

REMUNERATION REPORT 2024

PONSSE PLC



REMUNERATION REPORT

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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)¹:					
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, MEUR²	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 million³	45.4	50.0	46.6	47.2	36.8
Change from the previous year [%]		+10.1%	-6.8%	+1.3%	-22.0%

¹ Remuneration paid to the personnel is presented by indicating the total remuneration amount paid by the company.

² The information about 2020-2024 covers continuing operations.

³ 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 Kylävainio	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.

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