

## Ponsse's Half-year Report for 1 January – 30 June 2022

**Ponsse Plc**  
**Stock Exchange Release – Half-year Report**  
**9 August 2022, 9:00 a.m.**

- Net sales from continuing operations for the period under review amounted to EUR 352.0 (294.9) million.
- Operating result from continuing operations for the period under review totalled EUR 21.9 (26.8) million, equalling 6.2 (9.1) per cent of net sales.
- Result before taxes from continuing operations for the period under review was EUR 20.4 (26.4) million.
- Net result from continuing operations for the period under review was EUR 14.6 (17.3) million.
- Earnings per share from continuing operations were EUR 0.52 (0.62) for the period under review.
- Net sales from continuing operations for the second quarter amounted to EUR 195.9 (152.1) million.
- Operating result from continuing operations for the second quarter totalled EUR 12.9 (14.3) million, equalling 6.6 (9.4) per cent of net sales.
- Cash flow from business operations for the period under review was EUR -37.5 (25.1) million.
- Equity ratio was 59.0 (59.5) per cent at the end of period under review.
- Order books from continuing operations stood at EUR 357.1 (257.5) million at the end of period under review.
- On 8 August 2022 Ponsse issued a new performance guidance for its continuing operations. The company's euro-denominated operating result in 2022 is expected to be on a par with the comparable operating result of its continuing operations in 2021 (EUR 50.0 million, 8.2 per cent of net sales). The company's relative profitability is expected to decrease significantly, however, due to divesting its Russian business, difficulties in the availability of parts and components, and heavy inflation.

On 28 June 2022, Ponsse announced having signed the deed for the sale of all shares of OOO Ponsse, the subsidiary responsible for PONSSE services in Russia and Belarus. The sale is expected to conclude by the end of Q3 of the current financial period. The sale is pending the approval of the local competition authorities.

Ponsse has classified the sold functions as assets for sale and reported them as discontinued operations. Unless otherwise specified, the figures presented in this half-year report refer to continuing operations. The balance sheet has not been adjusted for the comparison period. The cash flow statement has not been adjusted.

The reorganisation has no material impact on profit, and no significant impairment or sales profit due to the sale has been recorded in the income statement for Q2. The cumulative RUB/EUR translation

difference was EUR 2.9 million at the end of Q2/2022. The cumulative translation difference will be recognised as income on the income statement once the sale has been concluded.

#### PRESIDENT AND CEO JUHO NUMMELA:

For the continuing operations, demand in Ponsse's market areas remained at a healthy level throughout the second quarter. Our customers' high rate of employment had a positive impact on the demand for new machines, used machines and aftersales services. The order intake for the second quarter was approximately EUR 185 million. Our order books of the continuing operations stood at EUR 357.1 (356.2) million at the end of the period under review.

During the period under review, Ponsse signed a deal to sell its Russian business. Ponsse halted all exports to Russia and Belarus on 2 March 2022. Continuing the operations of Ponsse's subsidiary OOO Ponsse in Russia became extremely complicated and selling OOO Ponsse was the only workable solution.

The company's net sales for the past quarter amounted to EUR 195.9 (152.1) million for its continuing operations. The fastest growth in the first half of the year was seen by our aftersales services and Epec, our technology company. Our aftersales services experienced strong growth thanks to our customers' high rate of employment. Harvesting volumes increased and our customers' work situation improved after the importing of Russian timber and sawn timber stopped. The market situation of our technology company Epec was good, and their new solutions are an excellent match for the demands for electrification and autonomous products.

The discontinuation of business in Russia, heavy inflation, and the notable decline in the availability of parts and components have a material effect on Ponsse. The war in Ukraine affects the company's situation significantly. The discontinuation of our Russian business has weakened the company's profitability while the heavy inflation of part and component prices as well as logistics hinders our performance. On 7 June, the company was forced to initiate change negotiations with its personnel in accordance with the Act on Co-operation within Undertakings. The negotiations will continue after the summer holiday period. Our production and aftersales services have faced difficult challenges due to the poor availability of parts and components. The limited availability of parts and components has hindered operations in production and aftersales services, and some production has fallen behind schedule. For now, we have managed to continue production without interruptions.

Increased production costs have forced company to raise the price of its products, but due to long order books the price increases will not affect the company's profitability in the second and third quarter. The machines finished in the next months were sold to our customers almost a year ago when production costs were much more moderate. Sustained inflation introduces uncertainty regarding the sufficiency of the current price hikes.

Our operating profit continued to decrease, and our relative profitability for the past quarter was 6.6 (9.4) per cent for the continuing operations. Our business costs rising faster than our net sales also reduced profitability. We are actively prioritising our operations and have a clear target for savings. Together with personnel, we will be looking for the best means to improve profitability through productivity and managing business and product costs.

Cash flow diminished further to EUR -36.7 (-24.2) million. Capital was temporarily tied up in machines lacking parts and raw material stock stuck in storage. The machines no longer headed to Russia were sold in other market areas, and the stock level and turnover rate for used machines remained good. The company's solvency remained strong. The company renewed its binding financial instruments

intended for financing working capital for three more years.

Ponsse will be launching new technologies in mid-August and displaying a wide variety of its newest products at the FinnMETKO exhibition at the start of September. Despite the challenging situation, we will continue the strong development of our company in the Ponsse spirit and make targeted investments in pioneering product technologies.

## NET SALES

Consolidated net sales for the period under review amounted to EUR 352.0 (294.9) million, which is 19.4 per cent more than in the comparison period. International business operations accounted for 78.8 (75.1) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 39.2 (41.8) per cent, Central and Southern Europe 22.9 (24.8) per cent, North and South America 33.8 (28.9) per cent and other countries 4.1 (4.5) per cent.

	1-6/22	1-6/21
Net sales from continuing operations	352,043	294,880
Net sales from discontinued operations	23,407	55,911
Net sales total	375,450	350,792

## PROFIT PERFORMANCE

The operating result amounted to EUR 21.9 (26.8) million. The operating result equalled 6.2 (9.1) per cent of net sales for the period under review.

	1-6/22	1-6/21
Net sales from continuing operations	21,874	26,814
Net sales from discontinued operations	2,157	9,471
Net sales total	24,030	36,286

Consolidated return on capital employed (ROCE) stood at 12.0 (15.7) per cent.

Staff costs for the period totalled EUR 55.7 (44.9) million. Other operating expenses stood at EUR 36.0 (24.5) million. The net total of financial income and expenses amounted to EUR -1.6 (-0.5) million. Exchange rate gains and losses with a net effect of EUR -2.5 (-0.9) million were recognised under financial items for the period. The parent company's receivables from subsidiaries stood at EUR 92.7 (70.7) million net.

Result for the period under review totalled EUR 14.6 (17.3) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.52 (0.62).

## STATEMENT OF FINANCIAL POSITION AND FINANCING ACTIVITIES

At the end of the period under review, the total consolidated statements of financial position amounted to EUR 541.0 (461.4) million. Inventories stood at EUR 222.9 (170.4) million. Trade receivables totalled EUR 54.1 (48.4) million, while cash and cash equivalents stood at EUR 35.1 (58.7) million. Group shareholders' equity stood at EUR 308.8 (266.1) million and parent company shareholders'

equity (FAS) at EUR 235.7 (212.4) million. The amount of interest-bearing liabilities was EUR 55.6 (55.0) million. The company has ensured its liquidity by credit facility limits and commercial paper programs, which are not used at the end of the period under review. Group's loans from financial institutions are non-collateral bank loans without financial covenants. Consolidated net liabilities totalled EUR 15.6 (-3.7) million, and the debt-equity ratio (net gearing) was 5.1 (-1.4) per cent. The equity ratio stood at 59.0 (59.5) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR -37.5 (25.1) million. Cash flow from investment activities came to EUR -22.2 (-11.1) million.

## IMPACTS OF THE WAR IN UKRAINE

Ponsse condemns the Russian military attack on Ukraine.

Our operating environment has changed drastically and it is affecting Ponsse's operations. Russia's invasion of Ukraine has forced the European Union and United States to respond and impose rigid sanctions against Russia. In compliance with export sanctions and the company's policy, Ponsse suspended all sales and export operations to Russia and Belarus effective 2 March 2022. At the same time, the operations of the local Russian subsidiary OOO Ponsse were discontinued. On 28 June 2022, Ponsse signed the deed for the sale of all shares of OOO Ponsse, the subsidiary responsible for PONSSE services in Russia and Belarus. The sale is expected to conclude by the end of Q3 of the current financial period. The sale is pending the approval of the local competition authorities.

The war in Ukraine is hampering to a great extent the operation of the manufacturing networks. Russia, Belarus and Ukraine have played a significant role in the supply chains of the European steel industry, while Russia has played a critical role as an energy supplier to Europe. As a result of the war, the availability of raw materials used in steel production has declined significantly and rising energy prices have pushed up the costs of steel processing to the extreme. In addition, Ukraine has supplied, inter alia, gases used in the semiconductor manufacturing process, which has already been reflected in the shortage of semiconductors. The delivery capacity of the manufacturing networks has decreased and inflation has significantly risen as a result of the crisis.

In the challenging situation, Ponsse's strong financial position is important. The company's financial position has remained strong due to good liquidity and binding credit limit facilities agreed with financial institutions. In terms of financing, Ponsse has carried out all measures necessary to ensure business continuity and financial situation is regularly evaluated.

In order to strengthen cybersecurity, Ponsse has clarified software update policy and user manual.

## IMPACT OF THE COVID-19 PANDEMIC

The covid-19 pandemic has caused changes in the company's operating environment and operating practices. The company has avoided large-scale infections and has not had to interrupt operations at any point. The company has complied with all recommendations of the health authorities and the premise for decision-making has been the health and safety of the customers and Ponsse's employees.

The covid-19 pandemic continues to affect our operating environment, particularly through our supplier network, and may therefore disrupt the availability of the material at the factory. In addition, the pandemic can affect the product deliveries due to congestion at logistics hubs or bottlenecks at ports, for example.

## ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 396.6 (402.2) million, while period-end order books were valued at EUR 357.1 (257.5) million.

## DISTRIBUTION NETWORK

The subsidiaries included in the Ponsse Group are Ponsse AB, Sweden; Ponsse AS, Norway; Ponsse S.A.S., France; Ponsse UK Ltd, the United Kingdom; Ponsse Machines Ireland Ltd, Ireland; Ponsse North America, Inc., the United States; Ponsse Latin America Ltda, Brazil; Ponsse Uruguay S.A., Uruguay; OOO Ponsse, Russia; Ponsse Asia-Pacific Ltd, Hong Kong; Ponsse China Ltd, China; Ponsse Chile SpA, Chile; Ponsse Czech s.r.o., Czech Republic (starting 1 April 2022) and Epec Oy, Finland. The Group includes also the OOO Ponsse wholly owned property company Ponsse Centre in Russia and Sunit Oy in Finland, which is Ponsse Plc's associate with a holding of 34 per cent.

Ponsse has completed on 17 March 2022 the acquisition of the asset items related to its business activities in Chile and on 1 April 2022 the share acquisition related to its business activities in the Czech Republic.

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## R&D AND CAPITAL EXPENDITURE

Group's R&D expenses during the period under review totalled EUR 14.0 (11.5) million, of which EUR 5.8 (3.9) million was capitalised.

Capital expenditure totalled EUR 17.5 (11.1) million. It consisted in addition to capitalised R&D expenses of investments in buildings and ordinary maintenance and replacement investments for machinery and equipment.

## MANAGEMENT

The following persons were members of the Management Team: Juho Nummela, President and CEO, acting as the chairman; Petri Härkönen, Deputy CEO, CFO; Juha Inberg, Technology and R&D Director; Marko Mattila, Sales, Service and Marketing Director; Tapio Mertanen, Service Director; Paula Oksman, HR Director; Miika Soininen, Director of IT and Digital Services and Tommi Väänänen, Director of Delivery Chain Process. The company management has regular management liability insurance.

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

The geographical distribution and the responsible persons are presented below.

Northern Europe:

Jani Liukkonen (Finland),

Carl-Henrik Hammar (Sweden, Denmark and Norway) and

Tarmo Saks (the Baltic countries).

**Central and Southern Europe:**

Tuomo Moilanen (Germany and Austria),  
Clément Puybaret (France until 19 September 2022, Jean Sionneau starting 20 September 2022),  
Janne Tarvainen (Spain and Portugal),  
Gary Glendinning (United Kingdom and Ireland),  
Antti Räsänen (Hungary, Italy, Romania, Slovenia, Croatia, Serbia and Bulgaria),  
Tarmo Saks (Poland and Slovakia) and  
Jakub Hacura (Czech Republic starting 1 April 2022).

**Russia and Asia:**

Jaakko Laurila (Russia and Belarus),  
Janne Tarvainen (Australia and South Africa) and  
Risto Kääriäinen (China and Japan).

**North and South America:**

Pekka Ruuskanen (the United States),  
Eero Lukkarinen (Canada),  
Fernando Campos (Brazil) and  
Martin Toledo (Uruguay, Chile and Argentina).

**PERSONNEL**

The Group had an average staff of 2,016 (1,789) during the period and employed 2,076 (1,807) people at period-end.

**SHARE PERFORMANCE**

The company's registered share capital consists of 28,000,000 shares. The trading volume of Ponsse Plc shares for 1 January – 30 June 2022 totalled 865,817, accounting for 3.1 per cent of the total number of shares. Share turnover amounted to EUR 27.4 million, with the period's lowest and highest share prices amounting to EUR 24.00 and EUR 44.40, respectively.

At the end of the period, shares closed at EUR 25.25, and market capitalisation totalled EUR 707.0 million.

At the end of the period under review, the company held 227 treasury shares.

**ANNUAL GENERAL MEETING**

A separate release was issued on 7 April 2022 regarding the authorizations given to the Board of Directors and other resolutions at the AGM.

**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 the Code of Governance that complies 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 Code of Governance is available on Ponsse's website in the Investors section.

## RISK MANAGEMENT

Risk management is based on the company's values, as well as strategic and financial objectives. Risk management aims to support the achievement of the objectives specified in the company's strategy, as well as to ensure the financial development of the company and the continuity of its business.

Furthermore, risk management aims to identify, assess and monitor business-related risks which may influence the achievement of the company's strategic and financial goals or the continuity of its business. Decisions on the necessary measures to anticipate risks and react to observed risks are made on the basis of this information.

Risk management is a part of regular daily business, and it is also included in the management system. Risk management is controlled by the risk management policy approved by the Board.

A risk is any event that may prevent the company from reaching its objectives or that threatens the continuity of business. On the other hand, 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. Methods of risk management include avoiding, mitigating and transferring risks. Risks can also be managed by controlling and minimising their impact.

## SHORT-TERM RISK MANAGEMENT

The recovery of the global economy from the covid-19 pandemic and the rapid growth of demand before the conflict in Ukraine have led to problems with the availability of certain components, such as semiconductors. Rapid change in the business cycle and the further accelerating inflation may disturb the availability of parts and increase the material cost. The volatility of the entire global economy can also contribute to the decline in demand for forest machines.

The short-term risks management is strongly reflected in the Russian war with Ukraine, which will have a significant impact on the development of the company's profitability in the future. The impacts of the war in Ukraine on Ponsse's operations are described in more detail in section "IMPACTS OF THE WAR IN UKRAINE".

The uncertainty may also be increased by the volatility of developing countries' foreign exchange markets. The geopolitical situation will increase the uncertainty through financial market operations and sanctions. Changes taking place in the fiscal and customs legislation in countries to which Ponsse exports may hamper the company's export trade or its profitability.

The effects of the covid-19 pandemic are described in section "IMPACT OF THE COVID-19 PANDEMIC" of this release.

The parent company monitors the changes in the Group's internal and external trade receivables and the associated risk of impairment.

The key objective of the company's financial risk management policy is to manage liquidity, interest and currency risks. The company ensures its liquidity through credit limit facilities agreed with a number of financial institutions. The effect of adverse changes in interest rates is minimised by utilising credit linked to different reference rates and by concluding interest rate swaps. The effects of currency rate fluctuations are partly mitigated through derivative contracts.



## OUTLOOK FOR THE FUTURE

In the performance guidance issued by Ponsse on 25 April 2022, the euro-denominated operating profit in 2022 was estimated to be significantly lower than in 2021 due to the disruption of imports to Russia, difficulties in the availability of parts and components, and heavy inflation.

On 28 June 2022, Ponsse announced having signed the deed for the sale of all shares of OOO Ponsse, the subsidiary responsible for PONSSE services in Russia and Belarus. Ponsse has classified the sold functions as assets for sale and reported them as discontinued operations. As a result, company is from now on reporting and guiding its continuing operations.

On 8 August 2022 Ponsse issued a new performance guidance for its continuing operations. The company's euro-denominated operating result in 2022 is expected to be on a par with the comparable operating result of its continuing operations in 2021 (EUR 50.0 million, 8.2 per cent of net sales). The company's relative profitability is expected to decrease significantly, however, due to divesting its Russian business, difficulties in the availability of parts and components, and heavy inflation.

The crisis in Ukraine is increasing the risks associated with the decrease in availability and rising costs of parts and components. In cooperation with the supplier network, sustainable solutions are being sought to manage the risk. Also, the covid-19 pandemic can cause significant challenges to supplier network and company's own operations. Ponsse is rigorously prioritizing its investments and the enhanced cost control will be continued.

## EVENTS AFTER THE PERIOD

The company has no important events after the conclusion of the period under review.



PONSSE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)

	1-6/22	1-6/21	1-12/21
NET SALES	352,043	294,880	608,271
Increase (+)/decrease (-) in inventories of finished goods and work in progress	38,147	21,116	12,696
Other operating income	1,396	1,095	2,924
Raw materials and services	-264,621	-210,929	-411,049
Expenditure on employment-related benefits	-55,687	-44,894	-87,655
Depreciation and amortisation	-13,402	-9,920	-20,140
Other operating expenses	-36,004	-24,532	-55,050
OPERATING RESULT	21,873	26,815	49,998
Share of results of associated companies	117	34	19
Financial income and expenses	-1,624	-451	-1,911
RESULT BEFORE TAXES	20,367	26,397	48,107
Income taxes	-5,801	-9,138	-12,936
NET RESULT FROM THE CONTINUING OPERATIONS	14,567	17,260	35,171
Net result from the discontinued operations	-200	7,527	19,903
NET RESULT FOR THE PERIOD	14,367	24,786	55,073
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:			
Translation differences related to foreign units	13,632	3,024	3,915
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	27,999	27,810	58,989
Diluted and undiluted earnings per share from continuing operations	0.52	0.62	1.26
Diluted and undiluted earnings per share from discontinued operations	-0.01	0.27	0.71
Diluted and undiluted earnings per share	0.51	0.89	1.97

	4-6/22	4-6/21
NET SALES	195,919	152,136
Increase (+)/decrease (-) in inventories of finished goods and work in progress	15,595	5,506
Other operating income	707	718
Raw materials and services	-142,296	-104,054
Expenditure on employment-related benefits	-30,277	-23,603
Depreciation and amortisation	-7,001	-4,856
Other operating expenses	-19,732	-11,533
OPERATING RESULT	12,914	14,315
Share of results of associated companies	116	-51
Financial income and expenses	-2,743	1,126
RESULT BEFORE TAXES	10,287	15,390
Income taxes	-3,714	-3,512

NET RESULT FROM THE CONTINUING OPERATIONS	6,573	11,877
Net result from the discontinued operations	-3,512	4,111
NET RESULT FOR THE PERIOD	3,060	15,989
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:		
Translation differences related to foreign units	11,794	1,001
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	14,855	16,989
Diluted and undiluted earnings per share from continuing operations	0.23	0.42
Diluted and undiluted earnings per share from discontinued operations	-0.13	0.15
Diluted and undiluted earnings per share	0.11	0.57

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

ASSETS	30 Jun 22	30 Jun 21	31 Dec 21
<b>NON-CURRENT ASSETS</b>			
Intangible assets	45,763	39,771	42,087
Goodwill	6,024	3,806	3,801
Property, plant and equipment	108,061	111,328	112,127
Financial assets	428	371	373
Investments in associated companies	886	800	785
Non-current receivables	232	901	173
Deferred tax assets	4,464	4,195	3,360
<b>TOTAL NON-CURRENT ASSETS</b>	<b>165,858</b>	<b>161,172</b>	<b>162,706</b>
<b>CURRENT ASSETS</b>			
Inventories	222,894	170,448	167,414
Trade receivables	54,140	48,367	43,394
Income tax receivables	766	2,056	938
Other current receivables	22,481	20,717	17,270
Cash and cash equivalents	35,138	58,682	120,900
<b>TOTAL CURRENT ASSETS</b>	<b>335,419</b>	<b>300,269</b>	<b>349,916</b>
Assets held for sales	39,716		
<b>TOTAL ASSETS</b>	<b>541,023</b>	<b>461,441</b>	<b>512,622</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7,000	7,000	7,000
Other reserves	3,460	3,460	3,460
Translation differences	21,979	7,456	8,347
Treasury shares	-2	-2	-2
Retained earnings	276,393	248,138	278,462
<b>EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS</b>	<b>308,830</b>	<b>266,052</b>	<b>297,267</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	51,170	50,885	49,851
Deferred tax liabilities	766	812	967
Other non-current liabilities	84	90	87
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>52,019</b>	<b>51,787</b>	<b>50,905</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	4,453	4,141	4,927
Provisions	4,274	4,739	4,550
Tax liabilities for the period	5,449	2,565	901
Trade creditors and other current liabilities	152,197	132,158	154,054
<b>TOTAL CURRENT LIABILITIES</b>	<b>166,374</b>	<b>143,602</b>	<b>164,450</b>
Liabilities related to assets held for sales	13,800		
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>541,023</b>	<b>461,441</b>	<b>512,622</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)**

	1-6/22	1-6/21	1-12/21
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net result for the period	14,367	24,786	55,073
Adjustments:			
Financial income and expenses	3,981	423	1,836
Share of the result of associated companies	-117	-34	-19
Depreciation and amortisation	14,514	12,039	25,251
Income taxes	5,800	11,110	18,131
Other adjustments	885	1,619	-1,016
Cash flow before changes in working capital	39,429	49,943	99,256
Change in working capital:			
Change in trade receivables and other receivables	-15,900	-19,993	-12,835
Change in inventories	-59,465	-25,574	-22,371
Change in trade creditors and other liabilities	3,631	34,732	57,525
Change in provisions for liabilities and charges	-275	-240	-429
Interest received	139	62	190
Interest paid	-565	-664	-1,062
Other financial items	-377	-1,625	279
Income taxes paid	-4,122	-11,516	-18,126
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES (A)</b>	<b>-37,505</b>	<b>25,126</b>	<b>102,429</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	-17,754	-11,273	-24,856
Proceeds from sale of tangible and intangible assets	239	141	776
Investments in acquisitions in subsidiary shares	-4,688	0	0
<b>NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)</b>	<b>-22,203</b>	<b>-11,132</b>	<b>-24,080</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Withdrawal/Repayment of current loans	-852	-60,119	-61,031
Withdrawal/Repayment of finance lease liabilities	-1,737	-1,501	-3,113
Dividends paid	-16,800	-16,800	-16,800
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>-19,389</b>	<b>-78,420</b>	<b>-80,943</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>-79,097</b>	<b>-64,426</b>	<b>-2,594</b>
Cash and cash equivalents on 1 Jan	120,900	123,611	123,611
Impact of exchange rate changes	-1,763	-503	-116
Cash and cash equivalents on 30 Jun/31 Dec	40,040	58,682	120,900

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR 1,000)

A = Share capital

B = Share premium and other reserves

C = Translation differences

D = Treasury shares

E = Retained earnings

F = Total shareholders' equity

	EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS					
	A	B	C	D	E	F
SHAREHOLDERS' EQUITY						
1 JAN 2022	7,000	3,460	8,347	-2	278,462	297,267
Translation differences			13,632			13,632
Result for the period					14,367	14,367
Total comprehensive income						
for the period			13,632		14,367	14,367
Dividend distribution					-16,800	-16,800
Share Plan					30	30
Direct entries to retained						
earnings					334	334
SHAREHOLDERS' EQUITY						
30 JUN 2022	7,000	3,460	21,979	-2	276,393	308,830
SHAREHOLDERS' EQUITY						
1 JAN 2021	7,000	3,460	4,431	-2	240,149	255,038
Translation differences			3,024			3,024
Result for the period					24,786	24,786
Total comprehensive income						
for the period			3,024		24,786	27,810
Dividend distribution					-16,800	-16,800
Direct entries to retained						
earnings					3	3
SHAREHOLDERS' EQUITY						
30 JUN 2021	7,000	3,460	7,456	-2	248,138	266,052

## SEGMENT INFORMATION (EUR 1,000)

The group's operating segments are based on a geographical division of regions. The operating segments are defined according to the reports used by the group's management team for operational decision-making. The group has modified its segments following the reclassification of the Russian functions as discontinued operations and assets for sale, according to the IFRS 5 standard, no longer included in the report for continuing operations.

### OPERATING SEGMENTS

	Northern Europe	Central and Southern Europe	North and South America	Other countries	Total
1-6/2022					
Net sales of the segment	240,855	82,699	120,435	14,361	458,350
Sales between segments	-102,796	-2,086	-1,304	-120	-106,307
NET SALES FROM EXTERNAL CUSTOMERS	138,060	80,612	119,132	14,241	352,043
Operating result of the segment	-298	9,472	11,491	2,122	22,787
Unallocated items					-915
OPERATING RESULT	-298	9,472	11,491	2,122	21,873

### OPERATING SEGMENTS

	Northern Europe	Central and Southern Europe	North and South America	Other countries	Total
1-6/2021					
Net sales of the segment	235,837	75,021	86,654	13,155	410,668
Sales between segments	-112,504	-1,765	-1,462	-57	-115,788
NET SALES FROM EXTERNAL CUSTOMERS	123,334	73,257	85,192	13,098	294,880
Operating result of the segment	2,362	10,712	10,276	2,265	25,615
Unallocated items					1,201
OPERATING RESULT	2,362	10,712	10,276	2,265	26,815

1. LEASING COMMITMENTS (EUR 1,000)	30 Jun 22	30 Jun 21	31 Dec 21
	1,019	789	775
2. CONTINGENT LIABILITIES (EUR 1,000)	30 Jun 22	30 Jun 21	31 Dec 21
Guarantees given on behalf of others	20	20	20
Responsibility of checking the VAT deductions made on real property investments	6,645	7,584	7,272
Other commitments	246	32	112
TOTAL	6,912	7,636	7,404
3. PROVISIONS (EUR 1,000)	Guarantee provision		
1 January 2022	4,550		
Provisions added	251		
Provisions cancelled	-527		
30 June 2022	4,274		
4. DIVIDENDS PAID (EUR 1,000)	30 Jun 22	30 Jun 21	
Dividends per share EUR 0.60 (EUR 0.60)	16,800	16,800	
5. PROPERTY, PLANT AND EQUIPMENT (EUR 1,000)	1-6/22	1-6/21	
Increase	17,760	8,715	
Decrease	-10,653	-9,697	
TOTAL	7,106	-982	
6. RELATED PARTY TRANSACTIONS	1-6/22	1-6/21	
Management's employment-related benefits (EUR 1,000)			
Salaries and other short-term employment-related benefits	2,411	2,064	
Benefits paid upon termination of employment	0	0	
Pension liabilities, statutory and voluntary pension security	587	538	
Compensation of the members of the Board of Directors	150	142	

## 7. DISCONTINUED OPERATIONS

On 28 June 2022, Ponsse announced having signed the deed for the sale of all shares of OOO Ponsse, the subsidiary responsible for PONSSE services in Russia and Belarus. The sale is expected to conclude by the end of Q3 of the current financial period. The sale is pending the approval of the local competition authorities.

Ponsse has classified the sold functions as assets for sale and reported them as discontinued operations. Unless otherwise specified, the figures presented in this mid-year report refer to continuing operations. The balance sheet has not been adjusted for the comparison period. The cash flow statement has not been adjusted.

The reorganisation has no material impact on profit, and no significant impairment or sales profit due to the sale has been recorded in the income statement for Q2. The cumulative RUB/EUR translation difference was EUR 2.9 million at the end of Q2/2022. The cumulative translation difference will be recognised as income on the income statement once the sale has been concluded. RUB/EUR average rate of 82.428243 and closing rate of 56.999 is used in half-year reporting.



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

	1-6/22	1-6/21	1-12/21
NET SALES	23,407	55,911	141,727
Increase (+)/decrease (-) in inventories of finished goods and work in progress	-1,177	2,170	-195
Other operating income	91	94	648
Raw materials and services	-14,154	-36,558	-88,301
Expenditure on employment-related benefits	-3,027	-6,513	-15,180
Depreciation and amortisation	-1,112	-2,119	-5,111
Other operating expenses	-1,872	-3,514	-8,566
OPERATING RESULT	2,157	9,471	25,023
Financial income and expenses	-2,357	28	75
RESULT BEFORE TAXES	-201	9,499	25,098
Income taxes	1	-1,972	-5,195
NET RESULT FOR THE PERIOD	-200	7,527	19,903

**THE EFFECT OF DISCONTINUED OPERATIONS ON THE STATEMENT OF FINANCIAL POSITION (EUR 1,000)**

30 Jun 22

**ASSETS HELD FOR SALE**

Intangible assets	38
Property, plant and equipment	11,547
Deferred tax assets	1,188
Inventories	13,050
Trade receivables	3,498
Income tax receivables	998
Other current receivables	4,526
Cash and cash equivalents	4,903
ASSETS HELD FOR SALE TOTAL	39,746

**LIABILITIES RELATED TO ASSETS HELD FOR SALE**

Interest-bearing liabilities	29
Deferred tax liabilities	37
Tax liabilities for the period	3
Trade creditors and other current liabilities	13,731
LIABILITIES RELATED TO ASSETS HELD FOR SALE TOTAL	13,800

**STATEMENT OF CASH FLOWS FROM DISCONTINUED OPERATIONS (EUR 1,000)**

	1-6/22	1-6/21	1-12/21
Cash flows from operating activities	-8,581	-1,120	19,881
Cash flows used in investing activities	-908	-927	-989
Cash flows from financing activities	-10	-39	-72
Cash flows for the period under review	-9,500	-2,086	18,821

KEY FIGURES AND RATIOS	30 Jun 22	30 Jun 21	31 Dec 21
R&D expenditure, MEUR	14.0	11.5	23.8
Capital expenditure, MEUR	17.5	11.3	24.9
as % of net sales	5.0	3.8	4.1
Average number of employees	2,016	1,789	1,825
Order books, MEUR	357.1	257.5	312.5
Equity ratio, %	59.0	59.5	60.7
Diluted and undiluted earnings per share (EUR), continuing operations	0.52	0.62	1.26
Diluted and undiluted earnings per share (EUR), discontinued operations	-0.01	0.27	0.71
Diluted and undiluted earnings per share (EUR)	0.51	0.89	1.97
Equity per share (EUR)	10.10	9.50	10.62
Order intake, MEUR	396.6	402.2	770.7

## FORMULAE FOR FINANCIAL INDICATORS

Return on capital employed, %:

Result before taxes + financial expenses (from continuing operations)

-----  
Shareholder's equity + interest-bearing financial liabilities (average during the year) \* 100

Average number of employees:

Average of the number of personnel at the end of each month from continuing operations. The calculation has been adjusted for part-time employees.

Net gearing, %:

Interest-bearing financial liabilities – cash and cash equivalents

-----  
Shareholders' equity \* 100

Equity ratio, %:

Shareholders' equity + Non-controlling interests

-----  
Balance sheet total - advance payments received \* 100

Earnings per share, continuing operations:

Net result from continuing operations for the period - Non-controlling interests

-----  
Average number of shares during the accounting period, adjusted for share issues

Earnings per share, discontinued operations:

Net result from discontinued operations for the period - Non-controlling interests

-----  
Average number of shares during the accounting period, adjusted for share issues

Earnings per share:

Net result for the period - Non-controlling interests

-----  
Average number of shares during the accounting period, adjusted for share issues

Equity per share:

Shareholders' equity

-----

Number of shares on the balance sheet date, adjusted for share issues

Order intake:

Net sales from continuing operations for the period + Change in order books from continuing operations during the period

The stock exchange release for the half-year report has been prepared observing the recognition and valuation principles of IFRS, and the requirements of IAS 34 have been complied with. The same accounting principles were observed for the closing of the books as for the annual financial statements dated 31 December 2021.

The above figures have not been audited.

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

This communication includes future-oriented statements that are based on the assumptions currently made by the company's management and its current decisions and plans. Although the management believes that the future expectations are well founded, there is no certainty that these expectations will prove to be correct. This is why the results may significantly deviate from the assumptions included in the future-oriented statements as a result of, among other things, changes in the economy, markets, competitive conditions, legislation or currency exchange rates.

Vieremä, 9 August 2022

PONSSE PLC

Juho Nummela  
President and CEO

#### FURTHER INFORMATION

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

*The company was established by forest machine entrepreneur Einari Vidgrén in 1970, and it has been a leader in timber harvesting solutions based on the cut-to-length method ever since. Ponsse is headquartered in Vieremä, Finland. The company's shares are quoted on the NASDAQ OMX Nordic List.*