Dec 2024	0	-47,809	-80,154	0	0	-127,963
Revaluations	0	841	0	0	0	841
Book value 31 Dec 2024	1,618	40,330	16,944	230	369	59,492
Book value 31 Dec 2023	1,618	40,969	20,681	230	1,734	65,232
Book value of operating machinery and equipment						
31 Dec 2024			14,851			
31 Dec 2023			18,199			

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 2024

(1,000 EUR)	Shares in Group companies	Shares in associated companies	Shares, other	Receivables from Group companies	Receivables, other	Total
Acquisition cost 1 Jan 2024	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 2024	38,000	335	440	0	0	38,774
Accumulated write-downs 1 Jan 2024	-21,579	0	-84	0	0	-21,663
Decrease	0	0	0	0	0	0
Write-downs	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Book value 31 Dec 2024	16,421	335	356	0	0	17,112
Book value 31 Dec 2023	16,421	335	356	0	0	17,112

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
Epec Oy, Seinäjoki, Finland	100.00
Epec B.V., Barendrecht, the Netherlands (owned by Epec Oy)	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.

ASSOCIATES

Name and domicile	Company’s share of ownership %
Sunit Oy, Kajaani, Finland	34.00

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

### 15. Inventories

(1,000 EUR)	2024	2023
Raw materials and consumables	59,953	73,748
Work in progress	15,358	13,443
Finished products/goods	3,320	7,271
Other inventories	25,893	20,303
Prepayments	4	1,004
Total	104,528	115,769



16. Receivables

(1,000 EUR)	2024	2023
Non-current receivables		
Receivables from Group companies		
Loan receivables	9,760	10,297
Other receivables	132	3,102
Non-current receivables, total	9,892	13,398
Current receivables		
Trade receivables	21,696	28,743
Receivables from Group companies		
Trade receivables	93,510	106,850
Loan receivables	15,224	8,176
Other receivables	203	733
Other receivables	7,268	8,750
Accrued income		
Grants receivable	1,310	795
Income tax receivables	0	0
Derivative contracts	68	681
Accrued expenses	2,347	2,470
Other accrued income	1,379	1,527
Other accrued income, total	5,105	5,473
Current receivables, total	143,005	158,726
Receivables, total	152,897	172,124

During 2023, Ponsse Plc sold its Russian subsidiary OOO Ponsse and its entire shareholding in Ponsse Centre to the Russian company OOO Bison. The item Other receivables (non-current in 2023 and current in 2024) includes a EUR 3 million sales price receivable which is due in March 2025.

17. Shareholders’ equity

(1,000 EUR)	2024	2023
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	267,602	222,168
Purchase of treasury shares	0	0
Share based incentive scheme, change	0	0
Dividend distribution	-15,400	-16,794
Retained earnings on 31 Dec	252,201	205,374
Result for the period	21,321	62,227
Shareholders' surplus, total	276,980	271,059
Total shareholders' equity	284,821	278,900

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)	2024	2023
Retained earnings	252,201	205,374
Result for the period	21,321	62,227
Capitalised R&D expenses	-30,919	-35,998
Total	242,603	231,603

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

Ponsse Plc’s registered share capital on 31 December 2024 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 1,997 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)	2024	2023
Depreciation difference	0	0

20. Provisions for liabilities and charges

(1,000 EUR)	2024	2023
Guarantee provision	5,945	4,611

21. Non-current creditors

(1,000 EUR)	2024	2023
Loans from financial institutions	41,000	41,000
Other loans	0	161
Non-current creditors, total	41,000	41,161

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

22. Current creditors

(1,000 EUR)	2024	2023
Loans from financial institutions	15,000	45,000
Other loans	161	792
Advances received	56	90
Trade creditors	54,250	72,824
Liabilities to Group companies		
Advances received	0	710
Intra-Group trade creditors	1,656	1,232
Liabilities to Group companies, total	1,656	1,942
Other liabilities	1,347	1,358
Accruals and deferred income		
Accrued staff expenses	13,426	13,676
Interest accruals	513	1,223
Income tax liability	1,294	1,240
Sales financing arrangements	3,596	752
Spare parts discount accrual	2,699	2,643
Other accruals and deferred income	3,319	2,654
Accruals and deferred income, total	24,849	22,187
Current creditors, total	97,319	144,194

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)	2024	2023
Leasing payments payable under leasing agreements		
Leasing payments payable during the next financial period	1,250	754
Leasing payments payable thereafter	1,447	786
Leasing payments payable under leasing agreements, total	2,697	1,540

23.3 Contingent liabilities on behalf of Group companies

(1,000 EUR)	2024	2023
Guarantees given on behalf of companies within the Group	17,226	20,023

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.

The company has a supplementary pension plan for the CEO and a limited group of employees with strategic roles, which is a pension benefit paid in addition to the statutory pension.

23.5 Other contingent liabilities

(1,000 EUR)	2024	2023
Guarantees given on behalf of others	2,921	2,839
Repurchase commitments	356	442
Other commitments	4,915	5,482
Other contingent liabilities, total	8,191	8,764

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 4,721,572 (EUR 5,348,800) and the last auditing year is 2034 (2033), and this is included in above-mentioned Other liabilities -section.

23.6 Derivative liabilities

(1,000 EUR)	2024	2023
Forward exchange agreements		
Fair value	-1,224	-146
Value of underlying asset	57,034	70,838
Interest rate derivatives		
Fair value	877	1,684
Value of underlying asset	28,000	28,000

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

SHARES AND SHAREHOLDERS

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 1,997 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 in one or more tranches, corresponding to approximately 0.89 % of the company's total shares and votes. The shares shall be acquired through public trading, for which reason the shares are acquired otherwise than in proportion to the share ownership of the shareholders and the consideration paid for the shares shall be the market price of the company's share in public trading at Nasdaq Helsinki Ltd at the time of the acquisition. Shares may also be acquired outside public trading for a price which at most corresponds to the market price in public trading at the time of the acquisition. The Board of Directors was authorized to decide how the shares are acquired. The Board of Directors may, pursuant to the authorization, only decide on the repurchase of the company's own shares with funds from the company's unrestricted shareholders' equity. The Board of Directors decides how the shares are acquired. The company's own shares may be repurchased other than in proportion to the shares held by the shareholders (directed repurchase), if there is a weighty financial reason for the company to do so as provided for in Chapter 15, Section 6 of the Finnish Companies Act. The company's own shares may be acquired to develop the company's capital structure, to be used to finance or execute possible acquisitions or investments supporting the company's growth strategy or

other arrangements related to the company's business, to be used in the company's incentive schemes or otherwise to be transferred, held, or cancelled. The decision to repurchase company's own shares shall not be made so that the shares of the company in the possession of by the company and its subsidiaries would exceed 10 % of all shares. The authorization is valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2025. The authorization cancels the authorization given to the Board of Directors by the Annual General Meeting on 12 April 2023.

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



INCREASES IN SHARE CAPITAL 1994–2024

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

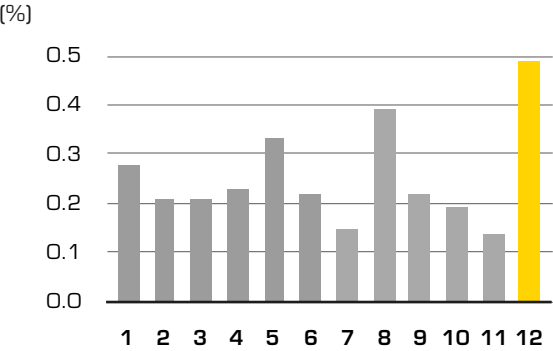
Authorisation to increase share capital

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.

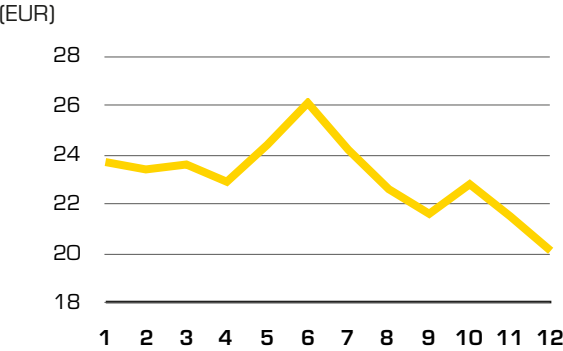
SHARE TURNOVER 1 JANUARY – 31 DECEMBER 2024

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	1,816,262	78,819	22.35	24.30	23.04	23.70	663,600,000	28,000,000	0.28
2	1,352,683	58,412	22.50	23.90	23.16	23.40	655,200,000	28,000,000	0.21
3	1,328,734	57,433	22.50	24.00	23.14	23.60	660,800,000	28,000,000	0.21
4	1,481,385	63,617	22.50	24.10	23.29	22.90	641,200,000	28,000,000	0.23
5	2,194,995	92,570	22.10	26.10	23.71	24.40	683,200,000	28,000,000	0.33
6	1,537,698	60,821	24.00	26.20	25.28	26.10	730,800,000	28,000,000	0.22
7	1,081,418	42,370	23.60	27.10	25.52	24.20	677,600,000	28,000,000	0.15
8	2,529,752	109,992	22.30	24.80	23.00	22.60	632,800,000	28,000,000	0.39
9	1,339,100	61,632	20.50	23.10	21.73	21.60	604,800,000	28,000,000	0.22
10	1,239,574	54,241	21.30	24.90	22.85	22.80	638,400,000	28,000,000	0.19
11	829,879	38,218	21.00	23.00	21.71	21.50	602,000,000	28,000,000	0.14
12	2,786,048	136,991	19.70	21.80	20.34	20.10	562,800,000	28,000,000	0.49
2024	19,517,527	855,116	19.70	27.10	22.82	20.10	562,800,000	28,000,000	3.05

RELATIVE SHARE TURNOVER BY MONTH 2024



WEIGHTED AVERAGE SHARE PRICE BY MONTH 2024



SHAREHOLDER PROFILE ON 31 DECEMBER 2024

	Shares, pcs	Percentage of shares and votes, %	Shares of nominee-registered, pcs	Shares of nominee-registered, %	Votes, pcs	Percentage of votes, %
Enterprises	635,034	2.268	0	0	635,034	2.268
Financial institutions and insurance companies	2,376,762	8.488	776,673	2.774	3,153,435	11.262
Public sector entities	1,161,173	4.147	0	0	1,161,173	4.147
Households	22,238,491	79.423	0	0	22,238,491	79.423
Non-profit organisations	524,606	1.874	0	0	524,606	1.874
Foreign holding	22,160	0.079	265,101	0.947	287,261	1.026
Total	26,958,226	96.279	1,041,774	3.721	28,000,000	100.000

ANALYSIS OF SHAREHOLDERS ON 31 DECEMBER 2024

Shares per shareholder	Number of shareholders	Percentage of shareholders, %	Shares, total, pcs	Percentage of shares and votes, %
1–100	12,255	66.236	414,069	1.479
101–500	4,351	23.516	1,086,599	3.881
501–1,000	980	5.297	759,200	2.711
1,001–5,000	754	4.075	1,607,872	5.742
5,001–10,000	83	0.449	616,318	2.201
10,001–50,000	60	0.324	1,181,916	4.221
50,001–100,000	6	0.032	366,335	1.308
100,001–500,000	7	0.038	2,253,561	8.048
over 500,000	6	0.032	19,714,130	70.408
Total	18,502	100.000	28,000,000	100.000

SHAREHOLDERS ON 31 DEC 2024

No.	Name	Number of shares, pcs	Percentage of shares, %	Percentage of votes, %
1	Vidgren Juha Einari	6,207,000	22.17	22.17
2	Vidgren Jukka Tuomas	3,764,778	13.45	13.45
3	Vidgren Janne Ilmari	3,691,742	13.18	13.18
4	Vidgren Jarmo Kalle Johannes	3,684,263	13.16	13.16
5	Nordea Nordic Small Cap Fund	1,616,331	5.77	5.77
6	Skandinaviska Enskilda Banken Ab (Publ), Helsinki	750,016	2.68	2.68
7	Ilmarinen Mutual Pension Insurance Company	426,000	1.52	1.52
8	Varma Mutual Pension Insurance Company	389,000	1.39	1.39
9	Einari Vidgren Foundation	388,000	1.39	1.39
10	Elo Mutual Pension Insurance Company	335,000	1.20	1.20
11	Evli Finnish Small Cap Fund	305,238	1.09	1.09
12	Aktia Capital mutual fund	218,000	0.78	0.78
13	Citibank Europe Plc	192,323	0.69	0.69
14	Nummela Juho Aleksi	80,691	0.29	0.29
15	Säästöpankki Kotimaa mutual fund	79,392	0.28	0.28
16	Rinta-Jouppi Jarmo Aulis	53,500	0.19	0.19
17	Randelin Mari Elina	51,141	0.18	0.18
18	Clearstream Banking S.A.	51,111	0.18	0.18
19	Kirkon Eläkerahasto	50,500	0.18	0.18
20	Relander Pär-Gustaf	48,000	0.17	0.17
21	Mandatum Life Insurance Company Limited	44,128	0.16	0.16
22	Vidgren Kalle Samuel	41,156	0.15	0.15
23	Vidgren Henri Eemil	38,084	0.14	0.14
24	Apotrade Consulting Oy	36,000	0.13	0.13
25	Suka Oy	34,170	0.12	0.12
26	Aro Erkki Arvi Juhani	32,568	0.12	0.12
27	Outokummum Metallli Oy	32,000	0.11	0.11
28	Relander Annette Louise	32,000	0.11	0.11
29	Niemi Foundation	28,000	0.10	0.10
30	Lehtomäki Onni Kalevi	26,800	0.10	0.10
Other shareholders		5,273,068	18.82	18.82
Total		28,000,000	100.00	100.00

At year-end 2024, Ponsse Plc had 18,502 shareholders (on 31 December 2023: 18,356).

**Management holdings**  
Members of the Board of Directors, President and CEO, companies under their control and their underage children held a total of 7,534,507 Ponsse Plc shares on 31 December 2024, 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 242,602,704.97, of which the net profit for the period amounted to EUR 21,320,831.03.

The company’s Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.50 per share is to be paid for 2024. The dividend distribution totals EUR 13,999,001.50.

A total of EUR 228,603,703.47 will remain in the parent company’s non-restricted equity.

## Confirmation of the Board of Directors and the CEO

We confirm that

- The consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the financial statements of the parent company prepared in accordance with the laws and regulations governing the preparation of financial statements in Finland give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.

- The management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

- That the sustainability report within management report is prepared in accordance with sustainability reporting standards referred to in Chapter 7 of the Accounting Act and with the Article 8 of Taxonomy Regulation.

Vieremä, 10 March 2025

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, 10 March 2025

KPMG Oy Ab

Ari Eskelinen  
APA

# AUDITOR’S REPORT

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, 2024. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company’s balance sheet, income statement, statement of cash flows 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>	
<ul style="list-style-type: none"><li>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.</li><li>Service sales account for 23% 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.</li><li>The timing of revenue recognition for both machine and service sales involves risk of revenue being recorded either too early or too late.</li><li>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.</li></ul>	<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 2024 to invoices, delivery documents and contract terms, and by examining credit invoices issued in early 2025, 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>	
<ul style="list-style-type: none"><li>Group’s value of inventories totaled EUR 219 million at year end 2024 accounting for 39% of the total assets. Trade-in machines, materials and supplies account for 76% of the total inventory balance.</li><li>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.</li><li>Valuation of trade-in machines, materials and supplies involves judgements made by management for probable net realizable value.</li><li>Functionality of the IT systems and internal control plays a major role in ensuring the accuracy of inventory reporting (number and unit price).</li><li>Valuation of inventory is therefore considered a key audit matter.</li></ul>	<ul style="list-style-type: none"><li>In respect 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>

We have not identified key audit matters relating to the parent company’s financial statements.

**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 IFRS Accounting Standards 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 5 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 or 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 compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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 compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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 March 10, 2025  
KPMG OY AB

Ari Eskelinen  
Authorized Public Accountant, KHT

# ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

To the Annual General Meeting of Ponsse Plc

We have performed a limited assurance engagement on the group sustainability report of Ponsse Plc (business identity code 0934209-0) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

### Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Ponsse Plc has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

### Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Authorized Group Sustainability Auditor* section of our report.

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

### Other Matter

We draw attention to the fact that the group sustainability report of Ponsse Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability report. Our opinion is not modified in respect of this matter.

### Authorized Group Sustainability Auditor’s Independence and Quality Management

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 engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Ponsse Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;

- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

**Inherent Limitations in the Preparation of a Sustainability Report**

Preparation of the sustainability report requires company to make materiality assessment to identify relevant matters to report. This includes significant management judgement and choices. It is also characteristic to the sustainability reporting that reporting of this kind of information includes estimates and assumptions as well as measurement and estimation uncertainty. Furthermore, when reporting forward looking information company has to disclose assumptions related to potential future events and describe company's possible future actions in relation to these events. Actual outcome may differ as forecasted events do not always occur as expected.

**Responsibilities of the Authorized Group Sustainability Auditor**

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. 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 decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance 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.
- Design and perform assurance procedures responsive to those risks to obtain 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.

**Description of the Procedures That Have Been Performed**

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

- Our procedures included for ex. the following:
  - We interviewed Ponsse Plc's management and persons responsible for the preparation and gathering of the sustainability information.
  - We familiarized with interviews to the key processes related to collecting and consolidating the sustainability information.
  - We got acquainted with the relevant guidances and policies related to the sustainability information disclosed in the sustainability report.
  - We acquainted ourselves to the background documentation and other records prepared by the company, as appropriate and assessed how they support the information included in the sustainability report.
  - We conducted a site visit to a selected operational site.
  - In relation to the double materiality assessment process, we interviewed persons responsible for the process and familiarized ourselves with the process description prepared of the double materiality assessment and other documentation and background materials.
  - In relation to the EU taxonomy information we interviewed the management of the company and persons with key roles in reporting taxonomy information to understand how taxonomy eligible and taxonomy aligned activities have been identified, we obtained evidence supporting the interviews and reconciled the reported EU taxonomy information to supporting documents and to the bookkeeping, as applicable.
  - We assessed the application of the ESRS sustainability reporting standards reporting principles in the presentation of the sustainability information.

Helsinki March 10, 2025  
KPMG OY AB  
Authorized Sustainability Audit Firm

Anna-Riikka Maunula  
Authorized Sustainability Auditor, KRT





CORPORATE  
GOVERNANCE  
STATEMENT

CONTENTS

Introduction ..... 176

Ponsse’s governing bodies ..... 176

    Annual General Meeting..... 177

    Board of Directors..... 177

    President and CEO ..... 180

    Management Team..... 180

Main features of the internal control  
    and risk management systems ..... 181

Other information ..... 184

    Audit ..... 184

    Insider management ..... 184

    Related-party transactions ..... 185





INTRODUCTION

Corporate governance at Ponsse Plc (“the company” or “Ponsse”) is based on Finnish legislation, Ponsse’s Articles of Association and policies set by the company’s administrative bodies. In addition, the company complies with the Financial Supervisory Authority’s guidelines and regulations.

Ponsse’s Corporate Governance Statement has been prepared in accordance with the Corporate Governance Code 2025 issued by the Securities Market Association. The Corporate Governance Code 2025 is available at [www.cgfinland.fi](http://www.cgfinland.fi). Ponsse follows the recommendations of the Corporate Governance Code without exception.

This statement has been issued separately from Ponsse’s Board of Directors’ report, and it has been reviewed and approved by the Board of Directors. KPMG Oy Ab, the company’s auditor, has estimated that the description of the main features of internal control and risk management systems related to the financial reporting process are in line with the financial statements. The statement will be available on Ponsse’s website at <https://www.ponsse.com/en/company/investors/corporate-info#/> when the financial statements and the annual report are published. Other information related to the company’s governance is also available on Ponsse’s website.

PONSSE’S GOVERNING BODIES

At Ponsse, the highest decision-making power is exercised by the shareholders at the Annual General Meeting. The company’s operations are led by the Board of Directors and the CEO. The Management Team supports the CEO in the management of the company.



Annual General Meeting

The shareholders exercise their decision-making power at the Annual General Meeting, where they have the right to speak, present questions and vote. In accordance with the Limited Liability Companies Act and the Articles of Association, the Annual General Meeting decides on matters falling into its competence, including the following:

- the adoption of the financial statements
- the use of the profit shown on the balance sheet
- the election of the members of the Board of Directors and the decision on their remuneration
- discharging the members of the Board of Directors and the President and CEO from liability
- the election of the external auditor and the decision on the external auditor’s compensation

The Annual General Meeting is held once a year on a date determined by the company’s Board of Directors, however, before the end of June. Meetings are held in Vieremä, Iisalmi or Kajaani. The Annual General Meeting is convened by the company’s Board of Directors. A notice of the Annual General Meeting is published on Ponsse’s website and, at the discretion of the Board, in a broad-circulation newspaper, no earlier than three (3) months and no later than twenty-one (21) days before the Annual General Meeting. The agenda and other documents related to the Annual General Meeting are made available on the company’s website no later than twenty-one (21) days before the Annual General Meeting. To be eligible to participate in the Annual General Meeting, shareholders must notify the company of their intention to attend no later than on the day mentioned in the notice of Annual General Meeting, which may be no earlier than ten (10) days before the meeting.

A shareholder may also submit matters for inclusion on the agenda of the Annual General Meeting if the matter falls within the competence of the Annual General Meeting and a written request has been made to the Board of Directors to include the matter on the agenda no later than the date set by the company, which may not be earlier than four weeks before the date of publication of the notice of the meeting. Ponsse’s website contains more detailed information about the rights of shareholders to have a matter of concern to them dealt with at the Annual General Meeting, the rights of shareholders to participate in the Annual General Meeting, and other issues related to the Annual General Meeting. An extraordinary general meeting is convened if the Board of Directors deems it necessary, or if it is required by the external auditor or shareholders who collectively hold at least one tenth of all shares.

In 2024, the Annual General Meeting was held in Vieremä on 9 April. A total of 131 shareholders participated in the meeting,

either by voting in advance or in person at the meeting venue or represented by a statutory representative or an authorised representative. A total of 21,415,751 shares and votes were represented in the meeting, or around 76% of all shares and votes registered on the record date of the Annual General Meeting. The decisions of the 2024 Annual General Meeting are available on Ponsse’s website. No Extraordinary General Meetings were held in 2024.

Board of Directors

**Powers, composition and duties**

The Annual General Meeting elects a Board of Directors each year. In accordance with the Articles of Association, the Board consists of five to eight members. The term of office of the Board lasts until the end of the next Annual General Meeting. The Board of Directors is elected annually to allow shareholders to regularly evaluate the activities of the Board of Directors and its members. The Board of Directors will appoint a Chair from among its members and convene at the request of the Chair as often as the company’s business so requires.

The Board of Directors’ powers include the appropriate arrangement of the company’s governance and operations, as well as arranging the monitoring of accounting and asset management. In addition to internal governance, the Board of Directors is responsible for the disclosure policy and representing the company. The right to represent the company is set out in more detail in the company’s Articles of Association.

In addition, key tasks of the Board of Directors include:

- approving the company’s long-term strategy and targets
- approving the annual plan and budget
- appointing, and if necessary, dismissing, the President and CEO
- confirming the appointments of members of the Management Team
- monitoring and evaluating the performance of the President and CEO and deciding on their remuneration and benefits
- deciding on the remuneration and benefits of the members of the Management Team
- ensuring that the supervision of the accounting and financial matters is properly organised, and ensuring proper preparation of the interim and annual financial statements
- monitoring and assessing sustainability reporting and its assurance, and approving the sustainability report as part of the Board of Directors’ report
- ensuring the adequacy of planning, information and control systems for monitoring results and managing risks in operations



- approving related-party transactions that are not part of the company's ordinary course of business or are not implemented on arm's-length terms
- convening and preparing proposals to general meetings
- deciding on other matters not belonging to day-to-day operations, such as major investments, acquisitions and divestments, and major joint ventures and loan agreements

In addition to these tasks, Ponsse's Board of Directors approves all key policies guiding Ponsse's operations. Key policies are regularly updated and approved.

Election criteria for Board members, and diversity in the Board of Directors

Proposals for Board composition and remuneration are prepared by the shareholders who represent more than fifty per cent (50%) of the company's shares and votes. New Board members will be provided with an induction regarding their tasks to the appropriate extent, considering their background and experience.

The elected members of the Board of Directors must have the competence required for the position and the opportunity to allocate a sufficient amount of time for Board work. The members must be willing to dedicate themselves to Ponsse, and they must conform to the company's values. The provisions of the Limited Liability Companies Act apply to the general eligibility criteria. No special eligibility criteria such as an upper age limit have been set in the Articles of Association for the members.

Overall, the members of the Board of Directors are required to have sufficiently diverse expertise and the ability to carry out their tasks effectively. Key factors include that their education and experience supplement those of other members. When considering the number of members, there is a focus on Ponsse's operational goals and the resulting requirements: the number of members must be relative to the company's size, line of business, market position and development stage. In addition, the shareholders' opinions must be addressed.

Diversity in the Board of Directors promotes an open culture of discussion and the ability to adopt an open approach to innovative ideas. Diversity is supported by the consideration of the age and gender distribution, educational backgrounds, as well as work and international experience. It benefits the company as a whole that individuals whose skills, backgrounds and views differ are appointed as members of the Board. This ensures the development of business operations and sustainability work, as well as good corporate governance. The company's long-term goal is to further increase diversity in the Board of Directors.

During the 2024 financial year, both genders were represented in Ponsse's Board of Directors, as in previous years. The Board of Directors had seven members, of whom two (29%)

were women and five (71%) were men. The age distribution of the members of the Board varied from 41 to 63 years. In addition to forest and industry expertise, the members' educational and professional backgrounds covered finance, legal affairs, technology, international operations, strategy, sales and marketing, as well as sustainability. The Board members also worked broadly in other positions of trust. A presentation of the Board members is also available on the company's website.

Ponsse's Board of Directors in 2024 represented sufficient and necessary expertise and experience, as well as diversity, in accordance with the set targets.

Meetings and work

The Board of Directors convenes regularly around ten times a year and at the invitation of the Chair as often as is required for the proper handling of the company's affairs. The Board of Directors constitutes a quorum when more than half its members are present at the meeting. The President and CEO has the right to attend meetings and exercise their right to speak, unless otherwise decided on by the Board of Directors. The President and CEO or another member of the company's management may be invited to the meetings.

In addition to being governed by legislation and the company's own Articles of Association, the work and activities of the Board of Directors are also governed by the Board's rules of procedure, which describe, among other things, the duties and meeting practices of the Board of Directors.

The Board of Directors aims to regularly evaluate its own activities and working methods. This assessment can be carried out either as an internal self-assessment or by an external evaluator. The assessment focuses on any problems that may have arisen in the activities of the Board related to matters such as the composition of the Board, the effectiveness of the Board's activities, and the Board's activities as a group. For 2024, the Board of Directors conducted a self-assessment in January 2025.

The Board convened 14 times in 2024. The focus of Board work was on topics related to changing Ponsse's operating model and operating in a challenging market situation.

Independence of Board members

A majority of the members of the Board of Directors must be independent of the company, and at least two independent members of the Board of Directors must also be independent of the company's major shareholders.

All Board members elected at the 2024 Annual General Meeting were independent of the company, except for Jarmo Vidgren. During 2024, he worked as a consultant for the company.

Five Board members are independent of the company's major shareholders, namely Mammu Kaario, Terhi Koipijärvi, Matti Kyläivainio, Ilpo Marjamaa and Juha Vanhainen. Jarmo Vidgren and

Jukka Vidgren are major shareholders of the company.

Mammu Kaario and Jukka Vidgren have served on the Board without interruption for periods of 15 years and 14 years respectively. Based on the Board of Directors' overall assessment, the independence of the Board members has not been at risk due to this long-term membership, and no other factors have been identified that would compromise their independence.

The Board of Directors assesses the independence of the members in accordance with Recommendation 10 of the Corporate Governance Code. To carry out the assessment, the Board members must provide the Board of Directors with sufficient information for the assessment of their independence, report any changes in their circumstances affecting the assessment, and present their own view of their independence. Any

changes in the independence of a member during their term of office are published on the company's website. Each candidate for the Board must provide sufficient information and an assessment of their independence to the major shareholders who prepare the proposal for the composition of the Board of Directors.

Committees

The Board of Directors has considered it unnecessary to set up Board committees given the number of members of the Board of Directors and their effective performance. The Board of Directors has been able to properly carry out the duties that would otherwise be assigned to an audit committee or a remuneration committee.

Board of Directors, 31 December 2024

Board member*	Year of birth	Education	Main function	Member of the Board since	Shareholding on 31 December 2024
Jarmo Vidgren, Chair of the Board (m)	1975	Commercial College Graduate in Marketing	Ponsse Plc, Chair of the Board	2020	3,684,263 shares
Mammu Kaario, Vice Chair of the Board (w)	1963	Master of Law, MBA	Board professional	2010	4,500 shares
Terhi Koipijärvi (w)	1967	M.Sc., Forestry and Forest Products Marketing	Milton Oy, Senior Advisor, Corporate responsibility and strategy	2023	0 shares
Matti Kyläivainio (m)	1974	M.Sc. (Econ.)	Keitele Timber Oy, CEO	2016	0 shares
Ilpo Marjamaa (m)	1961	M.Sc., Production Systems and Technologies	Ponsse Plc, member of the Board	2022	0 shares
Juha Vanhainen (m)	1961	M.Sc., Process Technology	Ponsse Plc, member of the Board	2018	0 shares
Jukka Vidgren (m)	1983	Bachelor of Culture and Arts	Mutant Koala Pictures, Managing Director	2011	3,764,778 shares

\* m=man, w=woman

Participation of Board members in meetings in 2024

Board member*	Total participation (times)	Participation rate (%)
Jarmo Vidgren (m)	14/14	100
Mammu Kaario (w)	14/14	100
Terhi Koipijärvi (w)	14/14	100
Matti Kyläivainio (m)	12/14	86
Ilpo Marjamaa (m)	13/14	93
Juha Vanhainen (m)	14/14	100
Jukka Vidgren (m)	13/14	93

\* m=man, w=woman

## President and CEO

The Board of Directors appoints and, if necessary, dismisses the President and CEO. The President and CEO carries out the company’s daily governance tasks in accordance with Finnish law, corporate governance rules and the instructions issued by the Board of Directors. The President and CEO is responsible for ensuring that the company’s accounting complies with the law, and that its asset management has been arranged reliably. In addition to these tasks, the President and CEO:

- is responsible for the operational management of the company’s business operations
- provides the Board of Directors and the members of the Board with the information necessary for carrying out their duties acts as rapporteur at Board meetings
- is responsible for the implementation of decisions taken by the Board of Directors.

Juho Nummela has served as the President and CEO and Chair of the Management Team since 1 June 2008.

The contract signed between the President and CEO and the company may be terminated by either party. The period of notice is six (6) months. If the company terminates the contract, the company pays a remuneration equalling 12 months’ salary in addition to the salary and other benefits that have been determined

for the period of notice. The President and CEO is within the scope of the performance bonus scheme, with a performance bonus based on the performance targets approved by the Board. More information about the remuneration of the President and CEO is available in Ponsse Plc’s remuneration report.

## Management Team

The primary task of the Management Team is to assist the President and CEO. The Management Team generally meets weekly, but at least once a month. It assists the President and CEO in the planning and implementation of the company's strategy, in the preparation of the annual action plan, in operational management and in the preparation of matters to be discussed by the Board of Directors. The Management Team’s members monitor and review from time to time the company’s internal policies and procedures, including reporting, financial management, investments, risk management, insurance policies, information systems, general procurement, industrial property rights, contractual risk management, human resources management, quality, environmental matters, occupational safety, insider guidelines, and communication. The Management Team is responsible for the implementation of the key policies and guidelines approved by the Board of Directors that govern Ponsse’s operations.

### Management Team, 31 December 2024

Management Team member*	Task	Education	Management Team member since	Employed by the company since	Shareholding on 31 Dec 2024
Juho Nummela b. 1977 (m)	President and CEO, Chair of the Management Team	Dr. Tech	2 January 2005	2002	80,691 shares
Petri Härkönen b. 1969 (m)	CFO and Deputy to the CEO	M.Sc. (Tech.)	1 October 2009	2009	7,670 shares
Juha Inberg b. 1973 (m)	Chief R&D and Technology Officer	Dr. Tech	1 January 2009	2003	14,296 shares
Tiina Kautonen b. 1973 (w)	Chief People, Safety & Culture Officer	Bachelor of Business (BSc)	1 January 2023	2023	1,225 shares
Marko Mattila b. 1973 (m)	Chief Sales, Service & Marketing Officer	Forestry Engineer, MBA	1 June 2020	2007	1,829 shares
Tapio Mertanen b. 1965 (m)	Chief Service Business Officer	Technician (technical college), MTD	3 May 2010	1994	1,200 shares
Katja Paananen b. 1971 (w)	Chief Responsibility Officer	MA	16 January 2023	1999	1,516 shares
Miika Soininen b. 1981 (m)	Chief Digital Officer	Student of technology	1 December 2020	2018	766 shares
Tommi Väänänen b. 1973 (m)	Chief Operations Officer	B. Eng	1 October 2013	2013	7,801 shares

\* m=man, w=woman

## MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The internal control and risk management systems related to financial reporting are designed to provide adequate assurance regarding the reliability of financial reporting, and they aim to ensure compliance with the applicable laws and regulations. Ponsse’s risk management and internal control processes follow the principles of the COSO (Committee of Sponsoring Organisations) framework where applicable.

### Control environment

The control environment forms the basis of internal control. Ponsse’s internal control framework is built on the company's core values: we truly care; we work for our customers; we are honest; and we are open for renewal. The control environment includes the guidelines and policies that guide Ponsse Group’s operations, such as corporate governance principles, the company's disclosure policy and the Code of Conduct. The role of internal control is to ensure that employees and administrative bodies perform their duties professionally, carefully and in a timely manner and follow the guidelines provided and approved practices.

Internal control involves the strategic and realistic planning of the company’s operations and finances, as well as continuous assessment and responses to deviations. It encompasses all the company’s policies and practices that aim to ensure the effectiveness, economic efficiency and profitability of operations. Internal control promotes risk prevention and high-quality management. It is essential in Ponsse’s operations to ensure the proper functioning of internal control, as well as the achievement of the targets and objectives set for internal control and the company’s operations.

The goals of internal control are to ensure that the management’s decision-making is based on accurate, sufficient and reliable information, and that it is in line with the company’s corporate governance principles and Code of Conduct. The aim is also to ensure that the company’s operations comply with legislation, official guidelines and the decisions of the company’s governing bodies, as well as its policies. The goals of internal control include ensuring the efficient use of the company’s resources, well as securing its assets.

Internal control is an essential part of the company’s daily operating activities, covering all levels and processes. In addition to financial control, it includes an appropriate and balanced allocation of tasks, ensuring that each employee’s input contributes to the achievement of the targets set for both the company and internal control.

### Risk assessment and risk management principles

At Ponsse, risk management means management system procedures that identify and assess uncertainties related to Ponsse Group’s operations, prepare for risks and seize opportunities. The objective of the risk management process is to support the achievement of the targets determined in the company's strategy and to secure the company’s financial performance, sustainable development and business continuity. Ensuring a balance between risk management and business interests is essential in the company's risk management. Risk management is seen as being part of internal control, and so the implementation of internal control also promotes the implementation of risk management.

The company's key strategic targets underlying risk management include social, economic and environmental responsibility. The fulfilment of responsibilities is monitored regularly, and responsibility goals are monitored using key indicators. The company’s sustainability work is described in the annual sustainability report published together with the annual report.

Risk management focuses on prevention: the aim of the risk management process is to identify and assess material risks and prevent them from being materialised. Decisions on the risk mitigation measures required are made using assessments based on probabilities. Primary risk management measures include the avoidance, reduction, transfer, and control of risks, as well as their controlled acceptance. The risk management process also includes the continuous assessment and monitoring of risks.

The timely identification of risks and a realistic assessment of risks are key in terms of risk management. The company’s personnel must be aware of risk management principles in order for them to act in accordance with instructions and, above all, react as required by the situation. Risk management is part of all the company’s operations, but its importance is emphasised in processes that are vital to the company's operations.



In the risk management process, risks are divided into four categories in accordance with their nature:

Strategic risks	Risks related to the nature of business operations, the choice of strategy and the implementation of the strategy, which, if materialised, may significantly weaken the company's operating conditions. <b>Examples:</b> the prevailing competitive situation, the development of the regulatory environment for companies
Operational risks	Risks related to internal processes that, if materialised, may reduce operational efficiency and, consequently, the company's performance and profitability. <b>Examples:</b> risks related to management, personnel and the business network
Financial risks	Risks arising from unfavourable economic or market conditions that, if materialised, may have adverse consequences for the company's financial situation, such as the Group's performance, cash flows and equity. Financial risk management at Ponsse is centralised in the parent company's financial unit. The Board of Directors confirms the company's financial risk management policy, and the company's CFO is responsible for its practical implementation with the financial unit. <b>Examples:</b> currency, interest rate, credit and liquidity risks, as well as capital management
Risks of injury or damage	Physical or financial impact on the organisation of unforeseen events, interruption of operations or other harm. The management of these risks focuses in particular on identifying risks and ensuring that a comprehensive insurance programme is in place. Ponsse's goal is an accident-free working environment. Safety policies and guidelines, as well as safe working methods and tools, are part of risk management. Risks of injury or damage are also managed by documenting incidents and near misses and by taking the necessary risk minimisation measures. Risks of injury or damage are regularly assessed at the level of the entire personnel. <b>Examples:</b> occupational health and safety risks, environmental risks and damage to property.

In its revised risk management process, the company has placed more focus on risks and opportunities associated with the environment and social and financial responsibilities from the perspectives of strategic, operational, financing, and accident risks.

The risk management process includes the systematic identification and assessment of function- and unit-specific risks, and ensuring they are reflected in the company's risk management plan. Risk management is systematically implemented and monitored as part of daily activities. The company aims to improve the efficiency of its risk management by increasing awareness of its significance and supporting shared risk management projects of different functions.

Risk management findings are reported to the company's management twice a year as part of management reviews, and to the Board of Directors as part of the annual strategy process. Internal audit or risk management may at any time bring an identified risk to the attention of the Board of Directors or other management and require appropriate action.

The Board decides on the objectives and principles of risk management and confirms the company's risk management policy. As part of its work, the Board also evaluates the implementation and effectiveness of risk management processes.

The President and CEO is responsible for organising the implementation of risk management and presents matters related to risk management to the Board of Directors. The CFO coordinates the risk management process and is responsible for reporting and presenting risk management matters to the Group's Management Team. The Management Team participates in the control of the risk management process and in assigning responsibilities. Each member of the Management Team is responsible for identifying risks in their own area of business operations, and for implementing risk management. Internal audit supports the

risk management process with assessments and verifications, promotes the identification of risks and monitors the implementation of the agreed measures.

Ponsse's country organisations carry out risk management in accordance with Ponsse Group's risk management policy and guidelines. Every employee is responsible for taking action to prevent risks, to comply with the company's guidelines, and to report any risks they detect to their supervisor.

### Control functions

The responsibility for organising internal control lies with the Board of Directors and the President and CEO.

The company's management or a separately designated responsible party ensures that the Board of Directors has access to sufficient and up-to-date information for decision-making. The reliability of financial reporting is ensured by organising the distribution of tasks and responsibilities efficiently. Each responsible party must be aware of guidelines and comply with them. Financial reporting is regularly audited by an external auditor. The sustainability report is assured by an authorized sustainability auditor.

The President and CEO, the members of the Management Team and the directors of the company's country organisations are responsible for ensuring that the accounting and administration of their respective areas of responsibility comply with the applicable laws and the company's guidelines.

The company has an internal auditor, who supports the company in achieving its targets by assessing internal control and risk management and the implementation of good corporate governance. An external service provider serves as the internal auditor. The Board of Directors annually determines the internal audit focus areas together with the internal auditor, who reports regularly to the Board of Directors on audit results.

### Summary of the division of responsibilities in internal control

Party	Role of internal control
Board of Directors	<ul style="list-style-type: none"><li>• Ensures that the company's accounts, asset management and risk management control are appropriately arranged and lawful.</li><li>• Works with the President and CEO to ensure that the company operates in accordance with its values.</li><li>• Approves the risk management policy, as well as operating guidelines in accordance with internal control and the Corporate Governance Code.</li></ul>
President and CEO	<ul style="list-style-type: none"><li>• Is responsible for the day-to-day management of the company in accordance with the instructions of the Board of Directors.</li><li>• Creates the basis of internal control by guiding and instructing the senior management, and monitoring how they control their own operations.</li></ul>
Management Team	<ul style="list-style-type: none"><li>• Is responsible for ensuring compliance with the company's internal control guidelines and practices, particularly those linked to risk management and financial management.</li></ul>
Financial management	<ul style="list-style-type: none"><li>• Helps create appropriate control practices for risk and financial management.</li><li>• Monitors the sufficiency and effectiveness of control measures at a practical level.</li></ul>
Internal auditing	<ul style="list-style-type: none"><li>• Assesses and verifies the functioning of the control system</li></ul>

### Internal communication and provision of information at Ponsse

Ponsse aims to ensure the openness, transparency, accuracy and timeliness of the company's internal and external communication. These principles also support ensuring the completeness and accuracy of financial reporting. The company's disclosure policy determines how and when information must be provided and who provides it, as well as the accuracy and completeness of the information provided, so that the company's disclosure obligations are fulfilled. The company also has insider guidelines and a Code of Conduct, which contains guidelines related to Ponsse's business environment, employees, business partners and obligations to society. Through the whistleblowing channel, employees and external stakeholders can anonymously report any misconduct or suspected misconduct they have detected. A team appointed by the company's Board of Directors investigates all reported cases and, if necessary, reports any identified issues to the Management Team or the Board of Directors, taking into account the regulations on whistleblower protection. Ponsse's country organisations regularly prepare financial and operational reports for the management, which include analyses and reviews of financial performance and risks. Financial reports are provided to the Board of Directors at least in connection with regular Board meetings.

### Monitoring

The effectiveness of the company's financial reporting is monitored by the Board of Directors, the President and CEO and internal audit. The Board of Directors reviews the interim reports and approves them before they are published. The financial statements and the Board of Directors' report, including the sustainability report, are also approved by the Board. The monitoring process includes the regular review of monthly financial reports and the review of continuous forecasts and plans, as well as any reports from internal audit and the auditors. Internal audit serves as an independent control body and regularly assesses the efficiency and effectiveness of the company's governance, risk management and internal control processes. It assesses the efficiency of operations and the adequacy of risk management, as well as development needs in the control system. Internal audit prepares an annual audit plan and reports regularly on the progress and findings of the plan to the Board of Directors and the Management Team. The Board of Directors is also informed about developments in material risk areas and planned actions to reduce risks. This ensures the continuous development of risk assessment and control processes.

# OTHER INFORMATION

## Audit

The task of an external auditor is to verify the company’s accounting, financial statements, governance and Board of Directors’ report. The external auditor assesses whether the financial statements give a true and fair picture of the company’s results and its financial position at the end of the financial period. The company’s financial period is the calendar year. The audit also involves an examination of the consolidated financial statements. The company’s external auditor must ensure that the external auditors of each Ponsse Group company have conducted their audits properly. The external auditor presents the auditor’s report to the Annual General Meeting.

The company has one auditor, which must be a public accounting firm authorised by the Central Chamber of Commerce. It is also required that the external auditor be independent of the company.

At the 2024 Annual General Meeting, KPMG Oy Ab was elected as Ponsse Plc’s external auditor, and Ari Eskelinen, Authorised Public Accountant, was appointed as the principal auditor.

In 2024, Ponsse Group’s auditing costs amounted to EUR 399,826. The auditing fees paid to the company’s auditing firm, KPMG Oy Ab, were EUR 132,356. Companies belonging to the KPMG chain were paid a fee of EUR 148,771 for services not directly related to auditing: certificates and statements (EUR 108,367), tax advice (EUR 2,150), and other fees (EUR 38,254). Other auditing firms were paid a total of EUR 140,906. This amount consisted of an auditing fee (EUR 74,537), certificates and statements (EUR 2,830), tax advice (EUR 36,199), and other fees (EUR 27,341).

## Insider management

Ponsse adheres to the insider guidelines of Nasdaq Helsinki Ltd (insider guidelines for the stock exchange) and the Market Abuse Regulation (“MAR”). The company’s Board of Directors has also confirmed Ponsse insider guidelines, which supplement the stock exchange insider guidelines, and which apply to all employees of Ponsse Group, including the members of the Management Team and the Board of Directors. The coordination and control of insider affairs are among the responsibilities of the Chief Financial Officer.

Ponsse’s members of the Board of Directors, the President and CEO, members of the Management Team (“Managers”), and their closely associated persons as defined in MAR have a duty to report any transaction involving Ponsse’s financial instruments. The company maintains a list of Managers and their closely associated persons (individuals and legal entities). The Managers and their closely associated persons are obligated to notify Ponsse and the Finnish Financial Supervisory Authority of every transaction conducted on their own account related to Ponsse’s financial instruments. The notification obligation applies to all transactions after the total amount of EUR 20,000 (EUR 5,000 until 14 December 2024), without netting, has been reached during the calendar year. Ponsse discloses each such transaction as a stock exchange release.

Ponsse’s Managers are prohibited to trade in Ponsse’s financial instruments during a 30-day period immediately prior to the publication of Ponsse’s interim reports or financial statements (“closed window”). The said trading restriction also applies to all such persons who have continuous access to the company’s financial reporting systems. All these persons have been personally informed about the trading restriction and the related obligations.

Ponsse has identified individuals who have continuous access to all insider information about Ponsse as a result of their position or work (“permanent insider”). Permanent insiders include the members of the Board of Directors, the President and CEO, the Deputy CEO, the CFO, the internal auditor, the secretary of the Board of Directors, and the executive assistant.

Project-specific insider lists include those who have access to insider information in conjunction with a certain project. They are under the trading restriction until the termination of the project and/or disclosure of the inside information. Affected persons are always separately informed of their inclusion in project-specific insider lists.

## Related-party transactions

The company’s related-party transactions are regulated by the Limited Liability Companies Act, the MAR Regulation, the IAS 24 standard and, in part, the Corporate Governance Code. In accordance with the Finnish Companies Act, the Board of Directors is responsible for the monitoring and assessment of related-party transactions. The company’s Board of Directors decides on related-party transactions that are not part of the company’s ordinary course of business or that are not carried out on normal commercial terms.

The company has determined its related parties, and persons belonging to the company’s own governing bodies have been instructed on how to declare affiliations. Ponsse’s finance department monitors related-party transactions. All transactions outside the scope of the company’s ordinary business are reported to the Board of Directors. All related-party transactions of importance to shareholders are published in a stock exchange release in accordance with the regulations. Individual related-party transactions are disclosed by means of stock exchange releases if the regulations so require. Ponsse discloses information regarding related-party transactions on an annual basis as part of the notes to the company’s consolidated financial statements.

In 2024, the company had no related-party transactions deviating from normal business operations or normal commercial terms.



# REMUNERATION REPORT

## CONTENTS

Introduction .....	188
Remuneration of the Members of the Board in 2024 .....	190
Remuneration of the President and CEO in 2024.....	191



INTRODUCTION

Remuneration reporting

The remuneration report sets out the remuneration of the Board of Directors and the President and CEO of Ponsse Plc (“Ponsse” or “the company”) in 2024. The report has been prepared by the Board of Directors of Ponsse. The purpose of the report is to describe the implementation of the company’s remuneration policy clearly and comprehensively. The remuneration policy was adopted by the Annual General Meeting with an advisory resolution in 2024. It replaced the remuneration policy presented in 2020.

This report is based on the requirements outlined in the EU Shareholder Rights Directive and the Corporate Governance Code 2025 issued by the Securities Market Association. The remuneration report is presented annually at the company’s Annual General Meeting for an advisory vote. The company evaluates and develops its remuneration reporting annually based on feedback from shareholders, for example. Key aspects of the revised remuneration policy have been included in the 2024 report.

Remuneration principles in 2024

The remuneration of Ponsse’s governing bodies is based on the remuneration policy. The purpose of Ponsse’s remuneration policy is to align the objectives of shareholders, the Board of Directors, the CEO and the personnel in order to increase shareholder value in the long term. In preparing the remuneration policy, the Board of Directors has taken into account the views of the shareholders and the company’s needs to attract, engage and motivate the senior management to implement Ponsse’s

business strategy. The Board of Directors regularly monitors the effectiveness of the performance indicators used in remuneration to ensure that they support Ponsse’s strategy.

The remuneration policy is based on the following key principles:

- 1. The interests of shareholders, the Board of Directors, the CEO and employees are aligned
- 2. Remuneration is based on performance and transparency
- 3. Remuneration attracts and commits employees to the company
- 4. Remuneration is linked to sustainability as part of the company’s strategy

The remuneration policy describes the principles of remuneration and the decision-making process. The possible different forms of remuneration are described in the section concerning the Board of Directors’ remuneration. The key terms and conditions applicable to the service relationship, the short- and long-term performance indicators and the remuneration practices in recruitment and promotions are described with regard to the President and CEO.

No deviation from the remuneration policy was made during the 2024 financial year, and there were no situations in which it would have been necessary to recover any fees or either postpone or not make any payments. At the 2024 Annual General Meeting, there was no advisory vote on the remuneration report that would have needed to be taken into account in the remuneration report.

Remuneration and Ponsse’s financial performance during the last five years

The table sets out the paid compensation for the last five years for the members of the Board of Directors, the President and CEO and the average Ponsse employee, as well as the company’s financial performance during the same period. The development is presented in accordance with the average trend of key figures.

	2020	2021	2022	2023	2024
Board of Directors, taxable annual fee (EUR thousand)	264	283	311	296	277
Change from the previous year (%)		+7.2%	+9.9%	-4.8%	-6.4%
President and CEO, taxable income (EUR thousand)	802	517	628	772	924
Change from the previous year (%)		-35.5%	+21.5%	+22.9%	+19.7%
Personnel’s average taxable income (EUR thousand) <sup>1</sup> :					
Parent company	46	53	53	53	53
Change from the previous year (%)		+15.2%	+0.0%	+0.0%	+0.0%
Subsidiaries	27	33	33	35	34
Change from the previous year (%)		+22.2%	+0.0%	+6.1%	-2.9%
Ponsse Group’s financial development:					
Net sales, MEUR <sup>2</sup>	561.4	608.3	755.1	821.8	750.4
Change from the previous year (%)		+8.4%	+24.1%	+8.8%	-8.7%
Operating result, % of net sales	8.1	8.2	6.2	5.7	4.9
Operating result, EUR million <sup>3</sup>	45.4	50.0	46.6	47.2	36.8
Change from the previous year (%)		+10.1%	-6.8%	+1.3%	-22.0%

<sup>1</sup> Remuneration paid to the personnel is presented by indicating the total remuneration amount paid by the company.

<sup>2</sup> The information about 2020–2024 covers continuing operations.

<sup>3</sup> The information about 2020–2024 covers continuing operations.



REMUNERATION OF THE MEMBERS OF THE BOARD IN 2024

The Annual General Meeting decides on the remuneration of the members of the Board of Directors. The shareholders of Ponsse, representing in total more than 50% of the company's shares and votes, made a proposal to the Annual General Meeting held on 9 April 2024 regarding the remuneration of the Board of Directors. The Annual General Meeting decided on 9 April 2024 that the annual remuneration of the Chair of the Board would be EUR 48,000, that of the Vice Chair of the Board EUR 45,000, and that of the other members of the Board EUR 38,000. The Board members' travel expenses will be reimbursed in accordance with the company's travel policy.

	Time	Annual remuneration, EUR
Jarmo Vidgren, Chair	1 January to 31 December 2024	42,000.00
Mammu Kaario, Vice Chair of the Board	1 January to 31 December 2024	45,000.00
Terhi Koipijärvi	1 January to 31 December 2024	38,000.00
Matti Kyläivainio	1 January to 31 December 2024	38,000.00
Ilpo Marjamaa	1 January to 31 December 2024	38,000.00
Juha Vanhainen	1 January to 31 December 2024	38,000.00
Jukka Vidgren	1 January to 31 December 2024	38,000.00
Total		277,000.00

In 2024, Jarmo Vidgren was paid EUR 50,765.37 for consulting tasks related to sales and marketing.

REMUNERATION OF THE PRESIDENT AND CEO IN 2024

The President and CEO's remuneration principles

The remuneration of the President and CEO typically includes the following elements:

- A fixed monthly salary (including fringe benefits and other financial benefits) in accordance with the President and CEO's skills, knowledge and experience.
- A short-term performance bonus, the purpose of which is to provide encouragement and remuneration for the achievement of the goals set out in the annual business strategy, and on a non-recurring basis for any other particularly good performance (paid annually).
- A long-term performance bonus, which is usually a share-based bonus. Its purpose is to align the objectives of the shareholders and the CEO to increase the company's long-term value, to engage the CEO in the company, and to offer them a competitive share-based incentive plan based on earnings and the accrual of shares in the company.
- Supplementary pension, which is a pension benefit in addition to the statutory pension.

Juho Nummela has been the company's President and CEO since 1 June 2008. Under the contract signed between the company and the President and CEO, both parties may terminate the contract with a six-month notice period. If the company terminates the contract, the company pays a remuneration equalling 12 months' salary in addition to the salary and other benefits that have been determined for the period of notice. The contract ends without any period of notice when the President and CEO retires.

The President and CEO may retire at the age of 60, with the pension determined in accordance with the Employees Pensions Act.

In 2024, the President and CEO's fixed monthly salary was EUR 43,267.00 from 1 to 31 January 2024, EUR 44,322.00 from 1 February to 31 August 2024, and EUR 44,323.21 from 1 September to 31 December 2024. Telephone, car, and bicycle benefits were included in the salary as fringe benefits, along with other one-off personnel benefits of negligible value.

The fixed annual salary paid to the President and CEO in 2024 accounted for 44% of total remuneration, while the short- and long-term performance bonuses constituted 36%. The supplementary pension benefit paid to the President and CEO accounted for around 20% of total remuneration. No other remuneration was paid to the President and CEO in 2024.

The President and CEO's remuneration in 2024

EUR	Salary	Fringe benefits	Short-term incentive schemes (performance bonuses)	Long-term incentive schemes	Supplementary pension	Total remuneration paid
President and CEO	542,889.36	13,195.99	72,983.51	369,138.42	245,924.00	1,244,131.28
Remuneration percentage	43%	1%	6%	30%	20%	100%

Performance

Short-term remuneration of the President and CEO

During the 2024 financial year, the President and CEO was paid a performance bonus for the achievement of the targets set for 2023 in accordance with the Board of Directors' assessment and decision. The targets set for the performance bonus were based on indicators related to the efficiency of working capital in 2023 (WoCa %, with a weighted value of 30%, and cash flow from operating activities (EUR), with a weighted value of 30%, in total a weighted value of 60%), the company's profitability (EBIT %, with a weighted value of 30%), and personnel satisfaction (eNPS, with a weighted value of 10%). The annual performance bonus cannot exceed 50% of the salary paid in the previous year.

In 2024, a total performance bonus of EUR 72,983.51 was paid based on the achievement of the targets of the 2023 performance bonus, representing 29% of the maximum amount of the performance bonus.

During the 2024 financial year, the President and CEO continued to be covered by the short-term incentive scheme, in which the targets set for the performance bonus were based on indicators related to the efficiency of working capital in 2024 (WoCa %, with a weighted value of 20%, and cash flow from operating activities (EUR), with a weighted value of 30%, in total a weighted value of 50%), the company's profitability (EBIT %, with a weighted value of 30%), personnel satisfaction (eNPS, with a weighted value of 10%) and the accident frequency rate (LTIF, with a weighted value of 10%). The annual performance bonus cannot exceed 50% of the salary paid in the previous year.

The performance bonus to be paid based on the 2024 financial year is based on the Board of Directors' assessment and decision regarding the achievement of the targets set for 2024. The performance bonus is expected to be paid to the President and CEO in March 2025.

Long-term remuneration of the President and CEO

In 2023, the company's Board of Directors decided on a performance-based shareholding plan for the CEO for 2023–2027. The aim of the plan is to align the objectives of the shareholders and the President and CEO to increase the company's long-term value, to retain the President and CEO at the company, and to offer them a competitive incentive scheme based on earning and accumulating shares in the company. In June 2024, the Board of Directors of Ponsse Plc decided on the targets of

the President and CEO's share-based incentive scheme for the performance period that began in 2024.

The President and CEO's shareholding scheme consists of five performance periods: the calendar years 2023, 2023–2024, 2023–2025, 2024–2026 and 2025–2027. The 2023 and 2023–2024 performance periods include a restriction period, starting from the payment of the reward and ending on 31 December 2025. The conditional rewards will be paid by the end of May 2024, 2025 and 2026. Shares received as conditional rewards may not be transferred during the restriction period ending on 31 December 2025, 31 December 2026 and 31 December 2027. The performance-based rewards will be paid by the end of the May following the end of each performance period. Shares received as remuneration for the 2023 and 2023–2024 earnings periods may not be transferred during the restriction period; that is, before 31 December 2025.

The earning criteria for the earnings periods beginning in 2023 are Ponsse Group's operating result, net sales growth and personnel satisfaction. The portion of the maximum reward to be paid to the President and CEO is determined based on the achievement of the targets set for the earning criteria in relation to the investment made by the President and CEO.

In May 2024, a total of 11,457 shares worth EUR 282,226 were paid for the 2023 performance period, with a cost impact of EUR 0.4 million for the company. A stock exchange release concerning these was issued on 30 May 2024. From the 2023–2024 and 2023–2025 performance periods, it is possible to earn a total of 42,612 shares, including the cash portion (gross reward). The conditional rewards for the 2023–2024 performance period will be paid by the end of May 2025.

For the 2024–2026 performance period of the President and CEO's performance-based shareholding plan, the rewards will be based on the Group's operating result, net sales, employee satisfaction and accident frequency rate (LTIF). The rewards to be paid for the 2024–2026 performance periods are estimated to correspond to the value of no more than 50,000 Ponsse Plc shares in total, including the cash portion (gross reward). Shares received as conditional rewards may not be transferred during the restriction period ending on 31 December 2026. The performance-based reward will be paid by the end of May 2027.

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



**PONSSE PLC**

Ponssentie 22,  
74200 Vieremä, Finland  
Tel. +358 20 768 800  
[www.ponsse.com](http://www.ponsse.com)



**A LOGGER’S BEST FRIEND**

