

Ponsse Plc, Stock Exchange Release, 25 April 2023, 9:00 a.m.

Ponsse's Interim Report for 1 January – 31 March 2023

January-March (continuing operations):

- Net sales amounted to EUR 201.7 (156.1) million
- Operating profit totalled EUR 16.6 (9.0) million, equalling 8.2 (5.7) per cent of net sales
- Net result was EUR 14.0 (8.0) million
- Earnings per share were EUR 0.50 (0.29)
- Order books stood at EUR 336.9 (356.2) million at the end of period under review
- Cash flow from business operations was EUR 2.4 (-24.2) million (continuing and discontinued operations)
- Equity ratio was 56.8 (61.2) per cent at the end of period under review (continuing and discontinued operations)
- Ponsse has classified the Russian operations subject to trade as assets held for sale and reported them as discontinued operations. Unless otherwise specified, the figures presented in this interim 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 company's euro-denominated operating profit in 2023 is expected to be slightly higher than the operating profit of its continuing operations in 2022 (EUR 46.6 million).

PRESIDENT AND CEO JUHO NUMMELA:

The forest machine market functioned well during the first quarter. Demand for PONSSE forest machines picked up in the middle of the period under review, and the order intake totalled roughly EUR 185 million. At the end of the period, the company's order books stood at EUR 336.9 (356.2) million.

Ponsse showed excellent growth during the first quarter. Our net sales increased by approximately 29 per cent to EUR 201.7 (156.1) million. The fastest-growing business areas were new machine sales, maintenance services, and our technology company Epec. Our customers' good business situation enabled our maintenance services to grow. Demand for used machines was also high. Epec experienced a strong market situation and a high demand for new products.

New machines were delivered to our customers at an accelerating pace as the availability of parts improved, and Ponsse was able to find solutions for bottlenecks in the supplier network. The company's profitability improved driven by the increased machine volume despite extended inflation and development activities aimed to improve profitability. Our operating profit developed in a more positive direction, and our relative profitability was 8.2 (5.7) per cent. We were able to cut our operating costs so that costs grew less than our net sales. We have actively sought solutions with our customers for the operational challenges of Ponsse Latin America, Ltda., Ponsse's subsidiary in Brazil. Full service agreements, which led to write-downs at the end of last year, are moving in the correct direction as a result of active development. This work still continues.

Cash flow during the period under review was EUR 2.4 (-24.2) million. Its increase was driven by the shorter turnover of new machine stocks after the availability of parts improved. Part of our capital is still temporarily tied to incomplete products and raw material stocks which increased our working capital. The inventory turnover and level of used machines remained high. The company's solvency has remained at a very good level.

Despite the market uncertainty, Ponsse invests significantly in developing the company. Investments are made in the development of new products and technologies, the Group's information systems and digital services. Epec's factory investment is proceeding as planned, and the new factory is expected to be deployed during the second half of this year.

NET SALES

Consolidated net sales for the period under review amounted to EUR 201.7 (156.1) million, which is 29.2 per cent more than in the comparison period. International business operations accounted for 75.9 (74.3) per cent of net sales.

Net sales were regionally distributed as follows: Northern Europe 42.4 (42.9) per cent, Central and Southern Europe 21.3 (23.4) per cent, North and South America 33.5 (30.2) per cent and other countries 2.8 (3.6) per cent.

	1-3/23	1-3/22
Net sales from continuing operations	201,729	156,125
Net sales from discontinued operations	1,535	17,553
Net sales total	203,264	173,678

PROFIT PERFORMANCE

The operating profit amounted to EUR 16.6 (9.0) million. The operating profit equalled 8.2 (5.7) per cent of net sales for the period under review.

	1-3/23	1-3/22
Operating profit from continuing operations	16,619	8,959
Operating profit from discontinued operations	558	3,539
Operating profit total	17,177	12,498

Consolidated return on capital employed (ROCE) stood at 17.6 (16.3) per cent.

Staff costs for the period totalled EUR 28.1 (25.4) million. Other operating expenses stood at EUR 19.5 (16.3) million. The net total of financial income and expenses amounted to EUR 0.6 (1.1) million. Exchange rate gains and losses due to currency rate fluctuations were recognised under financial items, having a net impact of EUR 1.4 (0.5) million. During the period under review, no interest swap appreciation was recognised through profit or loss. The parent company's receivables from subsidiaries stood at EUR 81.8 (46.3) million net. Receivables from subsidiaries mainly consist of trade receivables.

Result for the period under review totalled EUR 14.0 (8.0) million. Diluted and undiluted earnings per share (EPS) came to EUR 0.50 (0.29).

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 592.8 (531.6) million. Inventories stood at EUR 239.1 (203.4) million. Trade receivables totalled EUR 63.5 (51.1) million, while cash and cash equivalents stood at EUR 61.7 (86.1) million. Group shareholders' equity stood at EUR 334.3 (310.4) million and parent company shareholders' equity (FAS) at EUR 245.8 (236.7) million. The amount of interest-bearing liabilities was EUR 93.8 (55.1) 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 28.2 (-31.1) million, and the debt-equity ratio (net

gearing) was 8.4 (-10.0) per cent. The equity ratio stood at 56.8 (61.2) per cent at the end of the period under review.

Cash flow from operating activities amounted to EUR 2.4 (-24.2) million. Cash flow from investment activities came to EUR -9.6 (-10.5) million.

ORDER INTAKE AND ORDER BOOKS

Order intake for the period totalled EUR 184.9 (199.7) million, while period-end order books were valued at EUR 336.9 (356.2) million.

DISTRIBUTION NETWORK AND GROUP STRUCTURE

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 and Epec Oy, Finland.

The Group includes also the OOO Ponsse wholly owned property company Ponsse Centre in Russia, EAI PON1V Holding Oy in Finland and Sunit Oy in Finland, which is Ponsse Plc's associate with a holding of 34 per cent.

In its release issued on 28 June 2022, Ponsse announced that it has signed a deed of sale regarding the sale of all shares in OOO Ponsse to the Russian company OOO Bison. While the process to complete the transaction is continuing, it has not yet been approved by the Russian authorities.

R&D AND CAPITAL EXPENDITURE

Group's R&D expenses during the period under review totalled EUR 6.7 (6.5) million, of which EUR 2.5 (2.4) million was capitalised.

Investments during the period under review totalled EUR 9.9 (10.7) 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, Chief Financial Officer; Juha Inberg, Chief R&D and Technology officer; Tiina Kautonen, Chief Human Resources Official; Marko Mattila, Chief, Sales, Service and Marketing Officer; Tapio Mertanen, Chief Service Business Officer; Katja Paananen, Chief Responsibility Officer; Miika Soininen, Chief Digital officer and Tommi Väänänen, Chief Operations officer. The company management has regular management liability insurance.

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

The geographical distribution and the responsible persons are presented below.

Northern Europe:

Jani Liukkonen (Finland),
Carl-Henrik Hammar (Sweden, Denmark and Norway) and
Tarmo Saks (the Baltic countries).

Central and Southern Europe:

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

Russia and Asia:

Mikhail Menshikov (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 2,050 (1,969) during the period and employed 2,054 (2,003) people at period-end.

SHARE-BASED INCENTIVE PLANS

The Board of Directors of Ponsse Plc has approved two new Ponsse Group's share-based incentive plans, which have not yet had any impact to accounting during the period under review. 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. A stock exchange release regarding the incentive plans has been published on 3 March 2023.

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 March 2023 totalled 137,741, accounting for 0.49 per cent of the total number of shares. Share turnover amounted to EUR 3.7 million, with the period's lowest and highest share prices amounting to EUR 25.55 and EUR 28.70, respectively.

At the end of the period, shares closed at EUR 28.15, and market capitalisation totalled EUR 788.2 million.

At the end of the period under review, the company held 10,227 treasury shares.

ANNUAL GENERAL MEETING

A separate release was issued on 12 April 2023 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.

NON-FINANCIAL INFORMATION REPORTING

Each year, Ponsse publishes its responsibility report in conjunction with its annual report. The report is also available on the company's website under responsibility and investors.

RISK MANAGEMENT

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

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

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

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

SHORT-TERM RISK MANAGEMENT

Our major short-term risks are caused by Russia's invasion of Ukraine. The invasion has shaken the global economy and increased the price of energy and raw materials. In combination with the economic effects of the covid-19 pandemic, the situation has limited the availability of components and increased manufacturing costs. In addition, delivery risks related to semiconductors still exist.

General delivery problems in our supply chain have made it more difficult to manage PONSSE forest machine production schedules, tied up more capital in the supply chain, and increased the risks related to working capital management. Sudden economic fluctuations and the continuing rise of inflation may further hamper the availability of parts, delay machine deliveries, and increase costs, weakening our profitability. The instability of the world economy and increasing financing costs may also reduce demand for forest machines.

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.

In its release issued on 28 June 2022, Ponsse announced that it has signed a deed of sale regarding the sale of all shares in OOO Ponsse to the Russian company OOO Bison. The reorganisation in Russia may be associated with uncertainty regarding the approval process for the sale of foreign-owned companies and completing the transaction. While the process to complete the transaction is continuing, it has not yet been approved by the Russian authorities. The delay is caused by a regulation entered into force in Russia on 8 September 2022, relating to the approval of sales of companies owned by foreign parties. Ponsse aims to complete the sale as soon as possible, depending on the approval process of the Russian authorities.

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

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 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.

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.

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.

The covid-19 pandemic has caused changes in the company's operating environment and operating practices, for example by introducing a hybrid work model. The company complies with pandemics 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.

OUTLOOK FOR THE FUTURE

The company's euro-denominated operating profit in 2023 is expected to be slightly higher than the operating profit of its continuing operations in 2022 (EUR 46.6 million).

Due to the uncertainty in the market, the company keeps prioritising its investments and the cost control will be continued. The development work to improve profitability continues. The company monitors changes in the operating environment and customers operating conditions closely.

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

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)

	1-3/23	1-3/22	1-12/22
NET SALES	201,729	156,125	755,123
Increase (+)/decrease (-) in inventories of finished goods and work in progress	2,291	22,552	33,633
Other operating income	946	690	3,677
Raw materials and services	-132,949	-122,325	-525,040
Expenditure on employment-related benefits	-28,148	-25,410	-107,873
Depreciation and amortisation	-7,779	-6,400	-27,671
Other operating expenses	-19,470	-16,272	-85,270
OPERATING PROFIT	16,619	8,959	46,577
Share of results of associated companies	-1	2	147
Financial income and expenses	564	1,120	-3,504
RESULT BEFORE TAXES	17,182	10,081	43,219
Income taxes	-3,146	-2,087	-9,037
NET RESULT FROM THE CONTINUING OPERATIONS	14,036	7,994	34,182
Net result from the discontinued operations	492	3,313	2,930
NET RESULT FOR THE PERIOD	14,528	11,307	37,113
OTHER ITEMS INCLUDED IN TOTAL COMPREHENSIVE RESULT:			
Translation differences related to foreign units	-1,941	1,837	4,354
TOTAL COMPREHENSIVE RESULT FOR THE PERIOD	12,587	13,144	41,467
Diluted and undiluted earnings per share from continuing operations			
	0.50	0.29	1.22
Diluted and undiluted earnings per share from discontinued operations			
	0.02	0.12	0.10
Diluted and undiluted earnings per share			
	0.52	0.40	1.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EUR 1,000)

ASSETS	31 Mar 23	31 Mar 22	31 Dec 22
NON-CURRENT ASSETS			
Intangible assets	50,885	44,044	49,583
Goodwill	5,754	3,798	5,707
Property, plant and equipment	116,370	114,455	114,732
Financial assets	375	373	375
Investments in associated companies	812	787	881
Non-current receivables	60	245	63
Deferred tax assets	4,466	3,728	4,422
TOTAL NON-CURRENT ASSETS	178,721	167,430	175,763
CURRENT ASSETS			
Inventories	239,133	203,360	229,648
Trade receivables	63,455	51,144	62,305
Income tax receivables	1,610	784	1,013
Other current receivables	27,186	22,785	24,817
Cash and cash equivalents	61,654	86,105	73,451
TOTAL CURRENT ASSETS	393,039	364,178	391,234
Assets related to assets held for sale	21,005	0	21,650
TOTAL ASSETS	592,765	531,608	588,648
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	7,000	7,000	7,000
Other reserves	3,460	3,460	3,460
Translation differences	10,760	10,184	12,701
Treasury shares	-274	-2	-274
Retained earnings	313,402	289,785	298,926
EQUITY OWNED BY PARENT COMPANY SHAREHOLDERS	334,349	310,427	321,813
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	50,144	50,144	42,484
Deferred tax liabilities	556	859	942
Other non-current liabilities	80	85	81
TOTAL NON-CURRENT LIABILITIES	50,780	51,088	43,507
CURRENT LIABILITIES			
Interest-bearing liabilities	43,652	4,910	53,804
Provisions	11,085	4,349	10,647
Tax liabilities for the period	2,756	2,491	4,664
Trade creditors and other current liabilities	149,197	158,343	153,476
TOTAL CURRENT LIABILITIES	206,690	170,093	222,591
Liabilities related to assets held for sale	947	0	738
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	592,765	531,608	588,648

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

	1-3/23	1-3/22	1-12/22
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net result for the period	14,528	11,307	37,113
Adjustments:			
Financial income and expenses	-592	-1,611	5,893
Change in provisions	294	-200	6,291
Share of the result of associated companies	1	-2	-147
Depreciation and amortisation	7,780	7,133	28,853
Income taxes	3,240	2,805	9,562
Other adjustments	1,397	-2,361	-3,753
Cash flow before changes in working capital	26,648	17,071	83,812
Change in working capital:			
Change in trade receivables and other receivables	-3,483	-9,794	-21,858
Change in inventories	-8,615	-33,581	-67,087
Change in trade creditors and other liabilities	-5,738	3,127	-4,173
Interest received	112	71	309
Interest paid	-589	-165	-1,627
Other financial items	113	644	600
Income taxes paid	-6,046	-1,532	-7,921
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	2,403	-24,160	-17,945
CASH FLOWS USED IN INVESTING ACTIVITIES			
Investments in tangible and intangible assets	-9,926	-10,673	-41,917
Proceeds from sale of tangible and intangible assets	306	203	612
Acquisition of subsidiaries*	0	0	-5,516
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES (B)	-9,619	-10,470	-46,821
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawal/Repayment of current loans	-10,255	-435	29,575
Withdrawal of non-current loans	8,000	0	11,170
Withdrawal/Repayment of finance lease liabilities	-889	-820	-3,755
Dividends paid	0	0	-16,800
NET CASH FLOWS FROM FINANCING ACTIVITIES (C)	-3,143	-1,255	20,191
Change in cash and cash equivalents (A+B+C)	-10,360	-35,885	-44,575
Cash and cash equivalents on 1 Jan	76,545	120,900	120,900
Impact of exchange rate changes	-631	1,089	220
Cash and cash equivalents on 31Mar/31 Dec	65,554	86,105	76,545

*) Acquisition of subsidiaries Ponsse Chile SpA, Chile and Ponsse Czech s.r.o., Czech Republic decreased by cash and cash equivalents at the time of acquisition

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 2023	7,000	3,460	12,701	-274	298,926	321,813
Comprehensive result:						
Net result for the period					14,528	14,528
Other items included in total comprehensive result:						
Translation differences			-1,941			-1,941
Total comprehensive result for the period			-1,941		14,528	12,587
Direct entries to retained earnings					-67	-67
Transactions with shareholders						
Share Plan					16	16
Transactions with shareholders in total					16	16
Other changes						
SHAREHOLDERS' EQUITY 31 MAR 2023	7,000	3,460	10,760	-274	313,402	334,349
SHAREHOLDERS' EQUITY						
1 JAN 2022	7,000	3,460	8,347	-2	278,462	297,267
Comprehensive result:						
Net result for the period					11,307	11,307
Other items included in total comprehensive result:						
Translation differences			1,837			1,837
Total comprehensive result for the period			1,837		11,307	13,144
Direct entries to retained earnings						
Transactions with shareholders						
Share Plan					16	16
Transactions with shareholders in total					16	16
Other changes						
SHAREHOLDERS' EQUITY 31 MAR 2022	7,000	3,460	10,184	-2	289,785	310,427

NOTES TO THE RELEASE FOR THE INTERIM REPORT

The stock exchange release for the interim report has been prepared observing the recognition and valuation principles of IFRS, and the requirements of IAS 34 have not been complied with. The same accounting principles were observed for the closing of the books as for the annual financial statements dated 31 December 2022.

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.

	31 Mar 23	31 Mar 22	31 Dec 22
1. LEASING COMMITMENTS (EUR 1,000)	1,116	807	1,047

	31 Mar 23	31 Mar 22	31 Dec 22
2. CONTINGENT LIABILITIES (EUR 1,000)			
Guarantees given on behalf of others	0	20	0
Responsibility of checking the VAT deductions made on real property investments	5,800	7,296	6,100
Other commitments	206	133	200
TOTAL	6,006	7,449	6,300

3. PROVISIONS (EUR 1,000)	Guarantee provision	Other provisions	Total
1 January 2023	4,164	6,483	10,647
Provisions added	317	0	317
Provisions cancelled	-17	0	-17
Exchange rate difference	0	138	138
31 March 2023	4,464	6,617	11,085

To item other provisions the Group has recognised a provision 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.

4. DISCONTINUED OPERATIONS

On 28 June 2022, Ponsse has signed a deed of sale regarding the sale of all shares in OOO Ponsse to the Russian company OOO Bison. While the process to complete the transaction is continuing, it has not yet been approved by the Russian authorities. Ponsse aims to complete the sale as soon as possible. Ponsse has classified the sold functions as assets for sale and reported them as discontinued operations.

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 the period under review. The cumulative RUB/EUR translation difference was EUR 6.1 million at the end of Q1/2023. The cumulative translation difference will be recognised through profit or loss once the sale has been concluded. RUB/EUR average rate of 79.87450 and closing rate of 84.22700 is used in interim reporting.

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

	1-3/23	1-3/22	1-12/22
NET SALES	1,535	17,553	32,561
Increase (+)/decrease (-) in inventories of finished goods and work in progress	4	-79	-1,992
Other operating income	211	52	496
Raw materials and services	-620	-9,878	-17,320
Expenditure on employment-related benefits	-393	-2,171	-4,246
Depreciation and amortisation	-1	-733	-1,182
Other operating expenses	-179	-1,205	-2,472
OPERATING PROFIT	558	3,539	5,844
Financial income and expenses	28	491	-2,389
RESULT BEFORE TAXES	586	4,031	3,456
Income taxes	-94	-718	-526
NET RESULT FOR THE PERIOD	492	3,313	2,930

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

	31 Mar 23
ASSETS RELATED TO ASSETS HELD FOR SALE	
Intangible assets	17
Property, plant and equipment	7,492
Deferred tax assets	508
Inventories	5,855
Trade receivables	2,811
Income tax receivables	221
Other current receivables	202
Cash and cash equivalents	3,900
ASSETS RELATED TO ASSETS HELD FOR SALE TOTAL	21,006
LIABILITIES RELATED TO ASSETS HELD FOR SALE	
Interest-bearing liabilities	7
Deferred tax liabilities	17
Tax liabilities for the period	3
Trade creditors and other current liabilities	920
LIABILITIES RELATED TO ASSETS HELD FOR SALE TOTAL	947

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

	1-3/23	1-3/22	1-12/22
Cash flows from operating activities	690	64	-10,712
Cash flows used in investing activities	374	-323	-798
Cash flows from financing activities	-5	-5	-21
Cash flows for the period under review	1,059	-265	-11,532

KEY FIGURES AND RATIOS

	31 Mar 23	31 Mar 22	31 Dec 22
R&D expenditure, MEUR	6.7	6.5	27.7
Capital expenditure, MEUR	9.9	9.8	41.9
as % of net sales	4.9	6.3	5.6
Average number of employees	2,050	1,969	2,016
Order books, MEUR	336.9	356.2	353.7
Equity ratio, %	56.8	61.2	55.0
Diluted and undiluted earnings per share (EUR), continuing operations	0.50	0.29	1.22
Diluted and undiluted earnings per share (EUR), discontinued operations	0.02	0.12	0.10
Diluted and undiluted earnings per share (EUR)	0.52	0.40	1.33
Equity per share (EUR)	11.94	11.09	11.49
Order intake, MEUR	184.9	199.7	796.2

FORMULAE FOR FINANCIAL INDICATORS

Return on capital employed, % (including discontinued operations):
Result before taxes + financial expenses

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

Average number of employees:

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

Net gearing, % (including discontinued operations):
Interest-bearing financial liabilities – cash and cash equivalents

Shareholders' equity * 100

Equity ratio, % (including discontinued operations):
Shareholders' equity + Non-controlling interests

Balance sheet total - advance payments received * 100

Earnings per share, continuing operations:
Net result from continuing operations for the period - Non-controlling interests

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

Earnings per share, discontinued operations:

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

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

Earnings per share (including discontinued operations):

Net result for the period - Non-controlling interests

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

Equity per share (including discontinued operations):

Shareholders' equity

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

Order intake:

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

Vieremä, 25 April 2023

PONSSE PLC

Juho Nummela
President and CEO

FURTHER INFORMATION

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

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