2023

ANNUAL REPORT

Patria

Patria

Annual Review

2 Patria in brief
3 Our values
4 Highlights
6 CEO Review
9 Operating environment
11 Strategy
14 Operating model
19 People
22 Products and services
24 Development projects

Responsibility

Responsible Patria

26 Responsible Patria
28 Material themes
29 Responsibility programme
30 Corporate responsibility management
32 Corporate responsibility at Patria
33 Ethical conduct
36 Stakeholder collaboration

Trusted partner

39 Secure future
40 Security of operations
42 Quality control
43 Supply chain development
44 Responsible exports
45 Responsible finances and tax footprint

Responsible employer

46 A responsible employer
48 Occupational well-being and working capacity
50 Competence development
51 Compensation
52 Promoting equality and diversity

Climate and environment

53 Environmental responsibility
55 Environmental systems
56 Carbon footprint
58 Environmental indicators
63 GRI
67 Personnel figures

Financial & Governance

Financial

69 Board of Directors' Report
77 Consolidated Financial Statements (IFRS)
108 Financial Statements of the Parent company (FAS)

Governance

121 Corporate governance
124 Industrial Participation
125 Risk management and internal control
128 Board of Directors
129 Consultative Committee
130 Group Management Team

Patria

We want to succeed

The purpose of Patria's new operating model is to improve efficiency and respond to the growing demand for Patria's products and services. Patria's unified offering is constantly developed.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

Patria is an international provider of defence, security and aviation life cycle support services, technology solutions as well as pilot training.

Personnel

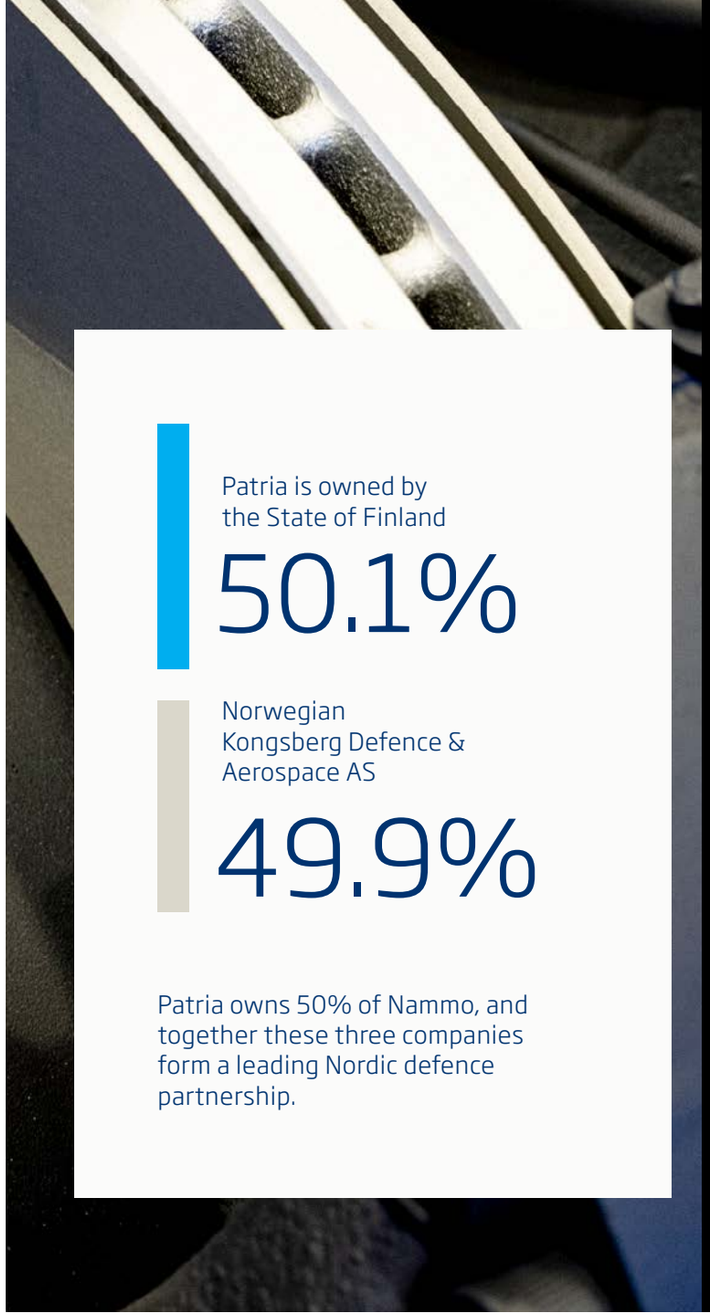
3,385

Net sales, EUR million

733.8

Patria provides its customers with operational performance, equipment availability as well as selected intelligence, surveillance and management system products and services and their continuous development. Patria's mission is to give its customers confidence in all conditions, and the vision is to be the #1 partner for critical operations on land, sea and air.

Patria has several locations including Finland, Sweden, Norway, Belgium, Estonia, the Netherlands and Spain. Patria employs over 3,000 professionals.



Patria is owned by the State of Finland

50.1%

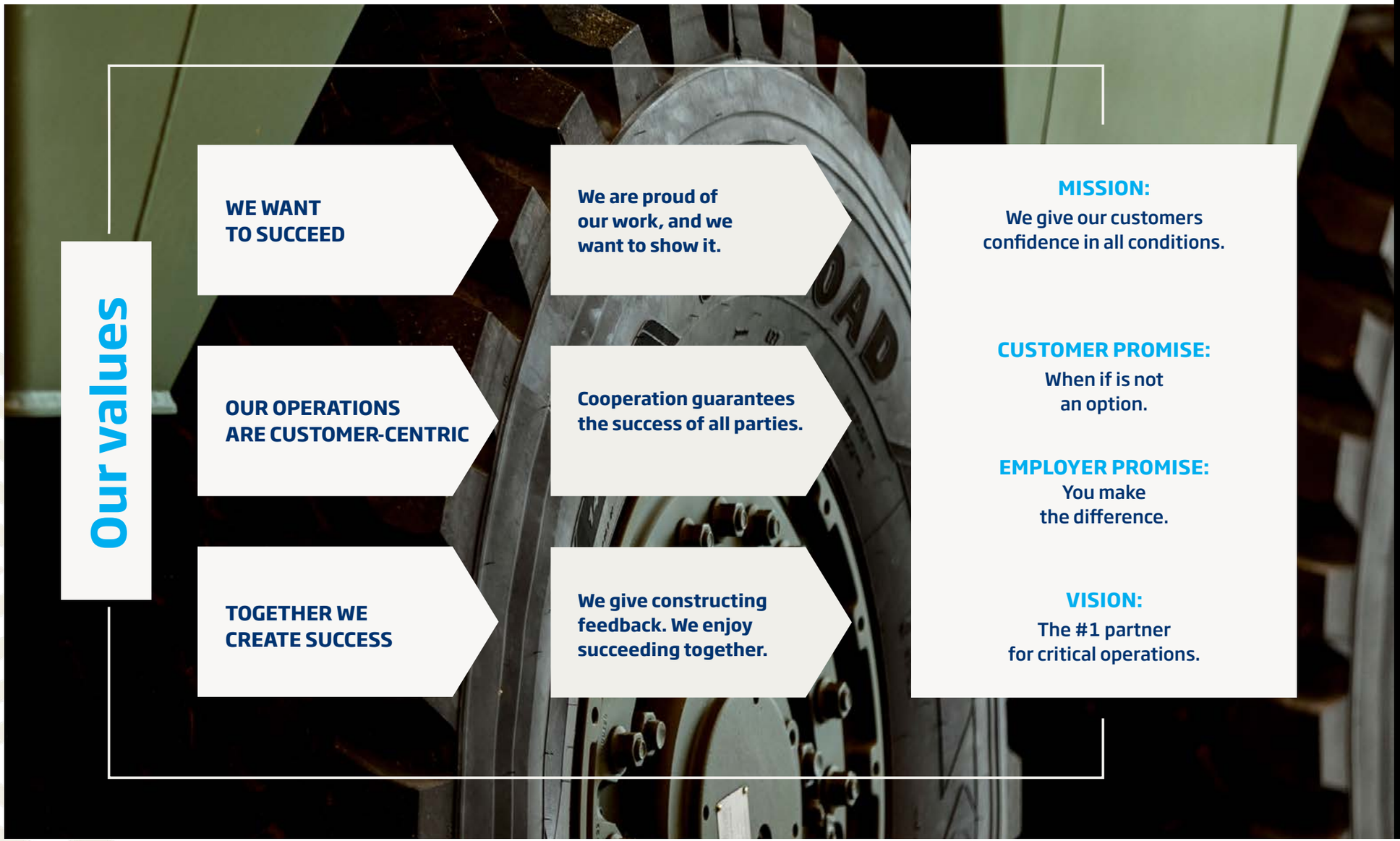
Norwegian Kongsberg Defence & Aerospace AS

49.9%

Patria owns 50% of Nammo, and together these three companies form a leading Nordic defence partnership.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects



Our values

WE WANT TO SUCCEED

We are proud of our work, and we want to show it.

OUR OPERATIONS ARE CUSTOMER-CENTRIC

Cooperation guarantees the success of all parties.

TOGETHER WE CREATE SUCCESS

We give constructing feedback. We enjoy succeeding together.

MISSION:
We give our customers confidence in all conditions.

CUSTOMER PROMISE:
When if is not an option.

EMPLOYER PROMISE:
You make the difference.

VISION:
The #1 partner for critical operations.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

Highlights of 2023

PATRIA'S OPERATION MODEL DEVELOPED

The development of customer focus, operational efficiency and productivity, as well as common operating methods have continued in accordance with Patria's Horizon 2025 strategy. The Operations unit, responsible for Patria's production and supply chains, and the Portfolio unit, responsible for Patria's products and services and their development and sales support, have been at the center of the development of the operating model. Reforms are also made to strengthen the desired corporate culture.

THE FIRST DIRECT INDUSTRIAL COOPERATION AGREEMENT FOR THE F-35 PROJECT

Following Finland's F-35 procurement decision at the end of 2021, negotiations on industrial cooperation for the aircraft type continued in 2023. Patria and Lockheed Martin signed the first direct industrial cooperation framework agreement for Finland's F-35 project in June 2023. The agreement covers the assembly of Patria's F-35 forward fuselages in Finland, which is a significant step for the entire Finnish F-35 project and for Patria.

In December 2023, Patria and Finnish Defence Forces signed a service contract for building the capabilities for Finland's F-35 project. The direct employment effect of the service contract for Patria in the years 2023–2031 is approximately 600 person-years. The employment effects of the acquisition in Finland are long-lasting, continuing into the 2040s.

"Patria and Lockheed Martin signed the first direct industrial cooperation framework agreement for Finland's F-35 project in June 2023.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

THE SUCCESS OF ARMORED VEHICLE PROJECTS CONTINUES

The international Common Armored Vehicle System (CAVS) joint project for the Patria 6x6 vehicle, which includes Latvia, Sweden and Germany in addition to Finland, took significant steps also in 2023. In June 2023, Patria signed a contract with the Logistics Department of the Finnish Defence Forces for 91 Patria 6x6 vehicles with equipment, in January 2024 Finland acquired 40 more vehicles from the option of the contract. In spring 2023, Sweden bought the first 20 vehicles. In April 2023, Germany signed the project's official Technical Agreement. Deliveries of vehicles to Finland and Sweden already started in 2023. Serial production of more than 200 vehicles ordered by Latvia is underway.

At the end of 2022, Japan selected the Patria AMV XP 8x8 armored wheeled vehicle as the new crew transport vehicle for its ground forces, which will replace the equipment currently in use. Patria and Japan Steel Works Ltd. signed a license agreement in August 2023 for the production of vehicles in Japan and preparations to start production are underway.

PATRIA'S NEMO NAVY SYSTEMS TO SWEDEN

In May 2023, it was announced that Sweden will strengthen its maritime defence capabilities with eight new mortar vessels. These vessels will be equipped with the Patria NEMO Navy turret with a 120 mm system. Patria supplies its mortar system for the first time to the Swedish Defence Forces as a subcontractor of Swede Ship Marine AB. The amphibious units in Stockholm and Gothenburg are getting eight vessels that can provide artillery support from the sea.

PATRIA IS AN INTERESTING EMPLOYER

Patria is an interesting employer due to the industry's growth and internationalization. Significant new skills, experts, and management and development professionals have been recruited to Patria during 2023. In addition, the relevance of the work of Patria's employees has increased due to the current geopolitical situation. According to Universum's employer perception survey, Patria was among the ten most interesting companies in Finland in 2023 according to technology professionals.

> **Patria was among the ten most interesting companies in Finland in 2023 according to technology professionals.**

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

Patria's strong growth continued in 2023

Patria's net sales increased significantly, profitability improved, and the order backlog developed strongly, driven especially by vehicle programmes in 2023. Patria's order backlog currently amounts to almost two billion euros, three times the company's annual net sales. The company signed new orders valued at EUR 948.4 million in 2023. International business now accounts for 34 per cent of Patria's net sales.

A major part of operational focus has been on building production capacity for the new vehicle orders as well as developing and enhancing productivity of internal operating model. Now that Finland is a NATO member state and the war in Ukraine is still ongoing, Patria is committed to doing its part to safeguard security of supply in Finland and in its international projects.

Prioritising Patria's efficient and streamlined operations

The introduction of the Horizon 2025 growth strategy resulted in significant reforms in Patria Group's operating model and organisation in early 2022. In 2023, operating model development focused especially on Patria's Operations unit, responsible for the company's production and supply chains, and Portfolio unit, responsible for Patria's products and services as well as their

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

development and sales support. Patria carried out change negotiations in autumn 2023 with a specific focus on these units. Our aim is to make Patria's entire operating model as efficient and lean as possible to meet the growing demand and secure the deliveries of current and new orders. The development of a consistent organisational culture also continued throughout the review year.

Armoured vehicles are still in high demand

There is strong demand for Patria's 6x6 and 8x8 vehicles. This has imposed significant demands on resource availability and supply chain management, and major steps were taken during 2023 in this respect and production efficiency was enhanced in numerous ways. Our delivery capabilities have remained consistently good.

Patria 6x6 vehicle is the selected vehicle platform within the multinational Common Armoured Vehicle System (CAVS) programme, originally established by Finland and Latvia, and Germany and Sweden took next steps in the joint programme in April 2023: Germany officially joined the programme by signing the Technical Arrangement and Sweden proceeded by joining the Framework Agreement as the next stage of preparation for the serial procurement phase. At the same time, Patria signed also a contract with the Swedish Defence Procurement Agency (FMV) for purchasing the first 20 Patria 6x6 that were delivered the same year. In June 2023, Patria signed the agreement with the Finnish Defence Forces Logistics Command for 91 Patria 6x6 armoured vehicles, in addition to a purchase option for 70 vehicles. The deliveries started already in 2023.

In Japan, preparations to start up vehicle production have begun: Patria and Japan Steel Works Ltd. signed a licence agreement in August 2023 for Patria AMV XP 8x8 production in Japan. This agreement enables local production under the Wheeled Armoured Personnel Carrier (WAPC) programme of the Japan Ground Self-Defense Force.

> **Our aim is to make Patria's entire operating model as efficient and lean as possible to meet the growing demand and secure the deliveries of current and new orders.**

Preparations underway to start up production in the F-35 programme

Following Finland's F-35 procurement decision in late 2021, negotiations on industrial cooperation for this aircraft continued in 2023. In June 2023, Patria and Lockheed Martin signed the first Memorandum of Agreement (MoA) for direct industrial cooperation within Finland's F-35 industrial participation programme. The agreement covers the assembly of F-35 forward fuselages in Finland. In December 2023, Patria and the Finnish Defence Forces signed a service agreement on capability building for the Finnish F-35 programme.

The main industrial cooperation projects for Patria include this large-scale assembly of F-35 front fuselages in Finland also for international users and further production of structural components. In addition, Patria will establish assembly projects with Pratt & Whitney for the F135 engines powering the Finnish F-35s.

Preparations to start up production are in progress. The necessary competences are being assessed and developed, and recruitment has begun. The construction of the required production lines has commenced at Patria's Halli facility in Jämsä, and construction is being started up in Linnavuori. Long-term agreements related to the F-35 program will increase Patria's capabilities in high-tech

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

manufacture, while also boosting Finland's security of supply. The direct employment effect of the service agreement for Patria will be around 600 person-years in 2023–2031.

Patria OPTIME – a new service concept

Patria's major product launch in 2023 was the Patria OPTIME service concept, unveiled in early 2023. The concept combines robust engineering and maintenance expertise with data analysis in a unique way for the sustainment of various kinds of fleets. It ensures that customer fleets are always ready for operations – with optimal costs. Patria OPTIME is a modular service model that is always tailored and scaled according to the needs of the customer – from a single fleet to broader combination of fleets in different operating environments on land, at sea and in the air.

Finland's first year in NATO

Finland joined the defence alliance NATO in April 2023. Patria's and Finland's strengths complement NATO, especially when it comes to products and services designed for Arctic conditions, lifecycle expertise and state-of-the-art technology solutions. Finland's NATO membership facilitates industrial cooperation in the ecosystem of NATO countries. Patria has long experience in operating in several NATO countries, both with export customers and through its own local Group companies. Ever-closer cooperation, especially with Sweden and more broadly as a Nordic front, will continue after Sweden has joined NATO.

> **Patria is committed to developing and establishing European and industry cooperation and standards, and to doing its part in safeguarding overall security.**

Meaningful work as the war continues

As Patria is a key part of Finland's security of supply, preparing for various crises and ensuring comprehensive security are at the core of Patria's operations. The work of Patria's employees truly makes a difference. As Russia's war of aggression against Ukraine continues, now in its third year, the importance of the work of each Patria employee has been highlighted.

In the defence sector, orders involve multi-year processes and not all of them are directly related to Ukraine – but the war has significantly increased demand for various defence products and services across the whole of Europe and the world. There are no quick solutions to the war in Europe. However, Patria is committed to developing and establishing European and industry cooperation and standards, and to doing its part in safeguarding overall security.

For this reason, I want to thank Patria's employees for their committed work and our customers, owners, partners and other stakeholders for the year 2023.

Esa Rautalinko
President and CEO of Patria

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

The changing security situation emphasises long-term development of defence capabilities

The continuation of Russia's war of aggression in Ukraine and the changing security situation emphasise the development of defence capabilities over the long-term. The competitiveness of the Finnish defence industry in growing markets is supported by consistent export licensing policy.

Russia's aggressive invasion of Ukraine has had profound and long-lasting effects on the security situation in Europe and worldwide. The war has served as an important reminder of the importance of national defence, military deterrence and alliances.

Several European countries have increased their defence budgets. The aim is to procure ammunition and equipment on an expedited schedule in order to help Ukraine and replenish own stockpiles.

Russia's war of aggression in Ukraine has prompted European countries to take a critical look at their own defence industries, the strengthening and increase in the production capacity of which is necessary in order to ensure security of supply.

The defence industry, operating on a commercial basis, is capital-intensive business. Increasing production is not possible without long-term binding orders from governments, so that companies have the courage to seek other financing for the construction of new production lines.

NATO member states have pledged to spend at least two per cent of their GDP on their defence expenditure annually and permanently. According to NATO's forecast, less than half of the member states reached the two per cent target in 2023.

Focus turned to the sufficiency and condition of the fleet

The defence market has started to see clear growth, particularly in Europe. At the first stage, the demand for ammunition has increased drastically. In the next phase, the focus was on the adequacy and condition of the existing defence equipment.

This has significantly increased interest in Patria's products and services. Finland's NATO membership will also increase interest in the Finnish defence and security industry. In the long term,

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

The defence market has started to see clear growth, particularly in Europe. This has significantly increased interest in Patria's products and services.

the growth of the defence market opens up excellent opportunities for Patria to pursue international growth in line with its strategy.

Customers are also increasingly demanding support services throughout the life cycle of military equipment. In Patria's offering, this is reflected in the increased demand for through life capability services. These include servicing, repair, upkeep, modification and integration services for different fleets.

In the long term, the focus will shift to new capabilities that require more advanced technology than those of the counterparty. New technologies such as robotics and artificial intelligence are also the future of the defence sector. Patria prepares for this by investing heavily in its own research and product development and by participating in co-development projects in Finland and internationally, such as joint European or EU-level projects.

Consistency in export licences ensures competitiveness

The growth of the Finnish defence industry in international markets requires that companies in the sector operate on an equal footing with competitor countries.

Finland's defence equipment licensing system is well-functioning. At the same time, however, care should be taken to ensure that the fleet service and maintenance agreements, which are often concluded for decades, are respected.

Customers require long-term commitment from supplier companies, as the system life cycles often span for decades. The company is expected to be there at all times ensuring maintenance, spare parts deliveries and upgrades.

In the export control of defence equipment and the granting of export licences, Finland acts in accordance with its international obligations and national legislation. For the defence industry, it is important that export licences are processed consistently, predictably and logically.

This is supported by the entry made in the Finnish Government Programme according to which the maintenance and upgrade of products will, as a rule, be approved if an export licence has previously been granted for them. There are differences in the practices of different countries, and Patria operates in accordance with the local regulations of each country of operation.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

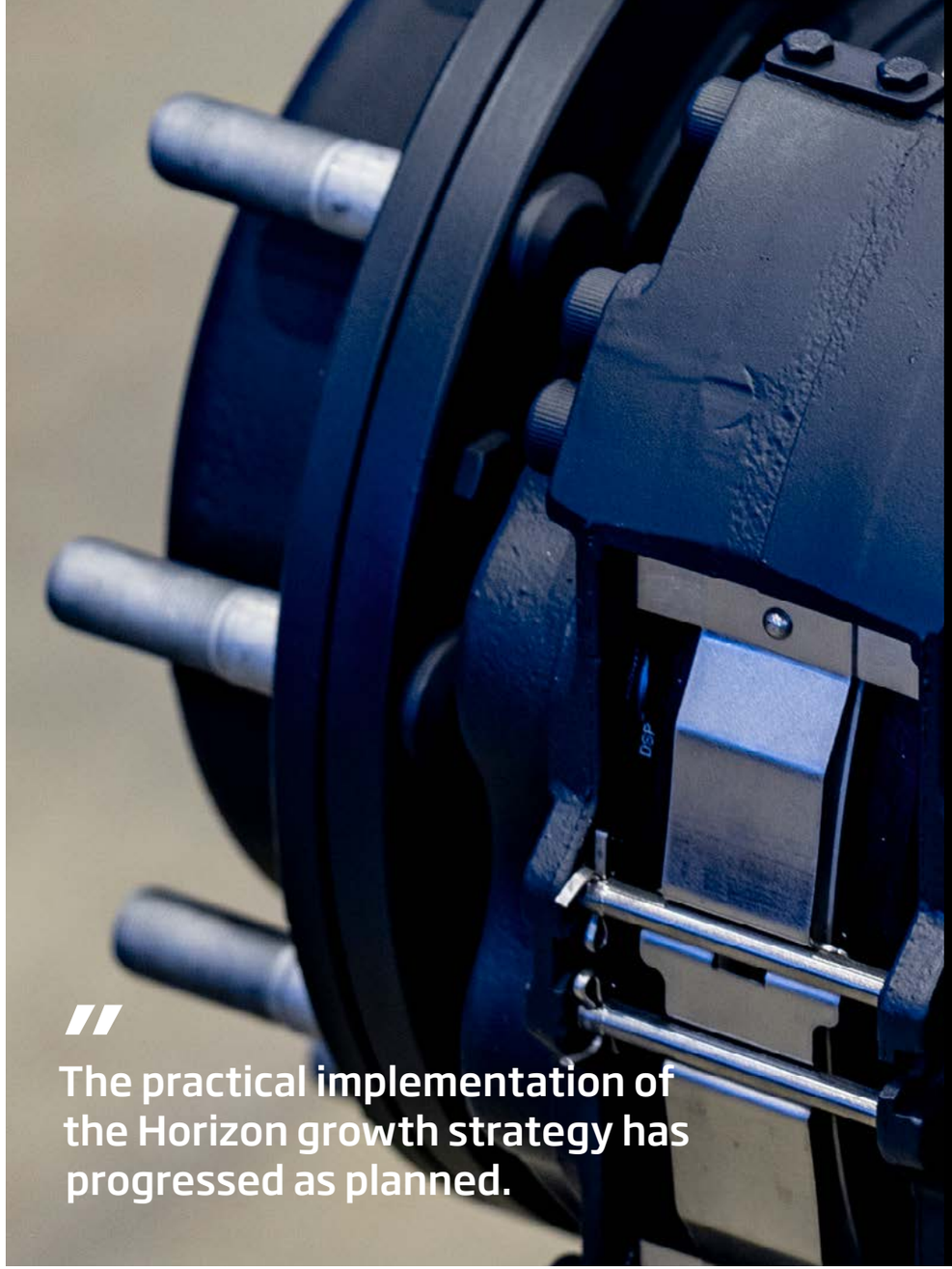
Rapid progress in the implementation of the growth strategy

The implementation of Patria's growth strategy continued with a concerted effort. The original targets set for the development of net sales will be clearly exceeded.

Patria's Horizon growth strategy, which extends up until the end of 2025, sets ambitious goals for the company's growth and internationalisation. The practical implementation of the strategy has progressed as planned.

According to the current estimate, the initial targets for the development of net sales and profitability will be clearly exceeded by the end of the strategy period.

Addressing the growth targets and customer needs has required major changes in Patria's structure and operating model. The starting points for the changes are customer focus and the development of operational efficiency and shared ways of working.



"The practical implementation of the Horizon growth strategy has progressed as planned.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

By improving its operational activities and decision-making, Patria increases customer satisfaction and profitability.

Development of the operating model progressed to production

During 2023, the development of the new operating model was focused especially on those of Patria's operations where the changes required by the new strategy had not previously been implemented. The reforms particularly concerned the Operations unit responsible for production and supply chains, whose steering model and organisational structure were updated to meet the demands of the growing business.

The purpose of the new operating model is to improve efficiency and meet the growing demand for Patria's products and services.

Patria's product and service offering has also been developed in line with the strategy. The offering now forms a unified whole whose content development is still being continued.

The operating model of the Portfolio function, which is responsible for products and services and their development and for sales support, as well as that of the Group's support functions, has been revised to make it as compatible as possible with the changes made in the Operations unit. The new operating model was deployed on 1 January 2024.

All customers benefit from a strong Patria

Thanks to its new strategy and operating model, the Group is now an even more tightly knit and impactful whole. The company seeks growth especially from international markets, from the maintenance and upkeep business, for example, and from equipment deliveries.

During the year, systematic efforts to open new markets and expand the customer base were continued.

Growth and internationalisation will strengthen Patria's resources. This also benefits safety-critical customers operating in Finland, as safeguarding and developing their performance and security of supply will continue to be Patria's core mission.

The good start of the growth strategy has been fuelled by new orders for Patria's armoured vehicles. Favourable development has also taken place in other products and services. Significant potential can be found in products such as the Patria NEMO mortal turrets and sensor technology. The growth strategy also revolves around seeking growth from the international services business. This is supported by the new Patria OPTIME service in particular, where a package suitable to the customer's needs is tailored for the maintenance of military equipment.

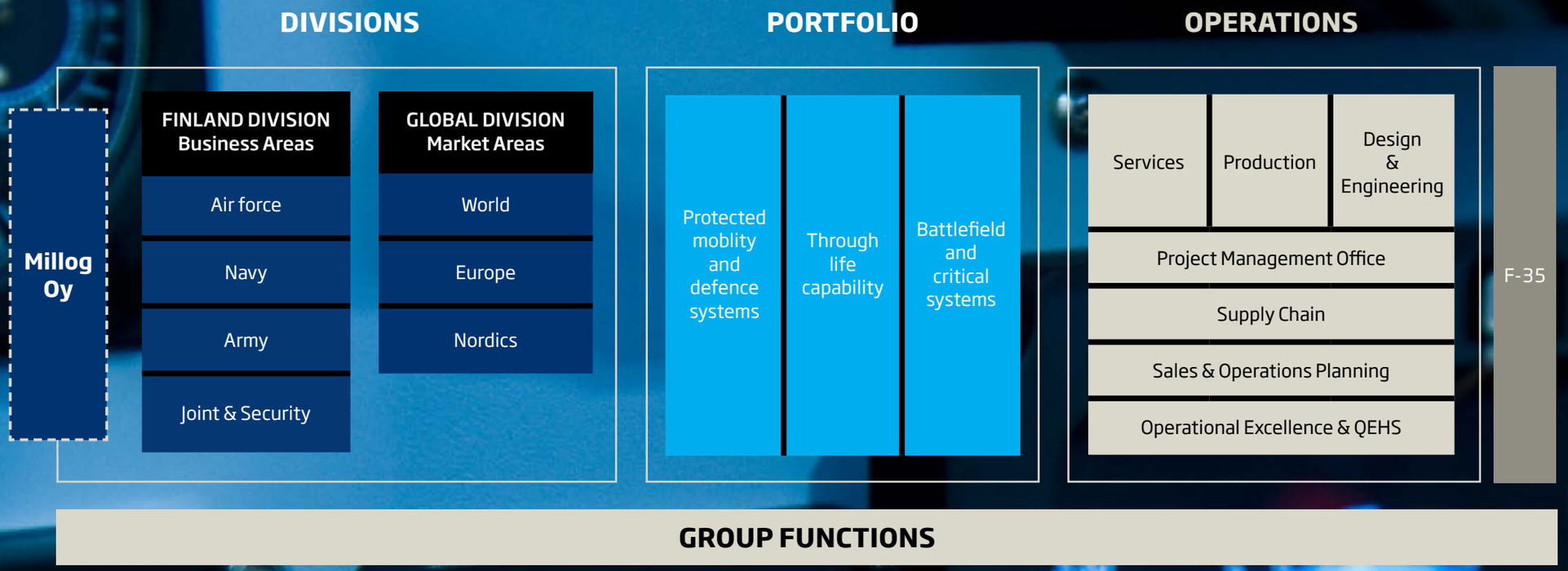
> **Safeguarding and developing the performance and security of supply of safety-critical customers operating in Finland will continue to be Patria's core mission.**

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

Patria's organisation as of 1 January 2024



Patria is owned by the State of Finland (50.1%) and Norwegian Kongsberg Defence & Aerospace AS (49.9%). Patria owns 50% of Nammo, and together these three companies form a leading Nordic defence partnership.

Annual Review
Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

New operating model to meet demanding customer needs

Patria's operating model reform advanced to the Operations unit responsible for production and supply chains. The new operating model will improve efficiency and help Patria to better meet demanding customer needs.

Addressing the growth targets and customer needs has required major changes to Patria's structure and operating model. During the year, the development work focused especially on those of Patria's operations where the changes required by the new strategy had not previously been implemented.

The reforms particularly concerned the Operations unit responsible for production at Patria, whose steering model and organisational structure were updated to meet the demands of the growing business.

The purpose of the reform is to improve efficiency and meet the growing demand for products and services. This will further ensure the security of supply of existing and new orders.

Security of supply and quality of service will improve

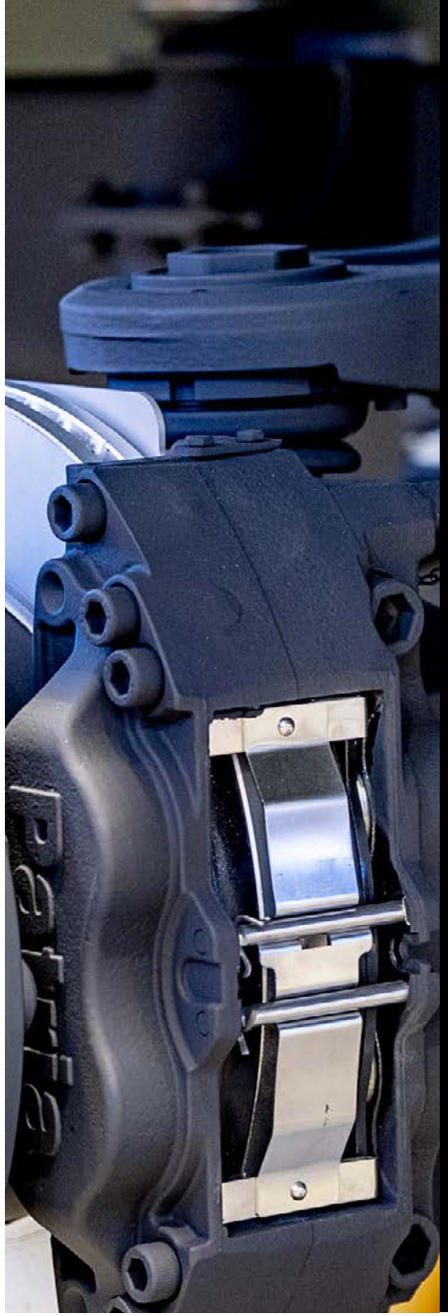
The new organisation and operating model of the Operations unit provide good opportunities to share best practices between similar businesses and improve the shared use of resources. For the customer, improved efficiency is seen as improved security of supply, quality of service and transparency of operations.

The new operating model was prepared in close cooperation with the personnel. The development work was supported by more than 400 feedback responses and development ideas collected from personnel during the spring of 2023. In addition, the matter was extensively discussed with all teams.

Patria's offering divided into clear entities

With the new organisation and operating model of the Operations unit, it was natural to make the Portfolio unit, which is responsible for products and services and their development, as compatible with production as possible. The previous six product and service lines of the function have now been merged into three lines, the division of which is consistent with Patria's product families and offerings to customers.

As in the Operations unit, similar functions are now within the same organisational entity, which makes operations more efficient and enables better co-development of operations and efficient use of resources. The simpler structure is also easier for the customers and personnel to understand.



Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

MILLOG

provides technical equipment and system maintenance, life-cycle management and logistics services to strategic partners such as the Finnish Defence Forces and other security-critical actors. The company's responsibilities include the maintenance of vehicles and armoured equipment, weapon and electronic systems, vessels and various other systems; the provision of the material and lifecycle services required by them; and equipment and system installations and modifications.

The Millog companies include its wholly-owned subsidiaries Senop Oy and Millog Marine & Power Oy.

Patria has a 61.8% holding in Millog.

Millog develops and prepares to face a tighter security situation

Millog has studied the impacts of changes in the operating environment on operations and their development. Processes have been streamlined and strategic partnership is fostered through even closer collaboration.

In 2023, in addition to the planned maintenance work, Millog carried out numerous separately agreed projects, such as the national modification work on K9 howitzers. Millog also delivered a record number of spare parts.

As the security situation continues to tighten, the importance of preparedness and readiness increases. Millog is increasingly focused on potential disruptions in critical infrastructure and preparing for them together with stakeholders.

Millog is preparing a strategy update for introduction in 2024. The aim is that every one of the more than 1,200 multi-disciplinary experts at the Millog companies is aware of the meaningfulness of their work on national security and the security of supply and does their part to implement jointly agreed strategic objectives.

A new direction in the strategic partnership

As its strategic partner, Millog has been praised by the Defence Forces – the equipment serviced by Millog is now in better condition than ever before. A seamless partnership is necessary in the changing operating environment. In 2023, collaboration became closer at all organisational levels.

Millog has assessed the impacts of NATO membership and aims to build the necessary service products and operating models in close cooperation with the Defence Forces. New opportunities for cooperation with NATO organisations, member countries and their industry are expected to grow Millog's business in the future.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

Investments in operational development and workplace safety are reflected in production in many ways. Millog deployed a development steering model to manage wide-ranging development efforts. During the year, day-to-day management was developed and a large-scale risk assessment of production machinery was carried out. Supervisors' expertise in areas such as overall compensation, proactive leadership and addressing shortcomings was bolstered.

A busy year for subsidiaries

Subsidiary Senop's net sales soared to an all-time high, largely thanks to demand for optronics products and communications equipment for the authorities. The company's order stock also became substantially stronger. Photonics Finland selected Senop as the photonics company of the year. Development work has commenced on products featuring Senop's next-generation thermographic camera module.

Millog Marine & Power (MMP) has completed its first full year of operations. The slowdown in construction was also reflected at MMP in the smaller workload in work machine engine maintenance. However, it was a lively year for docking at Teijo. Service offerings will be expanded further in both the docking and field maintenance businesses.

"Millog has been praised by the Defence Forces – the equipment serviced by Millog is now in better condition than ever before.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

Nammo

is an international aerospace and defence company that is headquartered in Norway. It employs around 3,100 professionals in 27 locations in 11 countries. Nammo is one of the world's leading producers of ammunition, rocket motors, and demilitarisation services for both military and civilian customers.

Patria and the State of Norway each hold a 50% stake in Nammo.

Nammo AS publishes its own annual report and corporate responsibility report, available on the company's website at www.nammo.com.

Nammo had another record-breaking year

Nammo, an international aerospace and defence company that is 50 per cent owned by Patria, increased its net sales by 23 per cent to NOK 9.2 billion in 2023, and it posted pre-tax profits of NOK 880 million, its highest level ever.

Nammo AS has seen significant growth since its founding in 1998, and it has strengthened its presence in its main markets in Europe and North America. In spite of continued supply-chain challenges and the war in Ukraine, the company's performance and main market areas continued to develop favourably in 2023. Nammo's sales, profits, and order stock all rose to record high levels during the year, while its market share and role in security of supply have been bolstered in its key markets. Revenues increased due to higher sales across all Nammo's business segments.

Continued close collaboration with the Finnish Defence Forces deepens

Nammo Lapua Oy and Nammo Vihtavuori Oy, part of the Nammo Group, have an established strategic partnership agreement with the Finnish Defence Forces, which started in 2014. The strategic partnership agreement covers all states of preparedness, and as well as the production of ammunition and explosives tohat safeguards the basis of the domestic security of supply in the sector. Nammo also has a security of supply partnership with the Norwegian Armed Forces.

Investing for the future

The war in Ukraine continues to have a significant impact on Nammo, and it led to a 71 per cent rise in its order reserve in 2023. Nammo's commitment to ramping up its production capacity involves investment in additional production equipment, machinery, and related infrastructure in multiple countries, and to increase capacity, the Group invested up to three times more than in an average year before the pre-Ukraine war year to increase capacity. Still, the sheer scale of demand and associated has required risk sharing between industry and governments.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

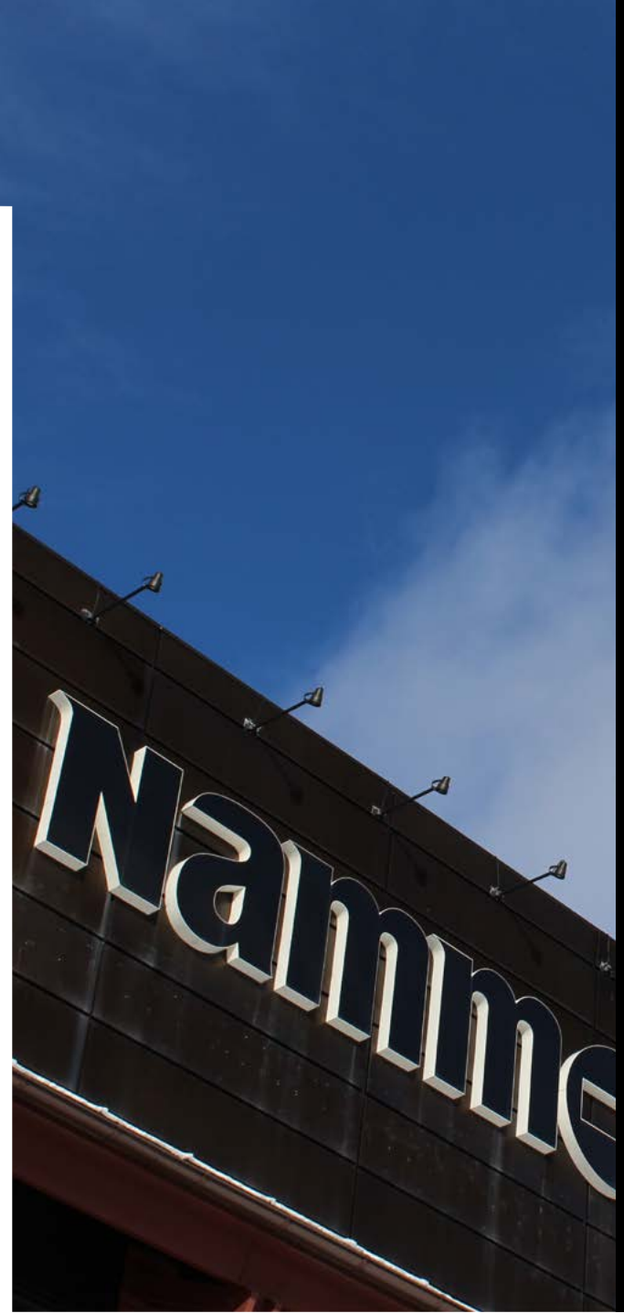
The European Union's Act in Support of Ammunition Production (ASAP) was launched during the year as an important step in the right direction, along with strong government investment support from Norway, Sweden, Finland, and the US.

To support its long-term business prospects, Nammo continued to make major investments in R&D in key technologies and competencies that are important for the company's development. For instance, the company continued to make significant new advances in ramjet technology, that which enables increased range and accuracy of artillery shells and missiles.

Nammo will continue to bolster its organisational and operational resilience and capacity, and to strengthen its internal processes and workforce. Work to support this has already commenced.

The continuous development of responsibility is also an integral aspect of all operations at Nammo. Ethics, transparency, and a strong focus on preventing corruption lie at the heart of business management. Nammo is committed to key UN Sustainable Development Goals, and the company works towards their achievement with measures such as reducing waste, improving efficiency in the use of energy and materials, and working to improve reducing its carbon footprint. Nammo also seeks to influence customers to be more sustainable, meaning a greater emphasis on sustainable raw materials and recycling products at the end of their life.

> **Nammo's performance and main market areas continued to develop favourably in 2023.**



Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

A unified corporate culture guides Patria's growth and change

Patria's determined progress towards its growth targets and internationalisation are visible in the daily work of Patria employees. The journey of change is made together with the personnel.

Patria continued with the revamping of its operating model, which started in 2022 with the Horizon 2025 growth strategy. The reforms were carried out in accordance with the previously defined cultural attributes: Impactful, Dynamic, Ambitious and Together.

The purpose of the reforms was to make Patria's entire operating model as efficient and clear as possible to meet the growing demand and secure the deliveries of current and new orders. The changes that enable growth and internationalisation affect the work of practically every Patria employee.

In 2023, the focus was especially on the development and organisation of the Operations unit, which is responsible for Patria's production and Patria's largest unit in terms of personnel. The operating model reform also extended to the Portfolio unit responsible for products and services and their development,

Annual Review
Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

According to the results of a personnel survey, Patria's strengths include the employees' strong commitment to the company and motivation for their own work.

as well as to the Group's support functions. The new organisation and operating model entered into force on 1 January 2024.

Due to the operating model and organisation reform, the Operations unit conducted change negotiations in the autumn of 2023, with 1,190 employees within their scope. As a result of the negotiations, essential changes were made to the work duties of 280 Patria employees. At the close of the negotiations, the potential layoffs concerned a maximum of 56 employees.

The discussion about the desired, common culture will continue in 2024, as a shared culture will play a major role in the implementation of Patria's strategy and the employee experience in the years ahead.

The work to develop leadership and streamline decision-making continues

A principal objective of the new operating model is to improve customer and personnel satisfaction. Personnel surveys indicate that Patria employees have a good understanding of the necessity of the change and welcomed the opportunities ushered in by the new strategy.

In the surveys and discussions conducted with the teams, streamlining operations and improving performance emerged as the principal development targets. In February, the results of the personnel survey in which 1,600 respondents participated were ready. According to them, Patria's strengths include the employees' strong commitment to the company and motivation for their own work. However, the personnel are of the opinion that the organisation's performance is not optimal in processes related to decision-making, for example. In addition, there are a lot of expectations concerning supervisory work.

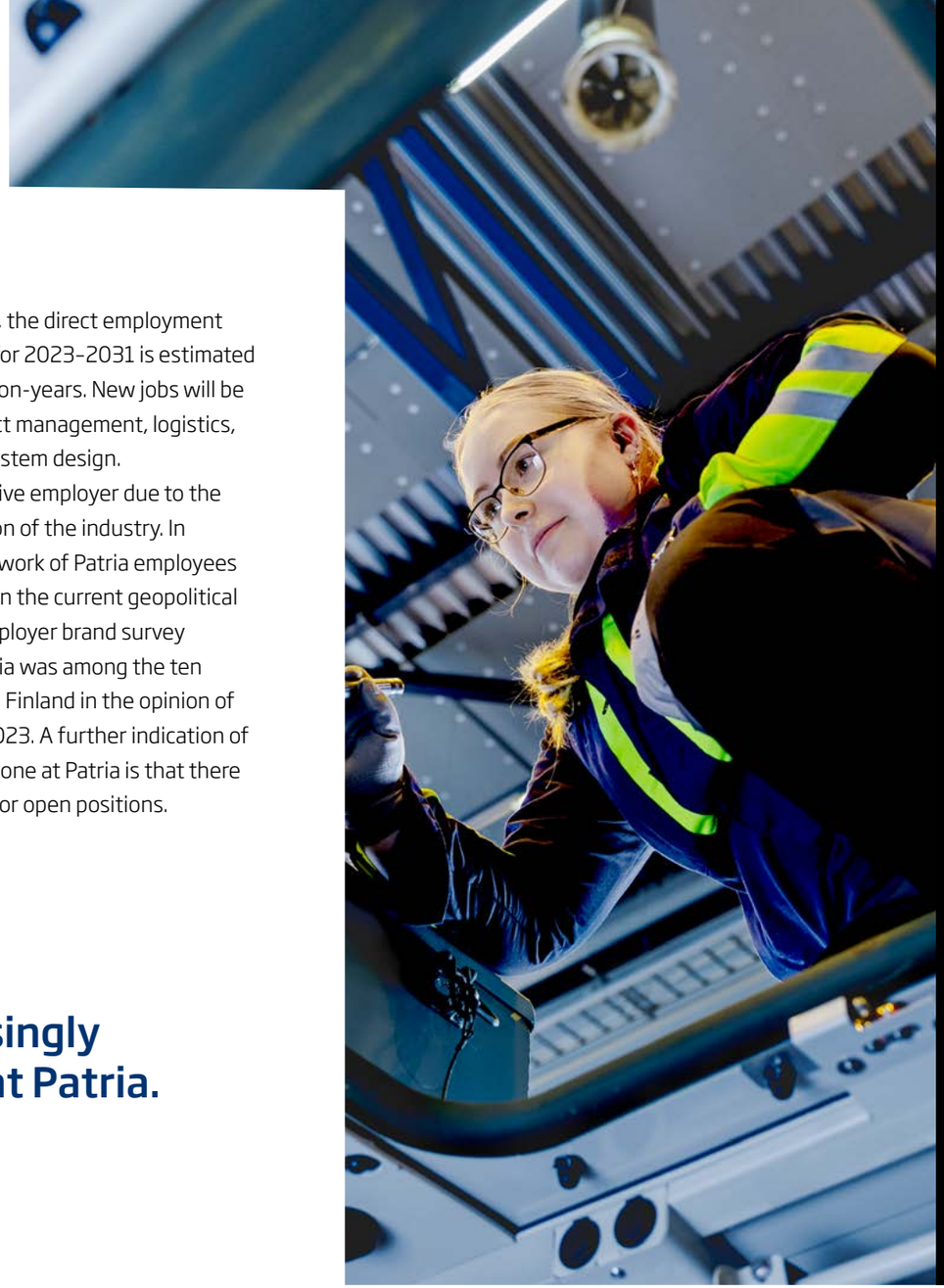
The feedback received from the employees encourages to develop the supervisors' leadership skills. To this end, the biggest investment in 2023 was made in the Operations unit, where all line managers participated in multi-module training to develop leadership skills. Line managers felt that the coaching supports the implementation of ongoing changes and their practical supervisory skills.

At Patria, the continuous improvement of productivity is supported with Lean Six Sigma skills. The objective is to train about 900 people Patria employees with the programme. In 2023, 130 people attended the training.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria



Competent and motivated personnel as enablers of growth

In addition to the new organisation and internal transfers, the implementation of the growth strategy calls for new recruitments and competences. During the year, approximately 300 new professionals were hired at Patria, and 246 at Patria's subsidiary Millog. At the same time, retired and transferred employees were replaced with new recruits. The total personnel headcount grew slightly.

The need for new professionals covers a wide range of different tasks, such as production installers, design professionals, experts in international sales, and top experts in new technology.

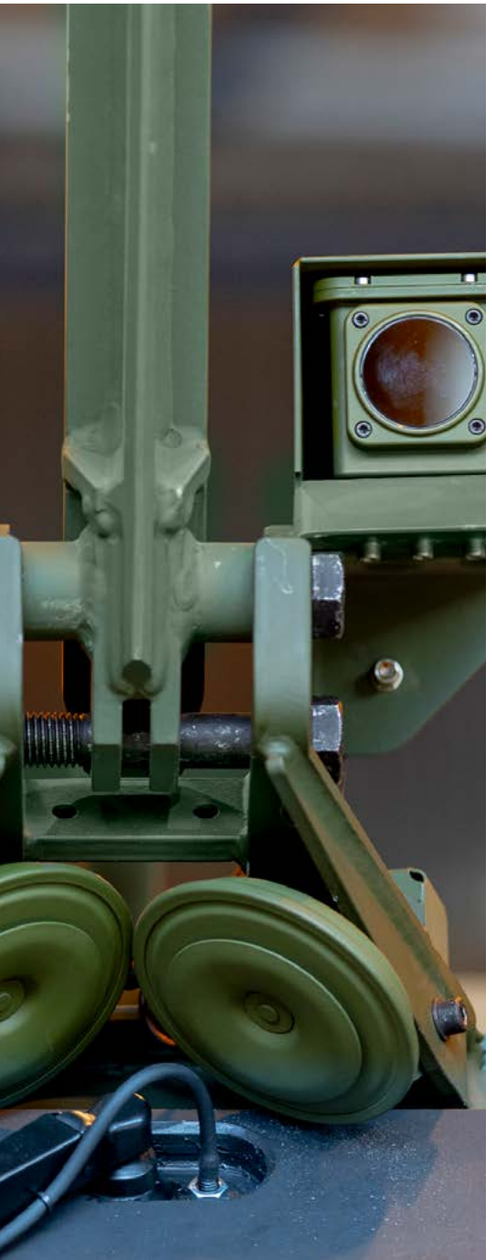
In the coming years, Finland's F-35 programme will also pose special competence needs, with Patria building new capabilities for Finland's F-35 programme together with the Defence Forces. For Patria, the direct employment effect of the service contract for 2023–2031 is estimated to be in the range of 600 person-years. New jobs will be created in fields such as project management, logistics, quality, manufacturing, and system design.

Patria is currently an attractive employer due to the growth and internationalisation of the industry. In addition, the relevance of the work of Patria employees is of pronounced significance in the current geopolitical situation. According to the employer brand survey conducted by Universum, Patria was among the ten most interesting companies in Finland in the opinion of technology professionals in 2023. A further indication of the appreciation of the work done at Patria is that there were a lot of good applicants for open positions.

> **The current geopolitical situation has increasingly highlighted the relevance of the work done at Patria.**

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects



Patria's offering responds to growing demand

Patria's product families and offering were grouped into three product and service lines. A clear whole meets customer needs even better and promotes the company's growth.

Interest in Patria's products and services is growing strongly, which was reflected during the year in the growing demand for armoured vehicles and weapons systems in particular.

The Portfolio unit, which is responsible for Patria's products and services and their development, has responded to this by supporting sales and developing marketing. The focus has also been on improving the technical readiness and manufacturability of products. The increase in production volumes and the achievement of the shorter turnaround times requested by customers require that Patria's products are productised as far as possible, comply with the relevant standards, and have a modular structure that allows products to be quickly tailored to the customer' needs.

A good example of this is the utilisation of the Patria 6x6 vehicle system in the multinational CAVS joint programme, in which the participating member states have the opportunity to procure cost-effective and high-performance modular armoured vehicles in accordance with their specifications.

Strong technology expertise as a competitive advantage

Patria's strong technology expertise and the digital solutions based on it form the basis for the overall product and service offering, which is now grouped into sub-areas that are based on Patria's strengths and easier to understand from the customer point of view.

Patria's offering is divided into three product and service lines: Through life capability, Protected mobility and defence systems, and Battlefield and critical systems.

Through life capability covers maintenance repair, overhaul, modification, integration and training services for different fleets.

In services, the most significant event during the year was the launch of the new Patria OPTIME service concept in February 2023 at the international IDEX trade fair in Abu Dhabi. The service, which can be tailored according to the customer's needs, uniquely combines Patria's strong engineering expertise and data analysis in the maintenance of military equipment.

In building the service aimed at international markets, use has been made of

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

"

The interest in Patria's products and services is reflected in the growing demand for armored vehicles and weapon systems.

Patria's long experience and expertise in maintenance, repair and overhaul services as well as equipment-related training as a strategic partner of the Finnish Defence Forces.

In October 2023, Patria and the US-based United Aero Group (UAG) entered into a preliminarily agreement on a joint project to procure, refurbish and upgrade pre-owned Black Hawk helicopters from the US Army. After modernisations, the helicopters will be significantly more efficient in terms of their mission and performance capabilities to suit various military and other government agency needs.

In December 2023, Patria and the Finnish Defence Forces signed an agreement on the purchase of six additional Leopard 2L Tracked Bridge Laying Vehicles. Built on Leopard 2A4 platforms, the bridge layers can transport, launch and retrieve bridges of different lengths.

In December, Patria and the Finnish Defence Forces also signed a service agreement on capability building for Finland's F-35 programme. The industrial participation capabilities of the F-35 system being procured will ensure that the know-how and technology that is critical in terms of security of supply will be available in Finland in both normal and emergency conditions.

The direct employment effect of the service agreement for Patria will be around 600 person-years up until 2031.

Patria's vehicles in high demand

Protected mobility and defence systems focuses on vehicle and weapons systems. In armoured vehicles, the increase in demand has focused on Patria AMV XP 8x8 and on Patria 6x6 armoured vehicles in particular, on which procurement agreements were signed with Finland and Sweden during the year. In addition, the serial production of 6x6 vehicles is under way in Latvia.

In weapons systems, international interest is focused especially on the Patria NEMO mortar system, as it takes mortar mobility, firepower and protection to the next level both on land and at sea. These qualities also convinced the Swedish Armed Forces, whose eight vessels will be equipped with the NEMO Navy mortar system supplied by Patria. In the project, Patria will serve as a subcontractor of Swede Ship Marine Ab, which manufactures the vessels in the project.

Advanced intelligence systems also attract interest

The Battlefield and critical systems offering consists of Patria's command, surveillance and intelligence systems (C5ISTAR).

During the year, Patria signed an agreement on the delivery of the Patria ARIS system to a European customer. With the agreement, the customer will have the latest version of Patria's high-performance signals intelligence system at its disposal. The system provides powerful tools for electronic intelligence and surveillance with real-time radar signal interception, recording and analysis capabilities.

Interest in Patria's underwater systems is also growing. In particular, Patria's new acoustic minesweeping system SONAC ACS has attracted a lot of international interest both in Europe and Asia.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

The joint armoured vehicle projects made significant progress

During the year, the CAVS programme based on the Patria 6x6 vehicle system was expedited by orders from Sweden and Finland. Progress was also made in other development projects as planned.

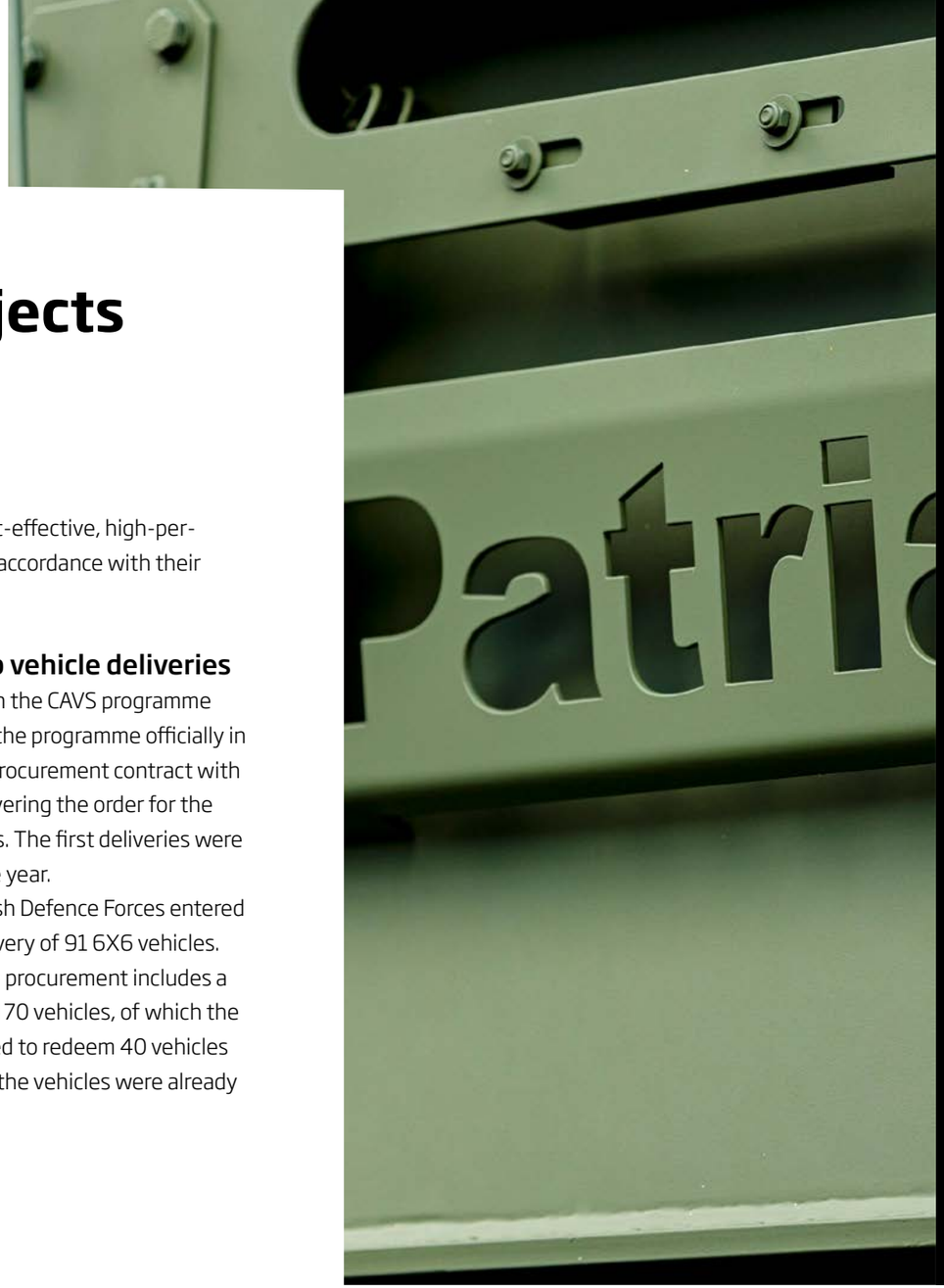
For Patria, the most significant vehicle development projects are CAVS (Common Armoured Vehicle System) and FAMOUS (European Future Highly Mobile Augmented Armoured Systems), where the company has the leading role for the defence industry.

In the multinational CAVS programme, an armoured vehicle system will be developed based on the Patria 6×6 vehicle system, providing the participating countries with an opportunity to procure cost-effective, high-performance modular vehicles in accordance with their specifications.

Cooperation speeds up vehicle deliveries

Significant steps were taken in the CAVS programme during 2023. Germany joined the programme officially in April. In April, Patria signed a procurement contract with the Swedish Armed Forces covering the order for the first 20 6x6 armoured vehicles. The first deliveries were already made during the same year.

In June, Patria and the Finnish Defence Forces entered into an agreement on the delivery of 91 6X6 vehicles. In addition to the vehicles, the procurement includes a purchase option for additional 70 vehicles, of which the Finnish Defence Forces decided to redeem 40 vehicles in January 2024. Deliveries of the vehicles were already started during 2023.



Annual Review
Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria

The CAVS programme now features Finland, Latvia, Sweden and Germany. Several other countries have also expressed interest in the programme.

Good cooperation between the parties involved speeds up the attainment of the programme's targets cost-effectively. Patria's close cooperation with the Finnish Ministry of Defence and the Finnish Defence Forces, as well as close cooperation in other operating countries, have played a key role in the success of the programme.

FAMOUS programme proceeds to prototype testing

Patria is involved in a number of development programmes funded by the European Commission. In the FAMOUS (European Future Highly Mobile Augmented Armoured Systems) programme, Patria has the leading role for the defence industry. The FAMOUS programme progressed as planned during 2023, with the first phase brought to completion and the second phase successfully launched. At the same time, preparations are already underway for the third phase of the programme.
The consortium implementing the second phase of FAMOUS involves nine countries and 24 leading European defence companies. Finland will lead the consortium, with Patria serving as its industrial coordinator.

> **Patria is in close cooperation with the Finnish Ministry of Defence and Finnish Defence Forces.**

The programme will develop technologies and capabilities for future armoured vehicles and improve their ground combat capabilities. The current deteriorating security situation in Europe makes the programme particularly significant.

The first phase of FAMOUS focused on research. In the second phase, which is estimated to last up until 2026, vehicle and system concepts will be taken forward to prototype design, manufacturing and testing.

Improved performance for existing fleets

Patria is involved in several EDF-funded development projects concerning autonomous and underwater systems, among other things.

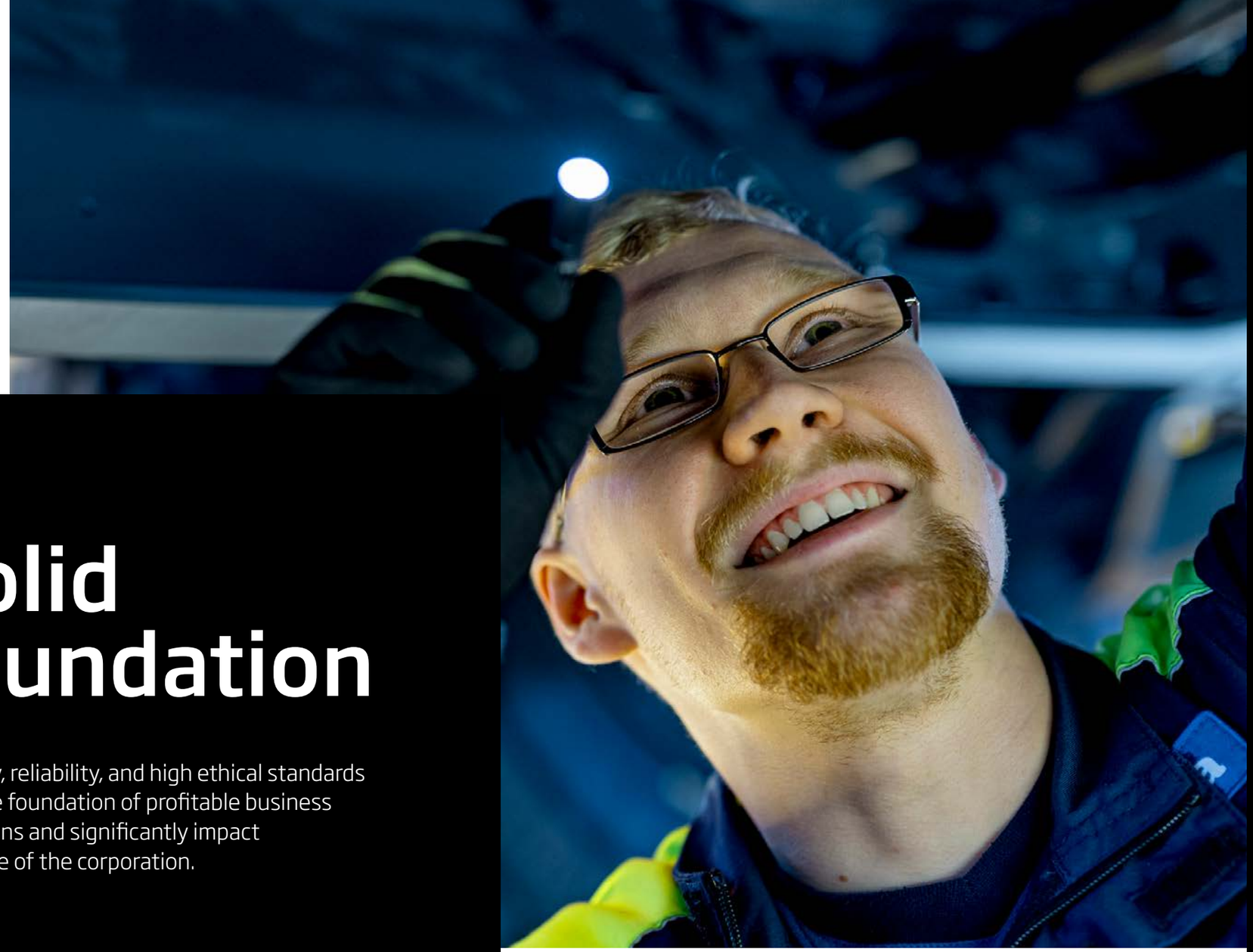
Patria also has numerous ongoing development projects under way in Finland. Internally, the company carries out intensive development work focusing on areas such as data analytics and other forms of digitalisation.

Continuous and close cooperation with customers plays a key role in developing new capabilities for, e.g., previously delivered fleets. For example, research and product development projects aimed at developing various capabilities in Arctic conditions are currently under way with the Finnish Defence Forces.

Annual Review

Patria in brief
Our values
Highlights
CEO Review
Operating environment
Strategy
Operating model
People
Products and services
Development projects

Patria



Solid foundation

Honesty, reliability, and high ethical standards form the foundation of profitable business operations and significantly impact the value of the corporation.

Responsibility
26 Responsible Patria
39 Trusted partner
46 Responsible employer
53 Climate and environment

Patria

Patria's responsibility principles

Patria is committed to creating the best possible environmentally sustainable, socially responsible, effective and compliant governance model for all of its business areas, manufacturing and personnel – and also to putting it into practice. This reflects our commitment to creating more sustainability opportunities in our business decisions and policies. These principles guide Patria's internal and external stakeholders.

ENVIRONMENTAL SUSTAINABILITY

We are committed to operating in an environmentally friendly and sustainable manner, reducing our impact on climate change, conserving natural resources and complying with environmental regulations.

SOCIAL RESPONSIBILITY

We are committed to maintaining a safe, productive, healthy and non-discriminatory working environment and conditions in which every person and team can contribute and succeed in a well-managed organisation. Patria's social responsibility includes taking into account the social conditions in places where Patria does business.

CORPORATE GOVERNANCE

We are committed to compliance and decision-making that is based on integrity, high ethical standards, sustainability and responsibility. We require our personnel, customers, suppliers and business partners to commit to the same standards.

Responsibility

Responsible Patria
26 Responsible Patria
28 Material themes
29 Responsibility programme
30 Corporate responsibility management
32 Corporate responsibility at Patria
33 Ethical conduct
36 Stakeholder collaboration

Trusted partner
39 Secure future
40 Security of operations
42 Quality control
43 Supply chain development
44 Responsible exports
45 Responsible finances and tax footprint

Responsible employer
46 A responsible employer
48 Occupational well-being and working capacity
50 Competence development
51 Compensation
52 Promoting equality and diversity

Climate and environment
53 Environmental responsibility
55 Environmental systems
56 Carbon footprint
58 Environmental indicators
63 GRI
67 Personnel figures

Patria

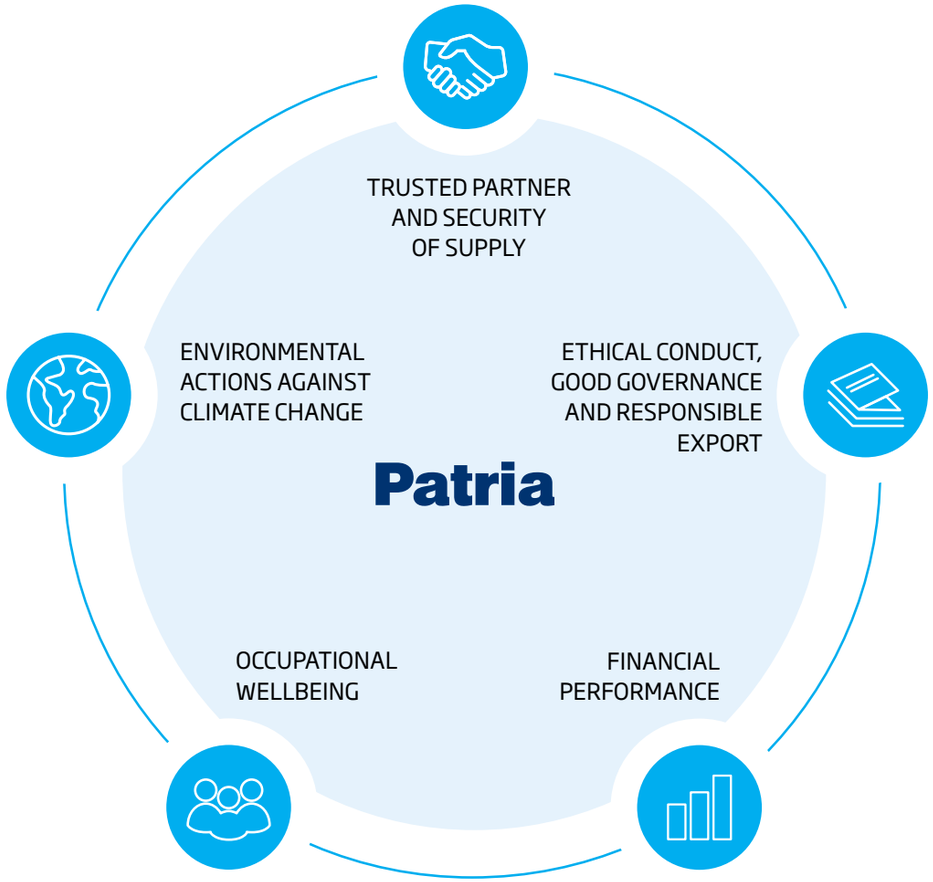
The objectives of Patria's ESG programme are based on a materiality assessment

The objectives of Patria's ESG programme are based on a materiality assessment that has helped us to identify the most relevant responsibility aspects for our stakeholders and business.

Patria's materiality assessment consisted of an international stakeholder survey and prioritisation carried out by Patria's management. The stakeholder survey was sent to Patria personnel and the company's most important external stakeholders with the aim of identifying the most important financial, social and environmental aspects for our stakeholders. Patria's management then assessed the significance of these themes in relation to the company's business strategy.

Based on the materiality assessment, Patria's most significant responsibility aspects were:

- A trusted partner and security of supply
- Ethical conduct, good governance and responsible exports
- Financial performance
- Wellbeing at work
- Environmental action against climate changen vastuulliset toimintatavat



Patria's last materiality assessment was carried out in 2020, and will be updated as part of an ESG project that began in late 2023. The ESG project will take the requirements of the EU Corporate Responsibility Directive (CSRD) and national legislation into account at Patria.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

ESG Programme 2022-2025

THEMES	Long-term objectives	Long-term indicators	2023 indicators	2023 performance	2024 action
A TRUSTED PARTNER AND SECURITY OF SUPPLY	To be a sought-after and trusted partner.	Continual improvement of the company's corporate image.	An overall target score of 4 on a scale of 1–5 in the corporate image survey.	A new customer-centric operating model was introduced on 1 January 2022. The overall score for the corporate image survey was 3.92 (2021: 3.82)	A customer-centric approach in line with the new operating model. Measured with divisional customer satisfaction surveys.
ETHICAL CONDUCT, GOOD GOVERNANCE AND RESPONSIBLE EXPORTS	To be a recognised ethical operator and a reliable exporter of defence materiel.	Continuous improvements in ethical business operations.	Training on ethical principles, good governance and responsible exports for all employees. In the corporate image survey, the target for the statement "Patria works ethically and responsibly" is 4 on a scale of 1–5.	Competence development and improved guidance. Establishing an export control association in Finland. Separate training for specific target groups in addition to general training. In the corporate image survey, the result for "Patria works ethically and responsibly" was 4.0 (2021: 4.14). In Patria's internal compliance survey for employees in spring 2023, 97.8 per cent of respondents found Patria to be free from corruption, 90.8 per cent found it to be free from conflicts of interest, and 97.6 per cent found it to be free from export control violations.	Development measures in accordanc e with the updated Ethical Code of Conduct. An indicator of the potential for corruption at Patria.
FINANCIAL PERFORMANCE	Profitable growth in line with Patria's strategy.	Strategy-compliant developments and continuous improvements in efficiency. Net sales of about EUR 900 million by 2025.	Meeting financial targets.	An Operational Excellence project aimed at boosting operational efficiency. Financial targets were met.	Developing an organisational culture that supports strategic goals. Continuing the measures begun in the Operational Excellence project. Continuously reviewing and developing Patria's operating model.
WELLBEING AT WORK	To offer a safe and inspiring working environment for all employees. Successful implementation of the changes in line with Patria's strategy.	Results of the employee satisfaction survey. The target is the average level of the comparison group.	The change was made successfully. The goal is to keep the sickness absence rate below 3.5 per cent.	A focus on change management and, in particular, investments in mental wellbeing and coping at work. Sickness absences (%) 3.2% (2021: 3.3%)	A continued focus on investing in mental wellbeing and coping at work. Implementing measures in accordance with the Patria People Employee Survey conducted in February 2023.
ENVIRONMENTAL ACTION AGAINST CLIMATE CHANGE	Reducing emissions.	Achieving targets in line with the Science Based Target initiative (SBTi).	Joining the SBTi and setting targets. An investment plan for saving energy in 2023–2030.	Carbon footprint calculated using SBTi principles (Scope 1–3. Energy saving investments implemented according to plan.	Acceptance and tracking of SBTis. A gradual transition to fully renewable electricity and a reduction in the carbon footprint of procurement. The installation of solar panels in Belgium.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

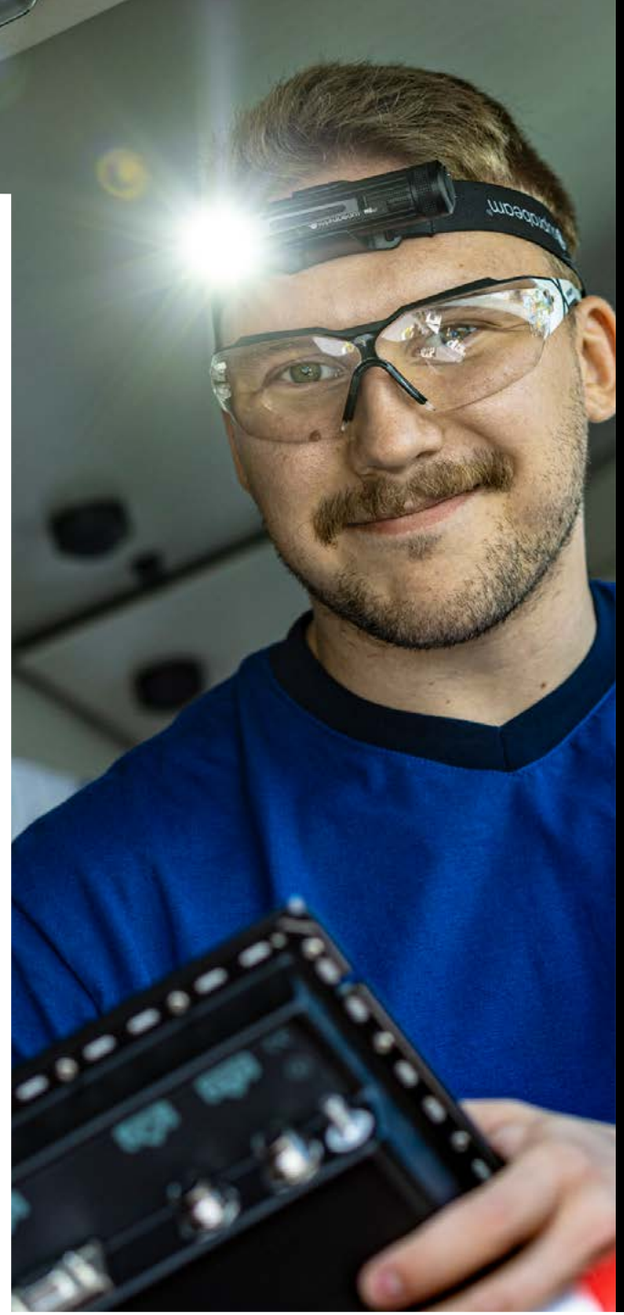
Good corporate citizenship is a prerequisite for good business

At Patria, corporate responsibility management is based on corporate governance, compliance with applicable legislation, ethical principles, and other internal guidelines that ensure integrity, transparency and ethical conduct in our business.

High ethical standards and the continuous development of related practices are particularly important in the defence sector. At Patria, responsibility, reliability and openness are integral aspects of everything we do. A company that is majority-owned by the Finnish state cannot operate without good corporate citizenship. Patria also plays an important role in security of supply, both in Finland and other countries.

Patria complies with the Limited Liability Companies Act, Auditing Act, Accounting Act and any other binding legislation. As a State majority-owned company, Patria's operations are also governed by the Government Resolution on State-Ownership Policy, the latest version of which was published in April 2020.

Putting corporate responsibility into practice forms part of the work and duties of each Patria employee. In accordance with the Limited Liability Companies Act, the General Meeting is the highest decision-making body in matters concerning responsibility. The Board of Directors is in charge of organising corporate responsibility and integrating it into the company's business strategy. The Board of Directors confirms the Group's ethical practices and monitors their implementation. In 2023, the Board enhanced its responsibility-related competence through a variety of mandatory and voluntary training. Training themes included safety and security perspectives in supplier networks and sustainability reporting. The Board



Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Putting corporate responsibility into practice forms part of the work and duties of each Patria employee.

of Directors and all personnel receive mandatory ethical training at two-year intervals.

Under the guidance of the CEO, the Management Team prepares both Patria's strategy and the integration of corporate responsibility into the strategy. The Management Team approves the materiality themes and objectives for corporate responsibility, and regularly monitors their implementation both separately and as part of other activities. The focal points of Patria's sustainability action are defined in the responsibility programme, whose targets have been included in the long-term remuneration programme for both management and personnel. Since the beginning of 2022, Patria's corporate responsibility has been steered by the ESG Steering Group, which operates under the direction of the Management Team and is coordinated by the General Counsel. In addition to the General Counsel, the Group includes the CHRO, CFO, VP/Group Communications and VP/QEHS. Patria also has five ESG working groups specialising in the environment, compliance, finance, procurement and wellbeing at work.

Responsibility for environmental management is divided between the Group's functions. Patria's Environmental Work Group is tasked with furthering collaboration, sharing best practices between business areas, and planning and reporting on the Patria Group's environmental responsibility.

In 2022, Patria appointed a Head of Compliance, who reports to the General Counsel and is responsible for matters related to compliance and ethics (including anti-corruption work). Patria's compliance and ethics action plan was approved by the Board of Directors. Responsibility for the supervision of matters related to ethics and compliance rests with the Audit Committee, which is appointed by the Board of Directors. This duty is listed in the Audit Committee's standing orders.

Our operations also comply with the standards applicable to each activity, such as ISO standards for quality assurance, AQAP and STANAG standards for defence equipment, and EN/AS91X0 standards for aviation.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

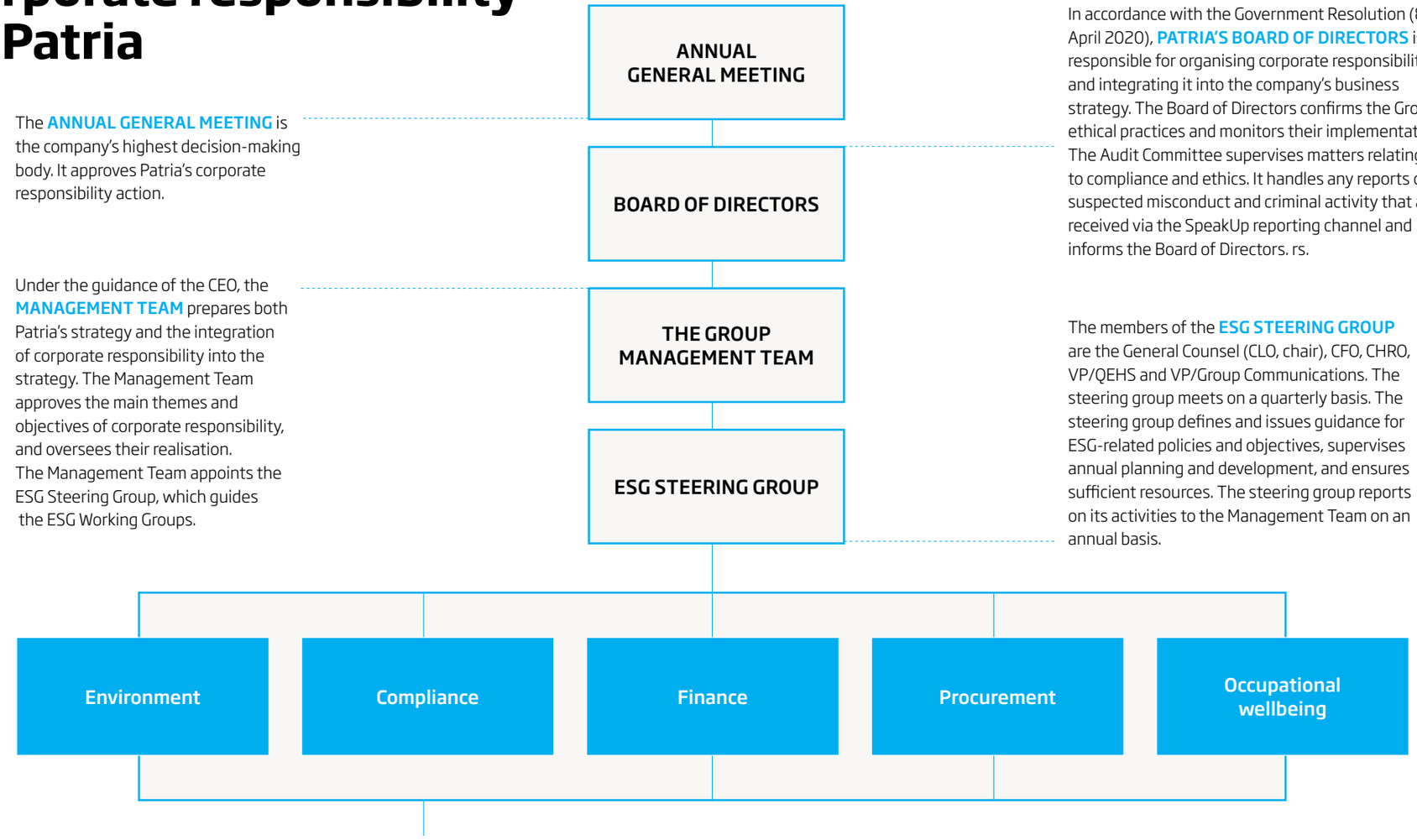
Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Corporate responsibility at Patria



The **ANNUAL GENERAL MEETING** is the company's highest decision-making body. It approves Patria's corporate responsibility action.

In accordance with the Government Resolution (8 April 2020), **PATRIA'S BOARD OF DIRECTORS** is responsible for organising corporate responsibility and integrating it into the company's business strategy. The Board of Directors confirms the Group's ethical practices and monitors their implementation. The Audit Committee supervises matters relating to compliance and ethics. It handles any reports of suspected misconduct and criminal activity that are received via the SpeakUp reporting channel and informs the Board of Directors. rs.

Under the guidance of the CEO, the **MANAGEMENT TEAM** prepares both Patria's strategy and the integration of corporate responsibility into the strategy. The Management Team approves the main themes and objectives of corporate responsibility, and oversees their realisation. The Management Team appoints the ESG Steering Group, which guides the ESG Working Groups.

The members of the **ESG STEERING GROUP** are the General Counsel (CLO, chair), CFO, CHRO, VP/QEHS and VP/Group Communications. The steering group meets on a quarterly basis. The steering group defines and issues guidance for ESG-related policies and objectives, supervises annual planning and development, and ensures sufficient resources. The steering group reports on its activities to the Management Team on an annual basis.

Patria has five ESG Working Groups, which represent different functions. These working groups are responsible for the preparation and maintenance of the Group-level ESG programme, the roadmap, and reporting to the ESG Steering Group. The working groups are responsible for the coordination of annual ESG reports.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

A strong commitment to ethical practices

Patria's ethical practices are outlined in Patria's Ethical Code of Conduct, which is the foundation for all of the Group's activities. Patria's Ethical Code of Conduct is supported by supplementary guidelines and practices as part of its ethics and compliance management system, which was further developed in 2023 to reflect Patria's new organisational structure.

Patria's compliance processes include:

Ensuring ethical operations:

- Patria's Ethical Code of Conduct
- Identifying, reporting and investigating serious incidents
- Reporting suspected misconduct / SpeakUp channel
- The administrative process for handling reports of misconduct
- Patria's Supplier Code of Conduct

Ensuring compliance with anti-bribery and anti-corruption requirements

- Patria's anti-bribery policy
- Business partner selection process
- Gifts and hospitality policy

Ensuring compliance with international trade regulations and sanctions:

- Trade Compliance Manual
- Trade Compliance and Sanctions Policy
- Sanctions Screening at Patria
- Patria Country Risk Matrix

Ensuring compliance with data and privacy protection regulations:

- Data protection policies and practices in the processing of personal data
- Recognised personal data processes and the comparable Patria function

Handling conflicts of interest:

- Identifying tasks within the organisation that are susceptible to conflicts of interest
- Targeted operating models based on data obtained from the Compliance Survey conducted in spring 2023
- Guidelines for related-party transactions

Personnel are informed about the aforementioned topics through suitably general or subject-specific training, as well as regular communications and cooperation with departments whose processes involve various aspects of compliance. The practical implementation of policies and principles is verified with internal audits that also enable effective monitoring, continual risk assessment, the monitoring of any corrective measures, and the allocation of adequate resources and appropriate priorities.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria acts responsibly, and requires its current and future partners to do so as well. Patria has introduced a clear selection process for suppliers and business partners that includes an extensive due diligence report and, as necessary, the immediate involvement of senior management in investigating incidents.

Patria requires its suppliers and business partners to commit to the ethical principles and level of responsibility described in the Patria Ethical Code of Conduct and Patria Supplier Code of Conduct.

Integrity forms the core of Patria's business. Although supervisors, HR and the legal department are always available to listen to people's concerns, there may be circumstances in which anonymous reporting is desirable. A dedicated tool has been developed for such circumstances: the SpeakUp channel, which is also available to third parties.

During 2023, Patria incorporated the EU Whistleblower Directive's enhanced measures into its whistleblower reporting and investigation process in order to address any incidents quickly and protect whistleblowers in accordance with legislation in Patria's operating countries.

Patria is firmly committed to anti-bribery and anti-corruption. This commitment is an integral part of the company's values and is reinforced by senior management's line on the matter: Patria will not tolerate any form of bribery or corruption. Patria has a clear anti-bribery and anti-corruption programme that applies to all persons acting on behalf of the company, including all employees, Board members and employees of subsidiaries under Patria's control. Its practical implementation includes: Patria's membership in the TRACE Compliance Community, an international business network committed to meeting the highest standards of anti-bribery.

In 2023, Patria continued its successful cooperation with Kongsberg in the Trade Compliance project. The project's annual event, held at the turn of October/November, featured several top-level speakers, including experts from industry, the authorities and a number of different sectors, as well as specialists from law firms and advisory bodies. The two-day event in Kongsberg, Norway attracted plenty of attendees from both companies.

Ethical training

Two levels of ethical training are provided to employees based on their risk level and potential exposure to unethical conduct. This training includes a basic section and an advanced section for selected groups. The topics include anti-corruption, gifts and hospitality, conflicts of interest, data protection and security, and

> **Patria acts responsibly, and requires its partners to do so as well.**

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

workplace harassment. Mandatory training was given to everyone during 2023 and topic-specific training will be provided as necessary, either in person or remotely via Teams.

Every two years, Patria measures its employees' opinions on serious misconduct and other unethical conduct with the aid of an anonymous survey (the Survey on the potential for serious misconduct at Patria). This survey is sent to senior management, middle management and other randomly selected employees representing 10 per cent of Group personnel. The Patria Compliance Survey was last conducted in May 2023.

Reporting misconduct

Violations of Patria's Ethical Code of Conduct can cause significant and long-term damage to Patria's reputation and may even lead to legal action against the company and its employees. Even behaviour that violates the Ethical Code of Conduct in good faith or for acceptable intentions is also potentially damaging.

Any conduct that is contrary to Patria's Ethical Code of Conduct will be subject to corrective measures, which may include termination of the employee's employment contract if so required.

Patria's Ethical Code of Conduct and other guidelines seek to provide employees and stakeholders with guidelines on how to conduct business. It is not, however, possible to address all of the different situations that may be encountered in Patria's complex operating environment. Patria employees are always encouraged to ask their immediate supervisor or an HR representative whenever something is unclear, or to seek advice from Patria's legal and compliance department. Every employee is responsible for reporting suspected misconduct and concerns to their immediate supervisor, to Patria's legal and compliance department, or through other available reporting channels.

The following reporting channels can be used:

- Questions can be directed to the legal and compliance department.
- Serious reports of misconduct can be made anonymously through the SpeakUp channel, either online or by phone.
- External stakeholders can also make reports via the SpeakUp channel.

The rights and privacy of both the whistleblower and any other parties concerned will be protected under all circumstances. Anyone who makes a report of misconduct in good faith must not be subjected to any punishment or unfavourable measures that affect their employment contract. Any unfavourable action that is taken against a person who makes a report in good faith will be investigated as a violation of the prohibition of retaliatory action, which will have severe consequences for the party who has retaliated.

A total of 22 reports were made through the SpeakUp channel in 2023. All incidents were handled in accordance with the process outlined and published in Patria's Whistleblower Policy. Depending on the subject matter of the report, they were either transferred to HR or the Quality, Environment, Health and Safety function, or were investigated as suspected misconduct.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Stakeholder work revolves around goal-oriented collaboration and high ethical standards

Patria engages in close, goal-oriented and extensive collaboration with stakeholders both in Finland and internationally. Stakeholder relations are always handled professionally, reliably and openly.

Patria's key stakeholders are its owners, personnel, customers and suppliers; authorities and agencies; trade and industry organisations; NGOs; certain educational establishments and their students; and the media. In addition, each function defines the key stakeholders for success on a project-by-project basis.

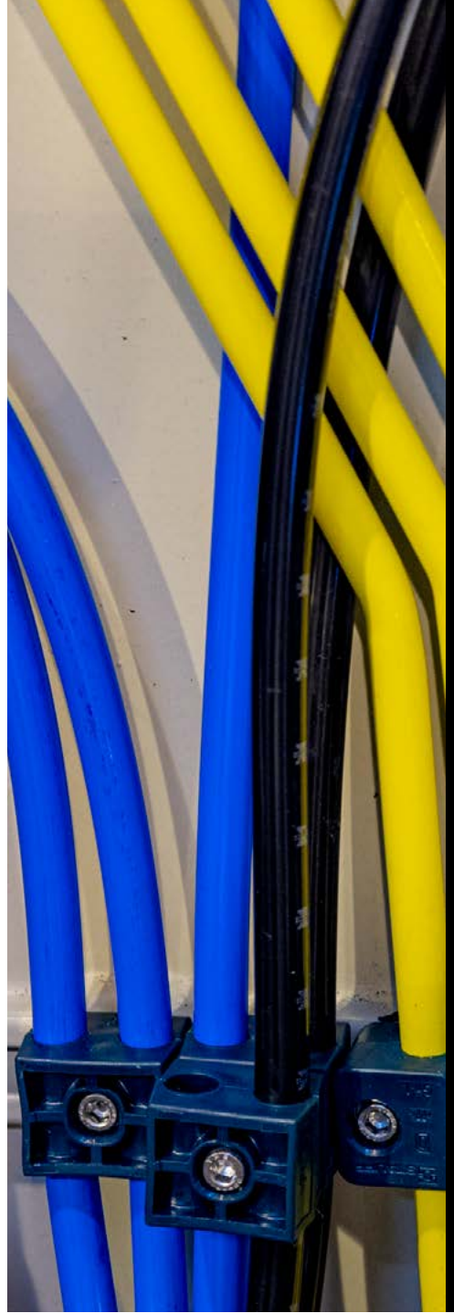
Cooperating and doing business with stakeholders requires high ethical standards, reliability and transparency from both Patria's management and all personnel. Patria does not accept any kind of deviation from its standards of honesty, transparency, ethical conduct and compliance.

In many cases, cooperation with stakeholders is subject to strict anti-corruption and anti-bribery regulations. Patria's operations are also subject to a variety of requirements in terms of procurement, advocacy, sponsorship, conflicts of interest, gifts and benefits. Patria has clear guidelines and practices in these areas.

Patria has drawn up a plan for implementing stakeholder interaction on the basis of a stakeholder analysis. The aim is to engage in open communication about Patria's business, to pay even better attention to stakeholders' needs, and to ensure that Patria's activities are acceptable to various stakeholders.

Focus on the customer in Finland and internationally

The strategic partnership agreement between Patria and the Finnish Defence Forces specifies Patria's role in the maintenance and further development of performance. Strategic partnership means a close and long-term collaborative relationship based on agreements. It focuses on shared long-term development goals, preparations for the various phases of enhancing peacetime preparedness and operations in exceptional circumstances.
An organisation built on Patria's strong core operations and an operating model that supports the growth strategy have improved overall visibility to customers' current and future needs. This will help Patria to provide even better service to the Finnish Defence



Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Forces, a wide range of security-critical public-sector customers in Finland and international customers.

Customer satisfaction is measured internationally on a regular basis. Patria's Global and Finland divisions conducted their most recent customer satisfaction surveys at the end of 2023. Patria's customer-centric approach, products and services, and responsible way of working received high ratings across the board. Confidence in contact persons and technical specialists and their level of expertise was strong. Stakeholders also wanted to find new ways to engage the defence industry earlier in the process of planning capability development.

Close cooperation to develop the defence sector

Patria has been proactive in introducing an ecosystem model to the defence industry. It is also in Patria's interest to be involved in shaping policies and legislation, both in Europe and globally. Finland's NATO membership also opens up many new networking opportunities for Patria.

Patria is a member of the Association of Finnish Defence and Aerospace Industries (AFDA). In 2023, Patria's CEO Esa Rautalinko continued to serve as the chairman of AFDA's Board of Directors. Since 2020, Patria has also been a member of the AFDA's international umbrella organisation, the Aerospace and Defence Industries Association of Europe (ASD). Direct membership of the ASD is the best way to promote Patria's interests through dialogue with EU bodies and other EU stakeholders. Patria is a founding member and active participant in the operations of the Digital Defence Ecosystem (DDE), with a focus on dual-use products.

In addition, Patria collaborates with various educational institutions and universities. Patria and Tampere University of Technology (TUT) have a ten-year cooperation agreement (signed in 2018) through which Patria has provided financial support to TUT, including in 2023. This agreement seeks to ensure the continued availability of top aviation technology expertise in Finland, and to bolster research in the field.

Sustainability efforts continued in 2023

Responsible operations lay the foundation for business growth both in the domestic market and internationally. Patria is thus committed to the UN Global Compact corporate sustainability initiative. Patria is a member of the Global Compact Finland network, the Finnish Corporate Responsibility Network FIBS, AmCham Finland and the Helsinki Region Chamber of Commerce. In addition, Patria has been part of TRACE, an international corporate network, since 2021. TRACE helps Patria to strengthen its ethical practices.

Patria and Kongsberg continued to work together on Trade Compliance – a joint project that seeks to promote business compliance.

Patria is also committed to the Science Based Targets initiative, and takes concrete action to promote sustainable development in its business.

> **Finland's NATO membership opens up new networking opportunities for Patria.**

Sponsorship and donations

Patria selectively sponsors international, national and local partners. The goal is to engage in cooperation that advances the operations of both parties. Compatibility with Patria's values and ethical code is a key factor in partner selection. Patria does not support political or religious activities. Sponsorship agreements are always made in writing. In 2023, Patria sponsored the Finnish Biathlon Association and the Finnish Military Sport Federation.

Donations supported different kinds of youth work at Patria's locations and children in Ukraine.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Stakeholder-specific financial capital flows (financial cash flows for stakeholders)

Direct economic value, EUR million			2023	2022	2021	2020	2019
		Consolidated net sales	733.8	627.1	547.7	534.1	507.5
		Other operating income	14.0	4.3	4.8	11.4	3.6
		Share of joint ventures result	36.3	32.0	41.4	27.0	14.4
Customers	**Sales**	**Income, total**	**784.1**	**663.4**	**593.9**	**572.5**	**525.5**
Suppliers	Goods, materials and services	Operating costs exlcuding depreciation and personnel expenses	440.2	360.1	299.9	308.0	305.2
Personnel	Wages, salaries and fees	Personnel expenses	247.3	222.4	205.4	194.7	186.8
Public sector	Taxes	Payments to government (taxes)	7.4	7.1	6.3	3.6	0.2
Non-profit foundations	**Support and donations**	Donations and other charitable payments	0.1	0.2	0.1	0.1	0.1
		Payments made to shareholders and loan providers					
Shareholders	Dividends	Dividends (paid to equity shareholders)	26.4	25.1	16.7	13.9	13.9
		Dividends (paid to non-controlling interests)	4.8	4.6	3.9	2.9	2.9
Investors	Financial costs	Interest and other financial income and expenses	4.9	4.2	4.6	3.6	3.9
	Expenses	Distributed, total	**731.1**	**623.6**	**537.0**	**526.9**	**513.1**
Investments		Investments in tangible and intangible assets as well as acquisitions	19.6	17.2	11.8	15.2	34.6

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Guaranteeing security under all circumstances

Ensuring security of supply and a secure future are the cornerstones of Patria's business. A secure future is founded on a country's autonomy, that is, the ability of its parliamentary machinery to make independent decisions about its affairs. This calls for a credible military defence capability, which in turn requires solid security of supply. And security of supply requires reliable technology and expertise, in other words, exactly what Patria offers. To ensure a secure future, Patria must be able to carry out its duties in the areas of maintenance and servicing, security of supply, manufacturing and crisis preparedness, both in Finland and other countries in which the company has public-sector customers. In addition to these security perspectives, Patria is an important and responsible employer and taxpayer that pays dividends to its owners.

> **Security of supply requires reliable technology and expertise.**

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Comprehensive continuity management

At Patria, security of operations means both comprehensive management and the development of related competencies. Both physical and data security are important factors in critical projects. In the defence sector, corporate security plays a central role in ensuring undisrupted operations.

It is the task of Patria's security organisation:

- to enable Patria to conduct business within its sector with regard to its various areas of responsibility
- to promote and ensure the attainment of Patria's business objectives by maintaining and developing security
- to safeguard business continuity during various disturbances and exceptional circumstances by ensuring that Patria has prepared for them in advance
- to ensure Patria's reliability as a partner to its customers, the authorities and other stakeholders
- to maintain a level of security that ensures the protection of customers', other stakeholders' and Patria's own information and material.

Primary responsibility for corporate security lies with Patria's units and group functions, which each take responsibility for matters related to their operations. Patria's security organisation provides functions with a variety of corporate security services. The comprehensive management of corporate security is also steered, developed and monitored at Group level, and the related competencies are also ensured and developed.

Corporate security is divided into: production security, rescue safety, preparedness and crisis management, facility security, management of misuses and non-conformities, information security, and personnel security. Patria has been granted national Facility Security Clearance. The designated national security authorities (DSA and NCSA) regularly audit Patria's level of corporate security.

Information security

Patria systematically seeks to maintain a good and sufficient level of information security through management, development, communications, training, continuous improvement, and cooperation with a variety of stakeholders. When developing its information security, Patria follows generally approved best practices and operating models, taking into account any country- and customer-specific requirements arising in different business areas, and especially the requirements and potential threats in the sector.

The aim is to take a variety of measures in different areas of information security to protect Patria's personnel, customer data, property, reputation and trade secrets. These measures include risk management, security processes, information security architecture, guidelines, audits, personnel onboarding, and improving information security awareness. An important aspect of

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

these objectives is to safeguard business continuity, assurance processes, safety, access control, reporting and the monitoring of information security incidents. All Patria personnel, its management and Board of Directors are committed to following security-related operating procedures, processes and guidelines.

In 2023, Patria continued to increase information security awareness among its personnel and stakeholders through online training, webinars and new forms of internal communication. In conjunction with its organisational restructuring, the company began developing new operating models and control activities for the renewed and internationalising Patria, which is now subject to an increasing number of new requirements. During the year, the most significant technical projects were the initiation and implementation of user management and situational awareness development projects. The management and analysis of cyber risks is based on an accurate and up-to-date situational picture and well-functioning background processes.

Uncertainty and instability within Europe has led to increased challenges in information security, and significant investments have been made in the technical side of situational awareness. A general increase in cyberattacks, the growing demand for experts in the sector, an increase in digitalisation and new technology, and an increase in new risks and threats are all phenomena in whose management Patria is investing.

Data protection

Patria's Legal and Compliance function provides support for data protection and prepares Group-wide policies and guidelines for processing personal data. This function also develops and maintains the data protection management model and supports others in the use of data protection processes, such as impact assessments and data processing agreements.

As per Patria's policy and guidelines, everyone who processes personal data at Patria must do so in accordance with data protection legislation and must comply with good data processing and management practices. This means that personal data is processed legally, fairly and transparently with regard to the data subject, and only for the intended purpose. The amount of data stored is kept to a minimum, and its accuracy, integrity and confidentiality are taken into account. In 2023, Patria continued to train personnel and mobilise its management model and data protection processes within the organisation.

"

Patria invests in managing new risks and threats.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Systematic and goal-oriented quality improvements

Patria's new organisation model supports the standardisation of quality management. Quality management has been centralised and steps to build shared operating methods have been initiated. Organisation-wide system changes are a large and time-consuming aspect of transforming operating methods. Quality management will continue to be developed in a goal-oriented manner in the years ahead.

Patria is committed to continuous improvement, and the Operational Excellence function was established in 2022 to bring a more systematic Lean Six Sigma operating model to the entire organisation. By the end of 2023, 130 Patria employees had completed Yellow Belt training and 13 had also finished their Green Belt training. As part of this training, each student has completed a project aimed at boosting efficiency and achieving concrete cost savings. The benefits that have been achieved have exceeded expectations. The goal for 2023–27 is to have 800 trained and certified Lean Six Sigma specialists at Patria in order to create an efficient and productive organisation that better meets customer needs. Full-time Lean Six Sigma Black Belt roles will be introduced in 2024, and they will focus on implementing major improvement projects and supporting Yellow Belt and Green Belt projects.

Operational system

Patria is improving its ERP system in order to better meet the expectations of its customers, employees and owners. In late 2023, Patria's quality system was standardised in line with the ISO 9001 standard and ISO 14001 environmental system standard. Operations will be consistent with the ISO 45001 occupational health and safety standard in 2025. Patria also complies with the relevant official regulations and the AQAP and Stanag standards required by NATO.

> **The benefits of Lean Six Sigma training have exceeded expectations.**

Patria has an audit programme in place. Audits are carried out by customers, the authorities, the in-house audit team and an external certification partner. Certificates make life easier for both Patria and its customers – that said, quality efforts revolve around Patria's drive to meet the expectations of its customers, employees and owners.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Harmonisation of procurement practices is well under way

Patria's new operating model also covers supply chains. The standardisation of the procurement practices of Operations units and Group functions has been kicked off by overhauling processes and guidelines. The deployment of a new standardised operating model has been initiated by combining procurement organisations, identifying best practices and harmonising processes and guidelines.

Responsible operations are reflected in supply chains

Responsibility is realised in Patria's supply chains by taking social, ethical and environmental guidelines and perspectives into account in invitations to tender and competitive procedures. Patria requires suppliers in its supply chain to not only comply with their national legislation, but also commit to compliance with Patria's Code of Conduct, which covers matters such as human rights, the environment, health and security.

Patria emphasises security of supply in the planning of procurements.

Patria's operations in Finland involved a total of around 1,000 active suppliers. More than EUR 300 million was spent on procurements. The largest subcategory of procurements in Operations, as measured in terms of spend value, was standard components, and the most significant procurement category in Group functions was insurance.

The suppliers in Patria's supply chains are largely European. In the case of Operations, 75% are Finnish. 90% of the suppliers in Group functions are Finnish.

Operations units classify 10–20% of their suppliers as strategic. This classification is based on scoring, on the basis of which the company defines its supplier management principles. From strategic suppliers, Patria typically purchases complete systems, raw materials, components, equipment, software, expert services and subcontracted manufacturing.

Greater environmental awareness among suppliers

Patria has reviewed about 50 of its new suppliers in accordance with environmental and social criteria. Environmental awareness is widespread among suppliers, and many of them monitor their carbon footprint, for instance. Most of Patria's suppliers are located in developed countries where basic labour rights and human rights are supervised by the authorities.

Patria has identified the carbon footprint caused by its subcontracted manufacturing and logistics. The company also carries out reviews of direct suppliers that Patria is responsible for approving, taking environmental and social criteria into consideration.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Responsible export and active participation in international markets

For Patria to succeed and maintain its licence to operate, compliance with all export control and sanctions laws and regulations applicable to Patria's transactions is a must.

Patria is committed to compliance with all trade control and sanctions laws and regulations, and strives to continuously improve its internal processes and practices in accordance with its internal Compliance Management System. Patria 's senior management plays a key, direct role in country risk determination and red flag analysis, considering among others, the company's values, human rights and the risk of diversion. Compliance with trade compliance and sanctions, and country risk analysis, are performed in accordance with the following policies:

- Trade Compliance Manual
- Trade Compliance and Sanctions Policy
- Sanctions Screening at Patria
- Patria Country Risk Matrix

In 2023, Patria has improved its processes and tools on due diligence screening while adapting those to new regulatory requirements and conducted internal compliance audits verifying adequate implementation. Patria strives to ensure it has the right level of skills and competences in this domain. To this end, it actively engages in cooperation with other industry peers, to identify, share and implement best practices. For this purpose, Patria took a leading role in the creation of the Finnish Sanctions and Export Control Society ("SPVY"), of which it is a founding member. The SPVY's goal is to strengthen Finland's economic and national security resilience by establishing a platform to provide risk, threat, and legally based approaches to global trade compliance, and by serving as a vehicle to develop a strong and lasting export controls and sanctions compliance ecosystem in Finland. SPVY is open to be joined by and benefit from Finnish members of the sanctions and export control communities.

Since 2019, Patria and the Kongsberg Group continue to cooperate through the Trade Compliance Project, which was recognised in 2021 through a World Export Control Review Award and continued to be featured in specialised seminars and publications during 2022 and 2023. The Annual Event connected to this Project was organised in Kongsberg in November 2023 and gathered a record number of participants, as well as high level speakers from the Norwegian Licensing Authority, US Department of State, US Department of Commerce – BIS, EU Anti-Fraud Office - OLAF, as well as peers from other industries and specialised law firms. Patria also actively participates in expert industry groups and plays an active role through its Chairmanship of the ASD (Aerospace Security and Defence Industry Association) Export Control Committee, regularly engaging in dialogue with the European Council's COARM (Working Party on Conventional Arms Exports) and the European Commission.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Business in a long-term and responsible manner

Patria enhances and develops its business in a long-term and responsible manner. In its financial reporting, Patria complies with all applicable rules of accounting and financial reporting.

Patria complies with all applicable rules on accounting and financial reporting. Patria's financial reporting is based on IFRS. Under no circumstances will Patria falsify or forge financial or other documents or give misleading information.

Patria promotes fair competition in all markets in which it operates and complies with all applicable competition law and anti-cartel legislation. Patria neither engages in nor accepts any agreements or other arrangements with competitors that would restrict competition. Patria will not exploit a dominant market position and will always obtain the necessary permits for mergers or acquisitions.

Tax footprint

The principle of Patria is to pay in each country the indirect and direct taxes that fall to it in accordance with local laws and regulations. Patria has no functioning corporations in low-tax countries. Patria's tax strategy is to support business solutions and ensure their proper implementation also from a tax point of view. The principle is to comply with local legislation and notification obligations.

The table includes the most significant countries to which the Group pays taxes and other levies in addition to Finland. The Group companies have also paid taxes during the financial year to the following countries: the Netherlands, Spain, Japan, Norway, Poland and Estonia.

Patria tax footprint	Finland	Sweden	Belgium	Latvia	Other countries	Group in total
Net sales, M€	641.5	19.4	55.8	2.0	15.2	733.8
Profit before taxes, M€	21.9	-1.7	6.8	0.3	36.7	64.0
Personnel 31.12.2023	3 113	78	112	19	63	3 385
Taxes borne, M€						
Corporate income taxes	-4.0	0.0	-1.9	0.0	0.0	-5.9
Employment taxes	-2.7	-1.4	-2.3	-0.2	-0.1	-6.6
Real estate taxes	-0.4	0.0	-0.2	0.0	0.0	-0.6
Other taxes	0.0	0.0	0.0	0.0	0.0	-0.1
Total taxes borne, M€	-7.1	-1.4	-4.4	-0.2	-0.1	-13.2
Taxes collected, M€						
VAT, remitted	-43.0	-2.4	1.7	-14.5	3.3	-54.8
Payroll taxes	-44.8	-1.4	0.0	-0.1	-0.9	-47.2
Withholding taxes	0.0	0.0	-1.1	0.0	-0.1	-1.3
Total taxes collected, M€	-87.8	-3.7	0.6	-14.6	2.3	-103.3
Total taxes borne and collected, M€	-94.9	-5.1	-3.8	-14.9	2.2	-116.5

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

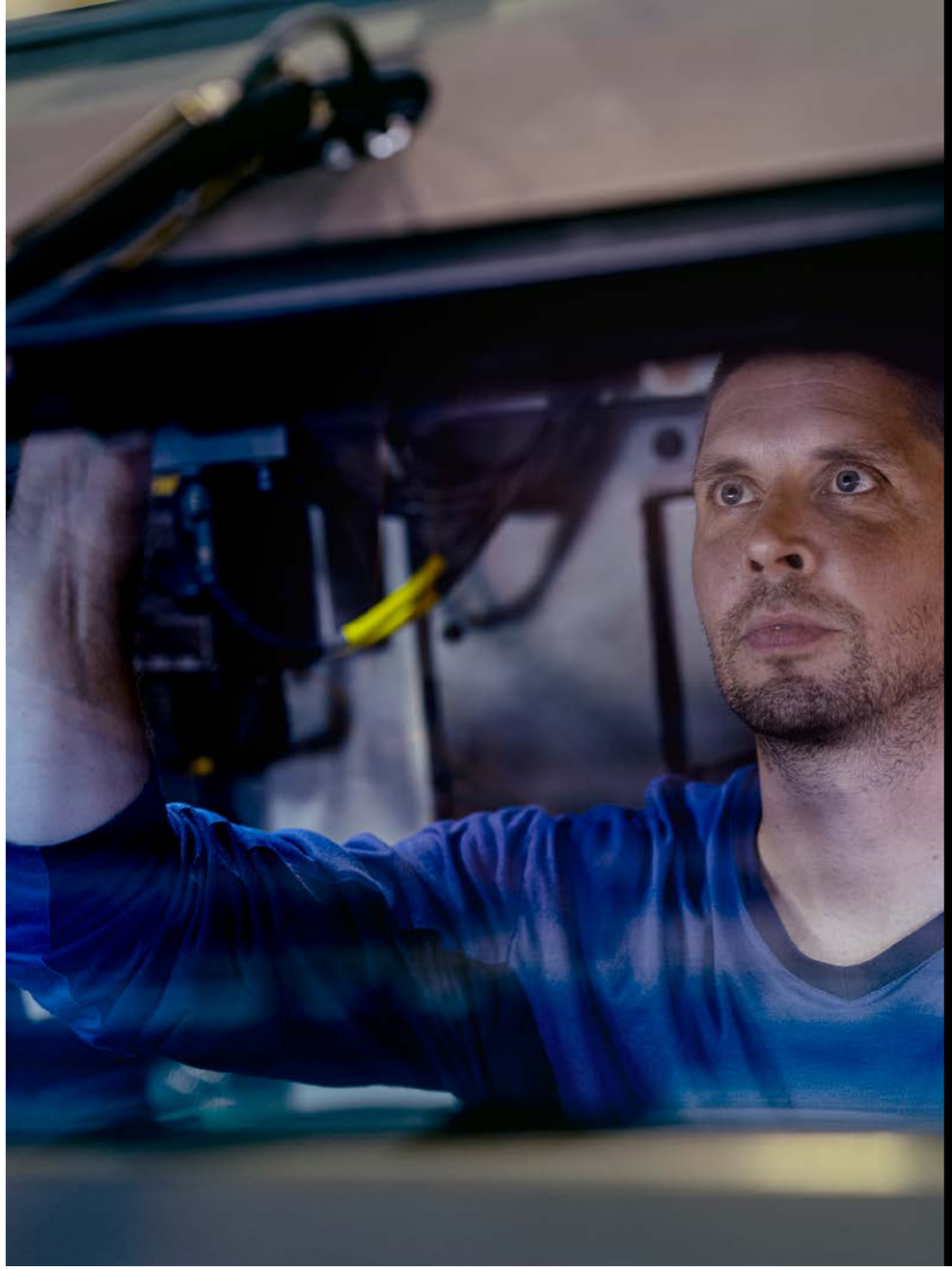
Revised operating model the focus of 2023

Patria has a total of 3,583 professionals working in Finland and at its foreign units. Approximately 94 per cent of Patria employees work in Finland. Women accounted for 17 per cent of employees in 2023. The average length of service was 12.9 years, and 95.6 per cent of employment contracts were permanent. 5.5 per cent of employees had part-time contracts. More detailed information about personnel: Personnel figures 2023

Patria continued with the revamping of its operating model, which began back in 2021 with the Horizon 2025 growth strategy. The purpose of the reforms was to make Patria's entire operating model as efficient and clear as possible to meet the growing demand and secure the deliveries of current and new orders. The changes that enable growth and internationalisation affect the work of practically every Patria employee.

In 2023, the main focus was on the development and organisation of the Operations unit, which is responsible for Patria's production and is Patria's largest unit in terms of personnel. The operating model reform also extended to the Portfolio unit responsible for products and services and their development, as well as to the Group's support functions. The new organisation and operating model entered into force on 1 January 2024.

Due to the operating model and organisation reform, the Operations unit conducted change negotiations in the autumn of 2023, with 1,190 employees within their scope. As a result of the negotiations, essential changes were



Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

made to the work duties of 280 Patria employees. At the close of the negotiations, the potential layoffs concerned a maximum of 56 employees.

HR Policy revolves around equality and succeeding together

Patria's responsible HR management is steered by the People Policy, which is based on the company's values and was released in 2019. Its overarching principle is to comply with laws, regulations, ethical principles and best practices in all Group companies across borders.

The People Policy is built on five basic principles: equality and non-discrimination, responsible and value-based management, lifelong learning, succeeding together and a safe working environment.

Patria's day-to-day HR work is centralised in the Group-wide PeopleServices function, which implements best practices across all Patria functions. People and Growth experts are responsible for developing HR work with the support of HR Business Partners. Corporate Communications is part of the HR function.

Further developing corporate culture with personnel

Organisational reforms were carried out in accordance with Patria's previously defined cultural attributes: Impactful, Dynamic, Ambitious and Together. The change process was supported with unit-specific training, roadshows that toured a number of locations, and open communications about the changes in Patria's internal channels. Discussions about the kind of common culture that everyone wants at Patria will continue in 2024, as having a shared culture will play a major role in the implementation of Patria's strategy and the employee experience in the years ahead.

> **A shared culture plays a major role in the implementation of Patria's strategy.**

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Consistent operating methods support the development of occupational well-being

Patria wants to be a safe and inspiring workplace for all its employees. The objectives for occupational well-being and working capacity for 2023 emphasised the requirements and development opportunities of the new strategy and revised job descriptions.

Patria's operations were reorganised at the beginning of 2022. Occupational safety and well-being practices were also revised at that time. Occupational safety and its development were transferred from the businesses to a centralised Group-level team, and occupational well-being issues are handled by Group-level HR.

The centralisation of functions improved the flow of information and the sharing of good practices, as well as consolidated ways of working. Consistent practices facilitate the work of all personnel and make resources available more efficiently by eliminating overlapping work.

Patria's key occupational safety objective for 2023 was to establish common practices for key processes in occupational safety, such as risk assessments, collection and handling of workplace safety observations, and safety walks.

Patria's long-term objective is to ensure that work does not cause any accidents or occupational diseases. The company has zero tolerance for inappropriate behaviour.

In 2023, a total of 69 accidents at work were recorded in Patria's operations in Finland, of which 12 resulted in more than three days of absence. The total number of accidents is clearly higher than in the previous year. This is partly due to the lowered reporting threshold, which is intended to ensure that incidents can be identified and learned from even when they do not lead to absences. There was also a small rise in lost time injuries. Patria's accident frequency rate, which describes accidents leading to an absence of over three days relative to hours worked, was 3.5 (per million hours) in 2023 (2.8 in 2022).

Safety observations by employees play a key role in improving occupational safety. The reporting of such observations was streamlined from several systems to one, making it easier to submit and review them. Patria's goal for the year was to increase the number of safety observations from 334 to 1,700 during 2023. This goal was reached – a total of 2,116 safety observations were made during the year. Millog has achieved good results thanks to its long-term efforts – 4,447 workplace safety observations were made in 2022.

Mental strain poses a challenge in occupational well-being

The effects of the reorganisation on occupational well-being were monitored with quarterly pulse surveys. The results were utilised in supervisor coaching, for instance.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

"

220 individuals took advantage of the employee bicycle benefit introduced in 2023.

In addition to the in-house changes, mental strain increased due to the continuation of coronavirus infections and the war in Ukraine, which has a close bearing on the defence and security sector. The Group has defined support practices for solving problems in employment and support for returning to work after sick leave.

In sick leave absences, coronavirus and respiratory infections were to the fore in 2023; the share of sick leave accounted for by such infections was consistent with the timing of flu waves. The second largest cause of sickness absences was musculoskeletal disorders, and the third was absences related to mental well-being.

Sickness absences averaged 3.6 per cent in Patria's operations in Finland, as compared with 3.7 per cent in the previous year. The Group average was 3.4 (3.2) per cent.

Greater use of digital appointment services is one of Patria's indicators of occupational health. Use of digital appointment services has become well established.

As part of the maintenance of working ability, Patria organised workplace reports, ergonomic walks, workplace break exercise and various exercise groups, for instance. Personnel in Finland have employer-supported lunch, culture, exercise and wellness vouchers as an employee benefit. In 2023, an employee bicycle benefit was introduced. 220 people availed themselves of this benefit.

The model for annual personnel events was standardised in line with the theme of community and well-being.

Patria

Competence development supports Patria's growth strategy

Patria makes considerable investments in competence development with the aim of creating and supporting a culture of high performance. By continuously developing competence, we want to leave a lasting impression.

In 2023, competence development continued to reflect the after-effects of Patria's structural reorganisation and focused on the second phase of the overhaul. The Operations function continued its large-scale programme of supervisor coaching and workshops that was launched in 2022. Since the autumn, supervisors in other functions have also participated in these activities. By the end of 2023, all of Patria's supervisors had therefore taken part in some form of coaching to develop their supervisory skills.

A total of approximately 180 people attended supervisor training. The coaching and training sessions sought to ensure that supervisors have the necessary skills to carry out their tasks. A very participatory approach has been taken to competence development: employees have offered up their own ideas, briefings were held for personnel, and training on the new operating model was provided in late 2023.

One of the key activities of 2023 was to analyse the need for new kinds of competencies in order to support employees' new roles in the revamped organisation. For example, presentation and language training was provided to support success in new roles.

A large-scale People Survey was conducted in the first quarter of 2023, and quarterly pulse surveys were carried out as in previous years.

A total of 130 people were given 360-assessments. The results were then discussed and will be used to take follow-up measurements. 104 Patria employees were trained to Lean Six Sigma Yellow Belt level and 13 to Green Belt level in 2023.

Management principles were refined in the Operations unit. Four management principles were defined: management must be people-centric, solution-focused, fair and goal-oriented. Patria also has an ongoing remuneration development project, as part of which several training sessions were held for supervisors.

Aiming for improved productivity

Patria's ambitious growth strategy requires expertise to implement increasingly demanding customer projects, improve productivity, optimise resource usage, and assure quality. Patria is providing training not only to develop personnel competence, but also to improve productivity. The company will continue to invest in productivity development over the coming years through Lean Six Sigma.

The "Patria Path" – a collaboration between Patria and Tampere University of Applied Sciences (TAMK) – is ongoing. It gives students the opportunity to engage in a new type of learning within the company. The first student selections were made in 2022 and the students were employed at Patria in summer 2023. Patria will also continue to explore ways to enhance competence and new opportunities for collaboration.

The war in Ukraine led to a significant increase in demand for Patria's vehicles in 2023, which has in turn resulted in a major need for recruitment and competence development in Hämeenlinna.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria's performance-based bonus model supports succeeding together

The performance-based bonus model covers all Patria employees with permanent, fixed-term or part-time employment contracts in Finland, most personnel working abroad, and Millog Oy personnel.

About 90 per cent of the targets in our performance-based bonus model are tied to common goals for teams or the company's business. A small percentage of Patria employees also have performance targets based on personal goals.

The performance-based bonus highlights profitability. Performance-based bonuses offer significant earnings potential that is defined by personnel group. For employees, it is 15 per cent of annual earnings.

Patria has had a compensation fund pursuant to the Act on Personnel Funds since 2015, and Patria personnel can invest their bonuses in this fund.

It is important that everyone understands the significance of their own work

Alongside succeeding together, compensation and performance management help to strengthen each employee's role in managing their own performance. When setting targets, it is important that everyone understands how they can contribute to the achievement of common goals. Reviewing targets is part of the development discussion that each employee has with their supervisor.

A remuneration project was launched in 2023, during which employee benefits were developed using the results of a remuneration survey that was conducted in Patria's Finnish units in late 2022. New and revised employee benefits included company bicycles and a broader range of recreational benefits. More communications were sent about overall compensation, and supervisors were provided with training on topics such as the performance-based bonus model and job evaluations.

The compensation paid to salaried and waged employees working in Patria's Finnish operations is determined by Technology Industries of Finland's collective agreements. The compensation paid to senior salaried employees is mutually agreed upon, and job evaluation is performed using the International Position Evaluation (IPE) system

Patria is committed to respecting collective agreements and helping its employees to participate in planning and decision-making related to their work and working environments. Making local agreements has become an established practice at Patria. Patria's foreign locations comply with local labour legislation and labour market practices.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Equality at Patria

At Patria, we monitor equality with the aid of a personnel survey and do not tolerate any form of harassment, discrimination or other inappropriate behaviour. Patria's goal is to create a trusting and respectful working environment that supports and values equality and diversity.

Patria's first Group-wide equality plan was drawn up for the period 15 October 2022 to 14 October 2024. It includes both an equality and non-discrimination plan for Finland.

An equality survey was conducted in Patria's Finnish units in spring 2022 to collect data for drawing up the plan. The survey aimed to find the most significant factors that support equality or create inequality, as well as ways of making improvements. Another survey will be conducted during 2024 and its results will be used to draw up a revised plan for the next two years.

The uneven distribution of workloads and factors relating to discrimination, sexual harassment and the use of inappropriate language were identified as key areas for development in the current plan. A salary analysis was also carried out to determine the effect of gender on salary differences between senior salaried employees.

According to a 2022 report, both discrimination and sexual harassment are closely linked to the use of inappropriate language. In accordance with the equality plan, Patria implemented a campaign against inappropriate behaviour during 2023. As part of the campaign, discussions were held with supervisors and personnel on topics such as identifying and intervening in the use of inappropriate language. Personnel were once again encouraged to report any form of inappropriate behaviour. These reports can also be made anonymously. As part of the campaign, triangular table talkers on the topic were placed around Patria's premises, briefings were given on Info TV, and additional information was added to the intranet.

Workloads are perceived as being unevenly distributed, especially in projects. One factor that could even out workloads was identified: increased communication between project supervisors. A coaching programme for all supervisors was launched in 2023, and supervisors have received training on performance management themes and providing constructive feedback. One of the programme's focal themes has been routine management and the fair treatment of employees.

> **Supervisors have received training on performance management and providing constructive feedback.**

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Environmental sustainability and planning greenhouse gas emission reduction targets were leading Patria Group's work in 2023

Patria Group's has been persistently doing sustainability work for years, and in 2023 the Group started to prepare for the EU's corporate sustainability reporting directive (CSRD) in advance. In 2023 reporting, Millog's subsidiaries Senop and Millog Marine Power were added to the reporting alongside their parent company Millog for the first time. Hence, Patria Group's reporting covers all relevant companies and is consistent with Group level targets and other Group level reporting. This also aligns Patria Group's reporting with the upcoming CSRD reporting, as well as with the commitment to Science-based Targets initiative. Patria Group committed to the initiative already in 2022 and the background work and greenhouse gas emission reduction target planning was continued in 2023.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Patria Group is committed to concrete measures promoting sustainable development. The Group has done persistent work to decrease energy and water consumption and increase waste recycling rates. Patria Group has been tracking the recycling rates of community waste in Patria's sites for the last two years. The recycling rates and the amounts of hazardous waste have been varying between quarters and years due to the nature of Patria's operations. The amount of hazardous waste is determined to be decreased and the recycling rate is pursued to be increased in order to reach the goals of the EU Waste Directive faster than the legislation requires.

Patria Group is planning to switch to the use of biofuels to the extent possible and to the use of renewable energy sources in locations where that is possible to do. This transition is also encouraged by the international Science-based Targets initiative, according to which emission reduction targets will be set during 2024. Patria Group committed to the initiative already in 2022 and in 2023 further background work and planning regarding emission reductions was carried out. Companies committed to the Science-based Targets initiative are obligated to decrease their greenhouse gas emissions in alignment with the Paris Agreement and the 1,5-degree warming limit.

Patria Group is committed to the Science-based Targets initiative and upcoming CSRD applies to all subsidiaries.

Patria Group is committed to the Science-based Targets initiative for the entire group, and in addition, in the upcoming EU Sustainability Reporting Directive (CSRD), Patria Group considers all its subsidiary companies. Therefore, the entire Millog Group was considered in the environmental reporting for the year 2023.

What is more, in 2023, the work regarding Finland's F-35 fighter plane purchase began with environmental permission applications and construction at Patria's Finnish sites.

Patria Group reports environmental indicators for nine locations in Finland (Tampere, Espoo, Helsinki, Hämeenlinna, Halli, Linnavuori, Pirkkala, Tikkakoski, and Utti). In addition to the Finnish locations, Patria Group's reporting included the Belgian, Swedish, Estonian, and Dutch business units. From 2020 onwards, the units in Belgium, Sweden, and Estonia were added to the reporting, and the unit in the Netherlands was included in 2023. The report also presents environmental information on Patria's majority-owned subsidiary, Millog Group (including Millog, Senop and Millog Marine Power), which operates in dozens of locations throughout Finland.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

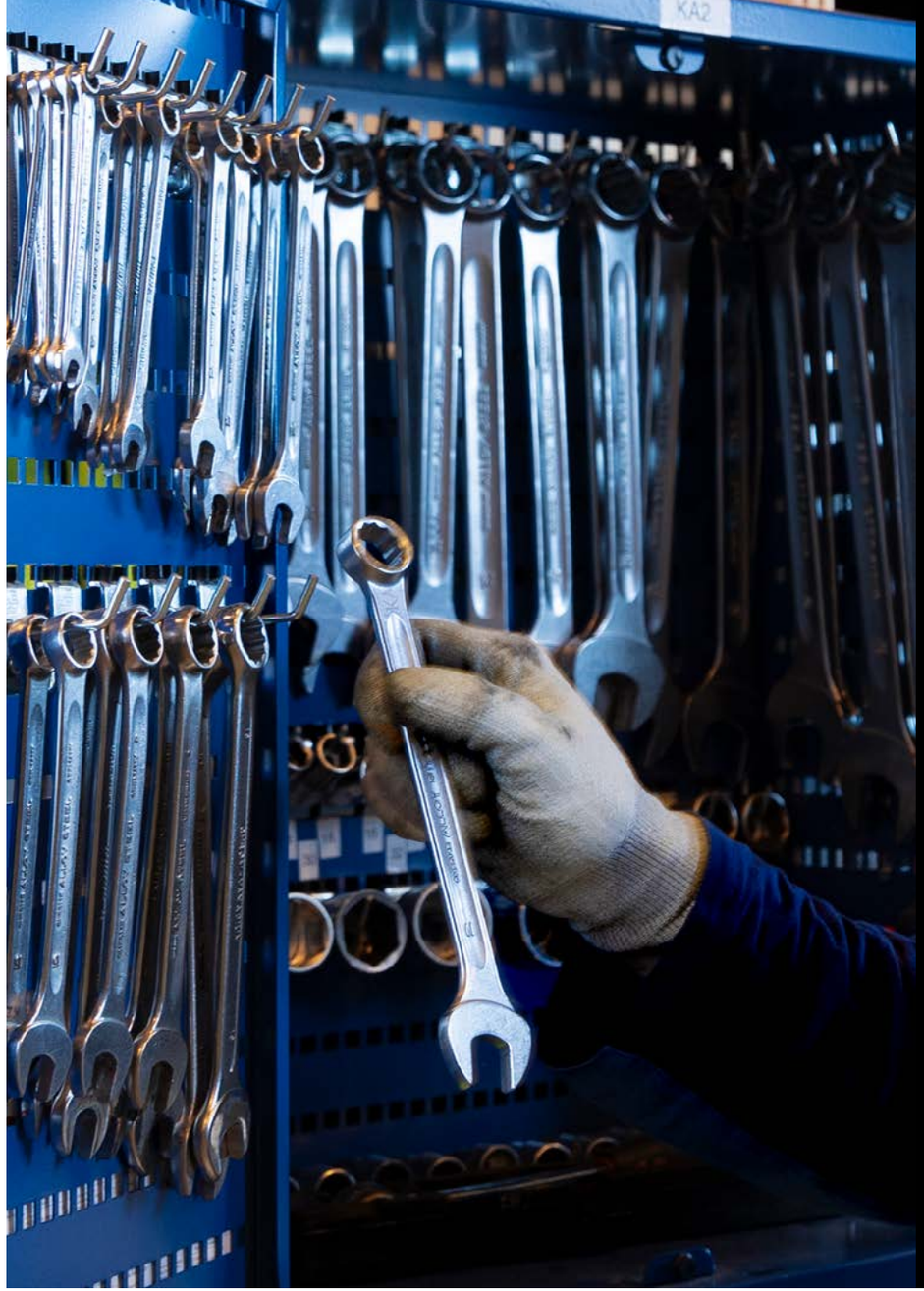
Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Environmental systems

In most of the Patria Group's locations, there are certified environmental management systems that adhere to the latest ISO 14001:2015 standard. The environmental management system is used to enhance the control of environmental impacts and the level of environmental protection. The coverage of the environmental management system was improved during the year 2023 within the Patria Group by certifying the operations of the operations in the Tampere and Espoo offices, as well as the composite and metal production units in Halli.



Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Carbon footprint

Patria Group has conducted its carbon footprint calculation according to the standards and guidance described in the GHG protocol since 2018 (version 2004, amendment 2013) For scope 3 emissions, a separate scope 3 emission calculation standard (2011) and a technical guide (2013) that supplement the GHG Protocol were also applied. Patria Group has calculated its direct and energy indirect emissions (scopes 1 and 2) 2018 onwards, whereas emissions from the value chain (scope 3) were calculated in 2021 for the first time. For now, only scope 1 and 2 emissions are reported with the environmental reporting.

According to GHG Protocol, the GHG accounting and reporting can be based on the equity share and the control approaches. These organizational boundaries define which emissions belong to scopes 1 and 2 and which to scope 3. Patria Group has defined organizational boundaries based on the operational management of functions, and therefore accounts for 100 percent of the GHG emissions from operations over which it has control. The calculation concerns operations in Finland, Sweden, Estonia, Belgium, Spain, and the Netherlands, as well as Millog Group's emissions.

Scope 1 consists of direct greenhouse gas emissions from sources owned or controlled by the company, such as company-owned vehicles, self-produced energy, and potential refrigerant leaks. Scope 2 includes greenhouse gas emissions generated from the production of electricity and heat purchased and consumed by the company.

The carbon footprint, including scope 1 and 2 emissions, for all locations of Patria Group in 2023 was 27 949 metric tons of carbon dioxide equivalent (t CO_2e) (Figure 1). Compared to the previous year's carbon footprint (25 643 t CO_2e), Patria Group generated 9% more greenhouse gas emissions.

The increase in scope 1 emissions is explained by the growth in fuel consumption, while in scope 2, the emission quantity was more influenced by the emission calculation method. The usage of electricity and heat was generally slightly lower in 2023 compared to the previous year. However, since emissions were largely calculated using the residual mix of Finland in 2022, the emissions were higher than the previous year due to an exceptionally high residual mix coefficient. The residual mix refers to the production of electricity in Finland for which the origin is not verified, and the coefficient for the year 2022 was influenced by the war that started in Ukraine, leading to a transition to more carbon-intensive fuels for energy production for reasons of energy security.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

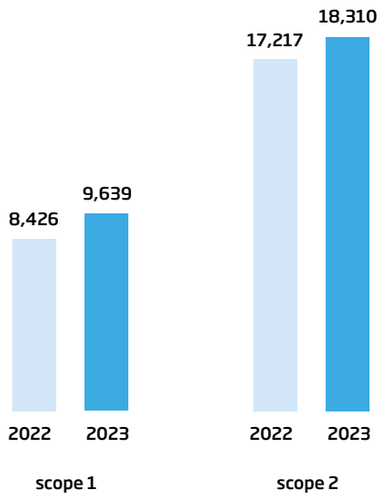
Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Patria Group's scope 1 and scope 2 emissions (t CO_2e) 2022–2023



Patria Group's scope 1 and scope 2 emissions (t CO_2e) in 2022–2023. All locations are considered.

Regarding Scope 2 emissions in Patria Group's carbon footprint, the so-called market-based emissions figure is considered, and the location-based emission figure is provided as additional information. In the market-based emission figure, the impact of the chosen energy production method on emissions is considered. The calculation involves using emission factors reported by energy producers or a residual mix coefficient if precise information is unavailable. On the other hand, the location-based emission figure reflects the situation of the regional energy grid and is calculated using the average emission factor for energy production in the country. Patria Group's location-based Scope 2 emissions in 2023 were 9 909 t CO_2e, meaning that the average emissions for energy produced in Finland were lower than the emissions produced by Patria Group using the same amount of energy.

In addition, both scope 1 and scope 2 emissions include, as additional information, biogenic emissions, which describe the amount of carbon dioxide emissions generated from the use of biomass-based fuels. According to the GHG Protocol, only methane and nitrous oxide emissions from biofuels are included in a company's carbon footprint, and carbon dioxide is reported separately. Biogenic scope 1 emissions in 2023 were 326 t CO_2, and biogenic scope 2 emissions were 5 171 t CO_2.

Patria calculates its carbon footprint according to the most widely used international standard (GHG).

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Environmental indicators

Three main environmental indicators are followed in Patria Group's environmental reporting: energy use, water consumption and waste. The results are reported both at the Patria Group level, but also for Patria and Millog Group separately, Patria meaning all the Finnish and foreign units together, but excluding Millog Group. Millog's figures for the years 2020–2023 have been updated regarding fuel consumption calculations due to overlapping and deficiencies in previous data.

Energy consumption

Patria Group's indirect energy consumption consists of electricity and thermal energy consumption, with direct primary energy consumption deriving from fuel consumption by aircraft, vehicles, gas turbines and diesel engines.

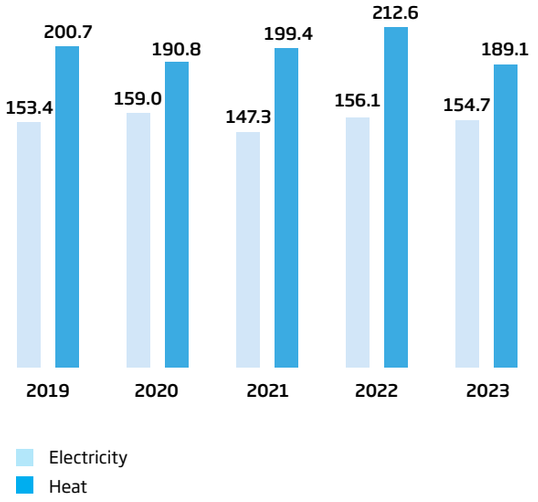
> **Patria follows energy use, water consumption and waste generation.**

Thermal and electrical energy consumption

The weather-normalised thermal energy consumption of properties managed by Patria and Millog Group decreased by 17% in 2023 compared to 2022. The consumption of thermal energy in Patria's own operations decreased by 11% from the previous year. Specific energy consumption, which defines energy consumption in relation to the number of heated cubic metres of the building decreased by 5% in Patria's own operations. The specific energy consumption of Millog Group could not be calculated, as the cubic meters of their buildings was not known.

In 2023, Patria Group's electricity consumption decreased by 1% compared to 2022. The electricity consumption in Patria's own operations decreased by 2%. The specific electricity consumption, which defines energy consumption in relation to the number of electrified building cubic metres of the building, decreased by 21% in Patria's own operations. The number for Millog Group could not be calculated, as the cubic meters of the buildings were not known.

Heat and electricity consumption (TJ)



Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

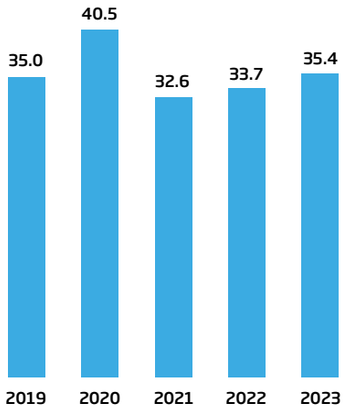
Fuel consumption

In 2023, Patria Group's total fuel consumption (kg/l) increased by 14%. This is partly explained by the addition of Millog's subsidiaries to the calculations, as both Senop and Millog Marine Power consumed fuels. The consumption of light fuel oils decreased by 9% at Patria, while there was a 338% increase within the Millog Group. Millog's own consumption increased in 2023, but the group's figures also include the consumption by Millog Marine Power. Patria Group's diesel consumption increased by 23%, aviation gasoline consumption decreased by 7%, and motor gasoline consumption decreased by 11%. Fuel energy consumption in terajoules increased from 33.7 terajoules to 35.4 terajoules, in line with the total fuel consumption decrease.

The Finnish Defence Forces are responsible for monitoring the consumption of aviation gasoline and jet fuel used in military flight training and maintenance test flights of their aircraft. The fuel consumed during Millog's maintenance drives is included in Patria's report. Millog's fuel consumption has been reported since 2018. In the fuel consumption data for Millog, overlaps and minor deficiencies were identified for the years 2020–2022, which were corrected retrospectively, so that years 2020–2023 are comparable with each other when it comes to Millog's consumption data.

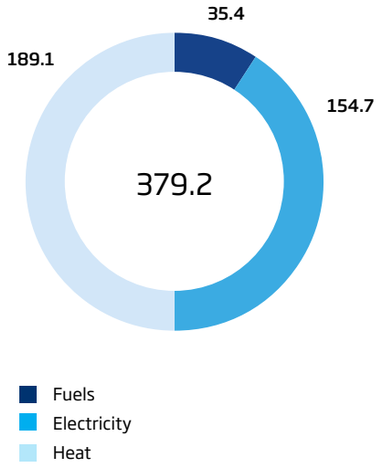
Patria Group's various operations consumed a total of about 379.2 terajoules of energy in 2023. Total energy consumption decreased by 6% compared to the previous year.

Fuel Energy (TJ)

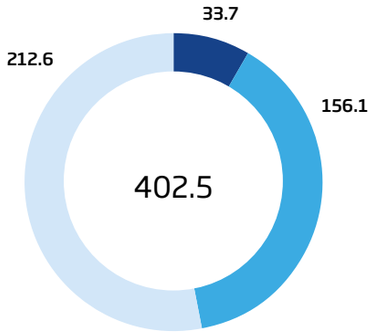


Fuel energy consumption in terajoules in Patria Group's operations, 2019–2023. Millog's subsidiaries have been accounted only for the year 2023.

Energy consumption in 2023 (TJ)



Energy consumption in 2022 (TJ)



Breakdown of total energy consumption in terajoules in Patria Group's operations in 2023 and 2022. Millog's subsidiaries have been accounted only for the year 2023.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Water consumption

Total water consumption

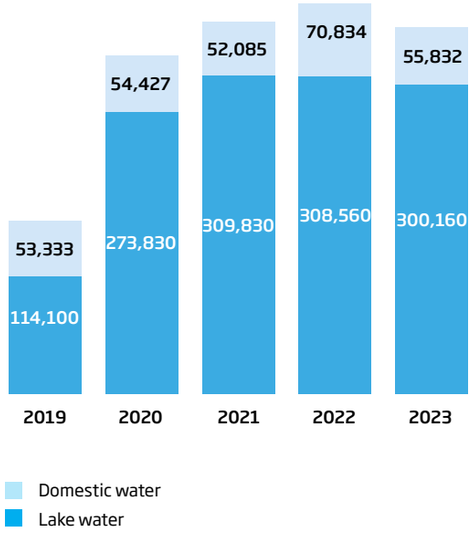
Patria Group's total water consumption (household water and lake water) decreased by 6% in 2023 compared to 2022. Domestic water consumption decreased by 21% compared to the previous year, and the consumption of lake water used in Linnavuori decreased by about 3%. In Belgium, rainwater is used for sanitation and washing, but as collecting rainwater does not affect water reserves, it was excluded from the reporting. In Linnavuori, consumption of water varies from year to year, depending on the number and types of engines being serviced. At the Linnavuori site, lake water is used to cool furnaces, vacuum furnaces, and engines during test runs. The used cooling water is directed back into Lake Jokinen. In Patria Group, lake water accounted for 84% of total water consumption in 2023.

Waste

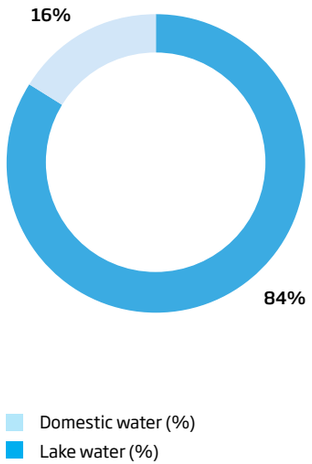
The Group's operations primarily generate common municipal waste, scrap metal, hazardous waste, and construction and industrial waste.

The total volume of waste generated by Patria in 2023 was approximately 1 342 tonnes. Patria's 2023 recycling ratio was 45% of its total waste volume, thus remaining the same as in the last two years.

Total water usage (m³)
Patria and Millog



Patria Group
Breakdown of domestic and lake water use in 2023



Patria Group's total water consumption 2019–2023. The use of domestic and lake water decreased. Units located outside Finland were added to the reporting in 2020.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

The Millog Group generated a total of 3 043 tonnes of waste in 2023. The recycling rate for the Millog Group in 2023 was 70%, showing an increase compared to the level in 2022.

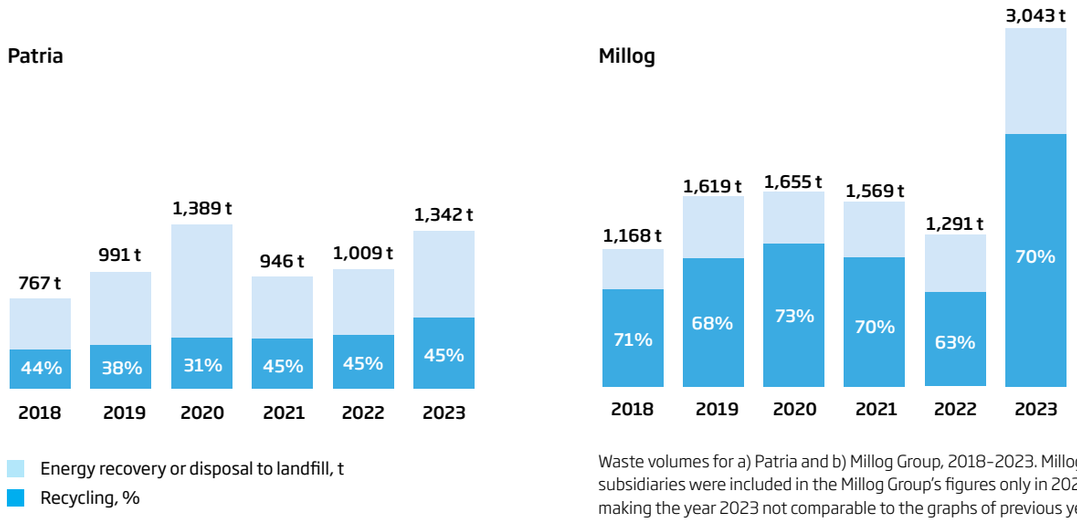
In 2023, 72% of Patria's waste consisted of common waste, including municipal waste, construction waste and scrap metal (total 964 tonnes). Hazardous waste accounted for 28% (372 t). Waste amounts have increased since 2022. Common waste includes energy waste, unsorted waste, paper, cardboard, sludge, waste wood, organic waste, common electrical and electronics scrap, construction waste, glass, plastic, brick and concrete waste, steel and aluminium scrap, and packaging metal. Hazardous waste principally consists of oily waste, wash water, sediment and other waste classified as hazardous.

The share of common waste in Millog Group's total waste volume was 91% (2 764 tonnes), with only 9% being hazardous waste, 279 tonnes. Compared to 2022, the amount of common waste increased by approximately 1 656 tonnes and hazardous waste by about 86 tonnes. It's important to note that the figures for 2023 include the waste volumes of two subsidiaries not previously accounted for in Millog's waste totals.

The total waste volume of Patria Group was about 4 385 tonnes, which includes waste figures for Patria and Millog Group. The total waste volume increased from the previous year.

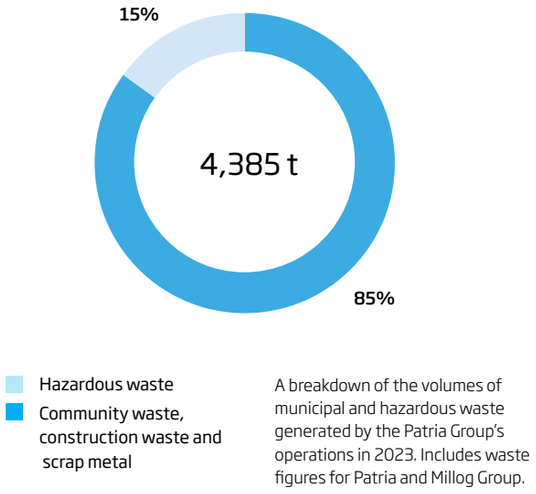
In 2023, the recycling rate for Patria's municipal waste was 53%, which is 9 percentage points lower than the previous

Waste volumes, Patria and Millog



Waste volumes for a) Patria and b) Millog Group, 2018–2023. Millog's subsidiaries were included in the Millog Group's figures only in 2023, making the year 2023 not comparable to the graphs of previous years.

Patria Group 2023



A breakdown of the volumes of municipal and hazardous waste generated by the Patria Group's operations in 2023. Includes waste figures for Patria and Millog Group.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

year. However, the importance of recycling has been reinforced, and efforts to enhance it have been included in future action plans. The Group's waste recovery rate, which includes all treatment methods except landfill disposal, was 93%. The joint recycling rate for Patria and the Millog Group was approximately 63%.

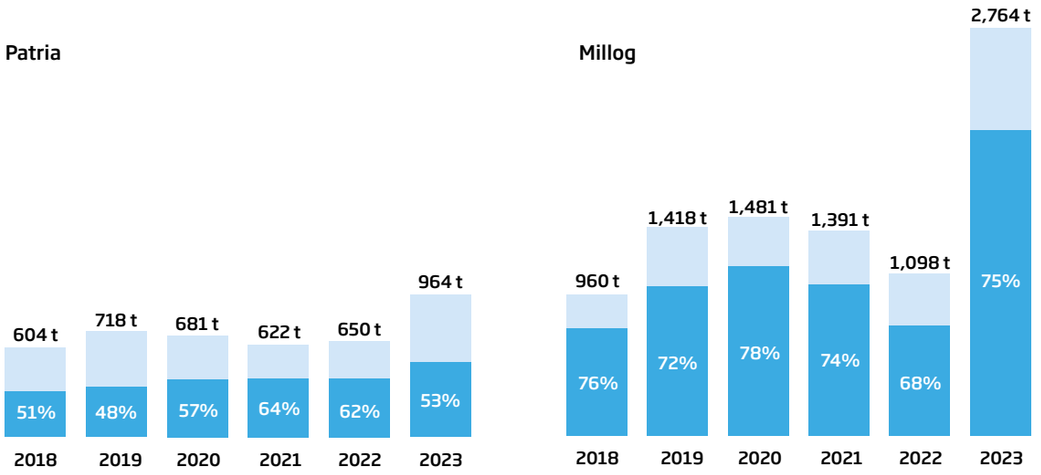
The recycling rate for municipal waste in Millog Group increased by 7 percentage points in 2023. The amount of municipal waste in Millog Group increased by 1 666 tonnes compared to the previous year, partly due to the inclusion of subsidiaries in the calculations. The amount of municipal waste in Patria's operations significantly increased compared to 2022.

Approximately 25% of Patria Group's hazardous waste was recycled, which is an improvement on the 2022 recycling rate (21%), especially considering the increase in waste volume in 2023. The amount of hazardous waste in Patria increased by about 19 tonnes, and the recycling ratio increased by 10 percentage points. The recycling rate for hazardous waste in Millog Group decreased by 7 percentage points, even though the amount of hazardous waste increased by 86 tonnes compared to the previous year.

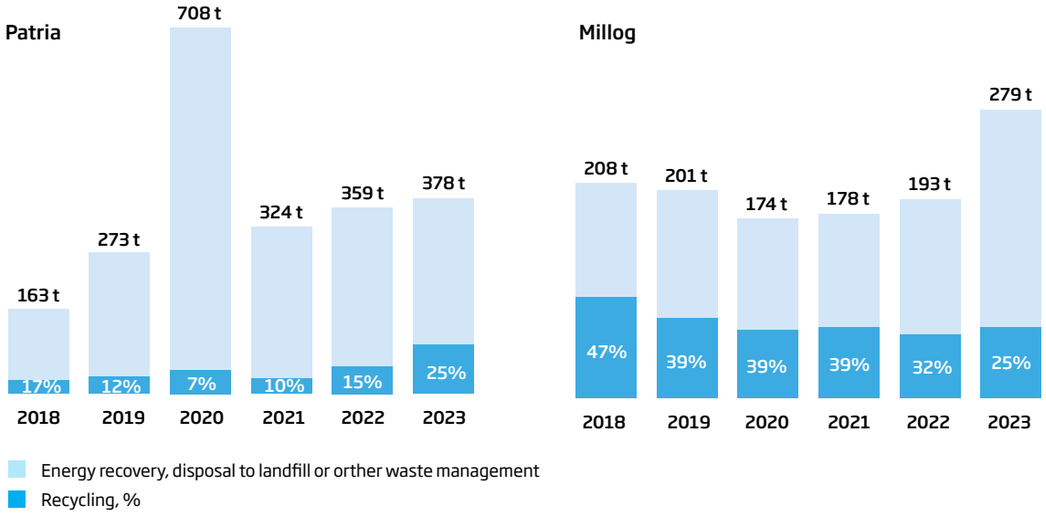
Municipal waste, construction waste and scrap metal recycling percentages for a) Patria and b) Millog Group, 2018–2023. Millog's subsidiaries were included in the Millog Group's figures only in 2023, making the year 2023 not comparable to the graphs of previous years.

Hazardous waste recycling percentages for a) Patria and b) Millog Group, 2018–2023. Millog's subsidiaries were included in the Millog Group's figures only in 2023, making the year 2023 not comparable to the graphs of previous years.

Community waste and recycling rate, t



Hazardous waste and recycling rate, t



Responsibility

Responsible Patria
- Responsible Patria
- Material themes
- Responsibility programme
- Corporate responsibility management
- Corporate responsibility at Patria
- Ethical conduct
- Stakeholder collaboration

Trusted partner
- Secure future
- Security of operations
- Quality control
- Supply chain development
- Responsible exports
- Responsible finances and tax footprint

Responsible employer
- A responsible employer
- Occupational well-being and working capacity
- Competence development
- Compensation
- Promoting equality and diversity

Climate and environment
- Environmental responsibility
- Environmental systems
- Carbon footprint
- Environmental indicators
- GRI
- Personnel figures

Patria

Reporting principles

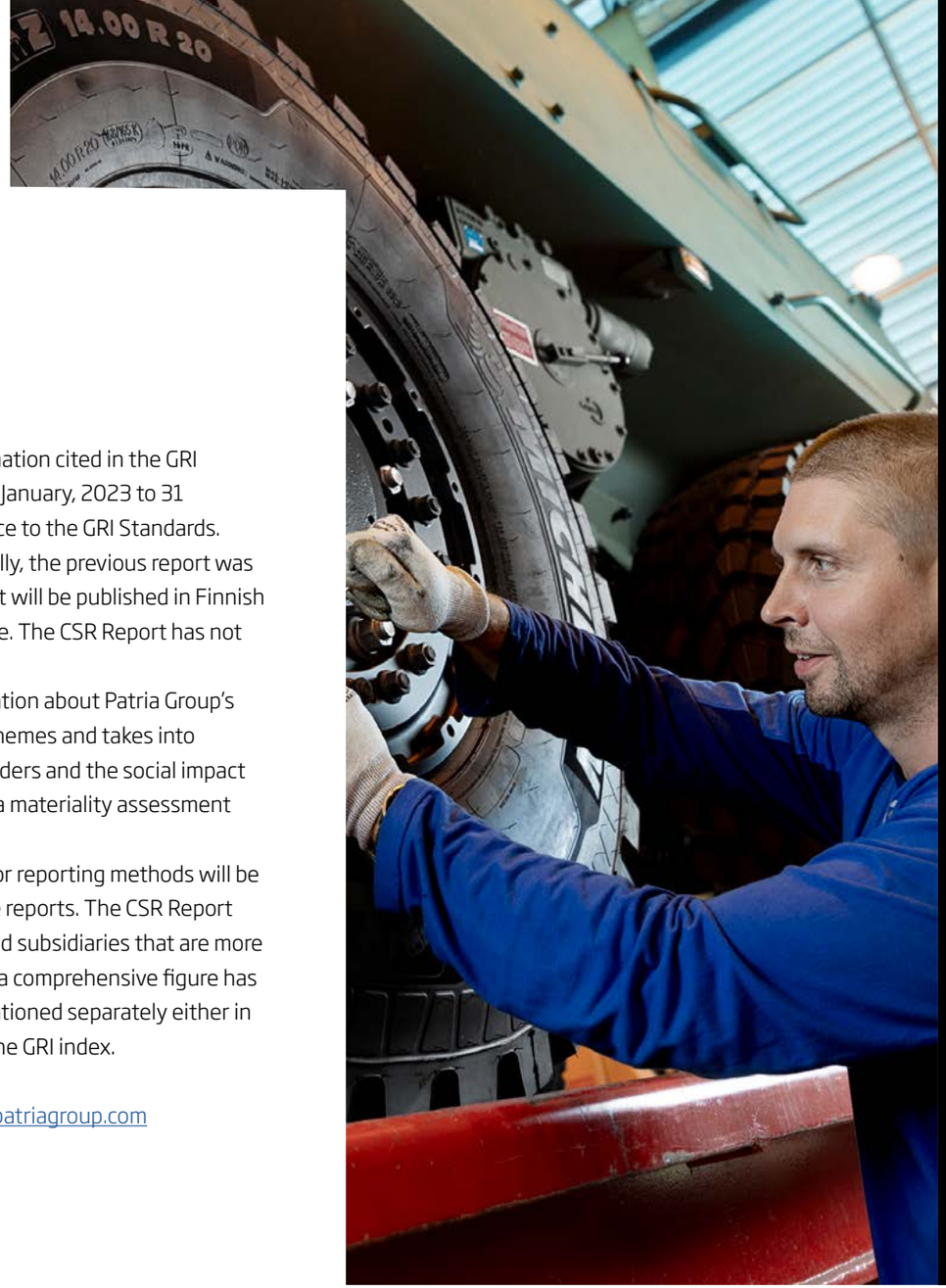
Patria's CSR Report describes responsibility, governance and key events for the entire Group in 2023.

Patria has reported the information cited in the GRI content index for the period 1 January, 2023 to 31 December, 2023 with reference to the GRI Standards. The report is published annually, the previous report was published on 31 March 2023. It will be published in Finnish and English on Patria's website. The CSR Report has not been externally verified.

The report contains information about Patria Group's most material responsibility themes and takes into account the views of stakeholders and the social impact of Patria's business based on a materiality assessment carried out in 2020.

Any changes in calculation or reporting methods will be described separately in future reports. The CSR Report covers all Group companies and subsidiaries that are more than 50% owned by Patria. If a comprehensive figure has not been available, this is mentioned separately either in the section in question or in the GRI index.

MORE INFORMATION: info@patriagroup.com



Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

GRI content index

GRI Standard	Location in Annual Report	Comment
GRI 2: General Disclosures 2021		
2-1 Organizational details	Annual review, Patria in brief, p. 2	
2-2 Entities included in the organization's sustainability reporting	Reporting principles, p. 63	
2-3 Reporting period, frequency and contact point	Reporting principles, p. 63	
2-4 Restatements of information	Reporting principles, p. 63, GRI content index	No significant changes.
2-5 External assurance	GRI content index	The report has not been assured by a third party.
2-6 Activities, value chain and other business relationships	Supply chain development, p. 43, Annual review, Strategy, p. 13, Operating model, p. 15	
2-7 Employees	Personnel figures 2022, p. 67	
2-9 Governance structure and composition	Finance & governance, Corporate governance, p. 121	
2-10 Nomination and selection of the highest governance body	Finance & governance, Corporate governance, p. 121	
2-11 Chair of the highest governance body	Finance & governance, Board of directors, p. 128	
2-12 Role of the highest governance body in overseeing the management of impacts	Finance & governance, Corporate governance, p. 121	
2-13 Delegation of responsibility for managing impacts	Finance & governance, Corporate governance, p. 121	
2-14 Role of the highest governance body in sustainability reporting	Corporate responsibility management, p. 30	
2-15 Conflicts of interest	Ethical conduct, p. 33	
2-16 Communication of critical concerns	Ethical conduct, p. 33	
2-19 Remuneration policies	Finance & governance, Notes to the consolidated financial statements, p. 81	
2-20 Process to determine remuneration	Finance & governance, Notes to the consolidated financial statements, p. 81	
2-22 Statement on sustainable development strategy	Corporate responsibility in Patria, p. 32	
2-23 Policy commitments	Ethical conduct, p. 33, Responsible exports, p. 44	
2-24 Embedding policy commitments	Ethical conduct, p. 33, Responsible exports, p. 44	
2-25 Processes to remediate negative impacts	Ethical conduct, p. 33	
2-26 Mechanisms for seeking advice and raising concerns	Ethical conduct, p. 33	
2-27 Compliance with laws and regulations	Ethical conduct, p. 33	
2-28 Membership associations	Stakeholder collaboration, p. 36	
2-29 Approach to stakeholder engagement	Stakeholder collaboration, p. 36	
2-30 Collective bargaining agreements	Compensation, p. 51	
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Material themes, p. 28	
3-2 List of material topics	Material themes, p. 28	
GRI 201: Financial Results 2016		
201-1 Direct economic value generated and distributed	Annual review, Patria in brief, p. 2, Finance & governance, Board of directors' report, p. 69	
GRI 205: Anti-corruption activities 2016		
205-2 Communication and training about anti-corruption policies and procedures	Ethical conduct, p. 33	
205-3 Confirmed incidents of corruption and actions taken	GRI content index	No confirmed corruption incidents in 2023

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

GRI Standard	Location in Annual Report	Comment
GRI 207: Taxes 2019		
207-1 Approach to tax	Responsible finances and tax footprint, p. 45	
207-2 Tax governance, control, and risk management	Responsible finances and tax footprint, p. 45	
207-4 Country-by-country reporting	Responsible finances and tax footprint, p. 45	
GRI 302: Energy 2016		
302-1 Energy consumption within the organization	Environmental indicators, p. 58	
302-4 Reduction of energy consumption	Environmental indicators, p. 58	
GRI 303: Water and Effluents 2018		
303-1 Interactions with water as a shared resource	Environmental indicators, p. 58	
303-2 Management of water discharge-related impacts	Environmental indicators, p. 58	
303-5 Water consumption	Environmental indicators, p. 58	
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	Carbon footprint, p. 56	
305-2 Energy indirect (Scope 2) GHG emissions	Carbon footprint, p. 56	
GRI 306: Waste 2020		
306-1 Waste generation and significant waste-related impacts	Environmental indicators, p. 58	
306-2 Management of significant waste-related impacts	Environmental indicators, p. 58	
306-3 Waste generated	Environmental indicators, p. 58	
306-4 Waste diverted from disposal	Environmental indicators, p. 58	
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	Personnel figures 2023, p. 67	
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system	Occupational well-being and working capacity, p. 48	
403-2 Hazard identification, risk assessment, and incident investigation	Occupational well-being and working capacity, p. 48	
403-3 Occupational health services	Occupational well-being and working capacity, p. 48, GRI content index	In all countries, local laws and related regulations are followed. In Finland, all employees are generally covered by occupational health services. Finland has a comprehensive occupational healthcare system provided by Mehiläinen, supported by surgical cost coverage and leisure accident insurance.
403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational well-being and working capacity, p. 48	
403-5 Worker training on occupational health and safety	Occupational well-being and working capacity, p. 48	
403-6 Promotion of worker health	Occupational well-being and working capacity, p. 48	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational well-being and working capacity, p. 48	
403-9 Work-related injuries	Occupational well-being and working capacity, p. 48	

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

GRI Standard	Location in Annual Report	Comment
GRI 404: Training and Education 2016		
404-2 Programs for upgrading employee skills and transition assistance programs	Competence development, p. 50	
404-3 Percentage of employees receiving regular performance and career development reviews	Compensation, p. 51	
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	Promoting equality and diversity, p. 52	
GRI 415: Public policy 2016		
415-1 Political contributions	GRI content index	Patria does not grant donations, sponsorships or any other financial benefits to political parties or candidates.
GRI 418: Customer privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	GRI content index	There were no complaints in 2023 regarding breaches of customer privacy and the destruction of customer data.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Personnel figures 2023

	2019	2020	2021	2022	2023
Personnel					
Personnel average	3,055	2,973	3,097	3,311	3,385
Finland	2,795	2,735	2,861	3,049	3,122
Sweden	113	104	84	82	82
Belgium *)	75	98	109	117	107
Estonia	37	33	33	26	17
The Netherlands				25	32
Latvia	2	2	9	10	19
Others	34	2	2	2	4
Blue-collar %	43	41	41	40	40
Blue-collars in Finland %	41	41	40	39	39
White-collars %	57	59	59	60	60
Salaried in Finland %	18	18	18	17	17
Senior salaried in Finland %	41	41	42	43	44
Proportion of women %	16	16	16	17	17
Proportion of women in Finland %	16	16	16	17	17
Proportion of women in Board	2/7	2/8	2/8	2/8	2/8
Proportion of women in Group Management Team	3/10	2/10	1/8	1/9	1/10
Education in Finland)**					
Doctoral degree %		2	1	1	2
Higher university degree %		19	19	18	22
Lower universitye degree %		22	22	29	30
University degree %	18				
College degree %	29				
Vocational/upper secondary school %	51	55	56	50	45
Basic education %	2	2	2	2	1

Figures are group level, unless otherwise stated. If comparison figures for previous years have not been announced, they have not been calculated in previous years.

	2019	2020	2021	2022	2023
Employment					
Average age	45.2	45.3	45.5	45.4	45.5
Average age in Finland	45.5	45.5	45.7	45.5	45.6
Average length of service, yrs	13	13.1	14.1	13.2	12.9
Average length of service in Finland, yrs	13.8	13.9	14.6	13.7	13.3
Personnel turnover, average turnover % ***)					
Finland	7.9	6.5	7.3	4.2	11.3
Sweden	24.7	26.6	9.0	10.4	9.2
Belgium	6.6	15,4	15.8	5,1	12.2
Estonia	31.6	14.3	17.9	14.0	8.8
Latvia			100	22.7	34.1
Personnel turnover, leavers %					
Finland	6.4	6.1	8.1	4.0	9.4
Sweden	23.3	39.1	16.7	15.9	9.9
Belgium	5.5	6.2	13.5	8.4	17.6
Estonia	26.4	20.0	17.9	27.9	17.6
Latvia			15.4	27.3	9.1
Permanent employees %	95	94.3	94.9	95.5	95.6
Permanent employees in Finland %	94.8	94.6	95.5	96.4	96.5
Part-time employees %	2.5	5.5	5.1	5.4	5.5
Osa-aikaiset työsuhteet Suomessa %	3.4	5.4	4.5	4.8	5.1
Health and safety					
Absenteeism attributable to sickness %					
Finland	3.6	3.0	3.1	3.7	3.6
Sweden	3.6	3.4	3.5	2.9	2
Belgium	5.1	5.6	4.0	4.6	4.6
Estonia ****)	4.5	5.2	5.2	4.8	6,0
Latvia			0.6	0.2	0.9
Frequency of accidents					
Finland *****)	4.1	4.1	3.7	4.9	4.1
Sweden		0.0	0	6.5	7.3
Belgium		0.0	6.3	5.9	6.3
Estonia		14.2	0	0	0
Latvia			0	0	0

*) 2019 figure is not year average as Belgium became part of the Group in June/2019.

**) Figures from international units not available. As of 2020 educational information have been available in the global HR system and divided differently as the higher and lower university degrees include former figures of University and College degrees.

***) Calculation formula has been changed since 2019: ((started + terminated permanent employments)/2) / personnel in average.

****) Figure from 2019 covers the timeframe June 1 – Dec 31, 2019

*****) The method of calculation has changed since 2019, after which only work-related accidents resulting in an absence of at least four days (LTI4) have been included.

Responsibility

Responsible Patria
Responsible Patria
Material themes
Responsibility programme
Corporate responsibility management
Corporate responsibility at Patria
Ethical conduct
Stakeholder collaboration

Trusted partner
Secure future
Security of operations
Quality control
Supply chain development
Responsible exports
Responsible finances and tax footprint

Responsible employer
A responsible employer
Occupational well-being and working capacity
Competence development
Compensation
Promoting equality and diversity

Climate and environment
Environmental responsibility
Environmental systems
Carbon footprint
Environmental indicators
GRI
Personnel figures

Patria

Financial & governance

Financial

69 Board of Directors' Report
77 Consolidated Financial Statements (IFRS)
108 Financial Statements of the Parent company (FAS)

Governance

121 Corporate governance
124 Industrial Participation
125 Risk management and internal control
128 Board of Directors
129 Consultative Committee
130 Group Management Team

Patria

Board of Directors' Report

New orders and order stock

The value of new orders received during the financial period was EUR 948.4 million (EUR 794.8 million in 2022). Commercial agreement with Slovakia on the delivery project for Patria AMV XP 8x8 vehicles had a significant impact on the value of new orders. Defence materiel and life cycle support accounted for 91% (92%) and civilian products for 9% (8%) of the new orders. At the end of December, the Group's order stock was EUR 1,942.9 million (EUR 1,751.2 million).

Net sales and profitability

The Group's net sales for the financial period totalled EUR 733.8 million (EUR 627.1 million in 2022 and EUR 547.7 million in 2021). Defence materiel and life cycle support accounted for 90% (90%) and civilian products for 10% (10%) of the net sales. Sales outside Finland for the financial period accounted for 34% (31%) of the net sales.

The Group's operating profit for the financial period was EUR 68.9 million, representing 9.4% of net sales (2022: EUR 53.8 million, 8.6%; 2021: EUR 61.2 million, 11.2%). The consolidated income before taxes for the financial period amounted to EUR 64.0 million (2022: EUR 49.7 million; 2021: EUR 56.6 million). The Group's return on equity for the financial period was 18.6% (2022: 15.8%; 2021: 20.1%).

During the financial period Patria Group's strong growth continued. Patria's net sales grew significantly, profitability improved and order stock developed strongly driven by vehicle programmes. A major part of operational focus has been on building production capacity for the new vehicle orders as well as developing and enhancing productivity of internal operating model.

The development of customer-centricity, operational efficiency and productivity and new ways of working continued in 2023 according to Patria's Horizon 2025 strategy. The focus of the development has been on Patria's Operations unit, responsible for company's production and supply chains, and Portfolio unit, responsible for Patria's product and service offering as well as its development and sales support.

Financing and ownership

The Group's equity ratio at the end of December was 40.0% (2022: 44.1%; 2021: 41.3%) and net gearing 67.5% (2022: 27.3%; 2021: 50.2%).

Consolidated liquid funds at the end of December amounted to EUR 44.1 million (EUR 88.6 million). The Group's interest-bearing liabilities totalled EUR 261.0 million (EUR 170.5 million) at the end of December. The interest-bearing liabilities included lease liabilities of EUR 82.8 million (EUR 89.9 million).

The shareholders of Patria Oyj are the State of Finland with 50.1% stake and Kongsberg Defence & Aerospace AS with 49.9% stake.

The company has one series of shares comprising of a total of 27,841,889 shares.

Capital expenditure and acquisitions

The Group's capital expenditure (excluding leases) for the financial period totalled EUR 17.1 million (EUR 6.7 million). Capital expenditure was mainly related to facilities and equipment, IT and production. In addition, a total of EUR 2.5 million (EUR 10.5 million) was spent on acquisitions.

At the end of August Millog Oy subsidiaries Oy Western Shipyard Ltd, Laivakone Oy and Hämeen Diesel Oy merged to create Millog Marine & Power Oy. The new company provides docking and project services, engine and transmission repairs, and field service to cater to the needs of the maritime cluster, industries, the energy sector, and heavy machinery. The merger enabled Millog Marine & Power Oy to serve its long-term customers in a wider geographical area. The company's offices are located in Teijo, Vantaa, and Hämeenlinna.

In April Patria acquired 100% of the shares of Kiinteistö Oy Jämsän Helikopterihalli from the City of Jämsä.

Research and development

The Group's expenditure on research and development for the financial period amounted to EUR 13.7 million (EUR 12.3 million), representing 1.9% (2.0%) of the net sales. The most significant research and development areas included new technologies, materials and systems related

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

to mobility and aviation, as well as technologies related to sensor products and electronic warfare systems.

Personnel

During the financial period the Group employed an average of 3,357 (2022: 3,213; 2021: 3,075) persons. At the end of December, the personnel totalled 3,385 (2022: 3,311; 2021: 3,097) persons.

The salaries and wages of Patria Group's employees are determined on the basis of collective and individual agreements as well as employee performance and job evaluations. Basic salaries and wages are complemented by performance-based compensation systems. All Patria employees are part of a yearly bonus plan. In 2023, the total amount of salaries and wages paid was EUR 203.8 million (2022: EUR 182.5 million; 2021: EUR 169.0 million).

The objective of the personnel strategy is to help the business units to meet their business targets and to ensure future competitiveness by developing personnel and their competences. In Patria, special emphasis is given to employee well-being as well as safe and healthy working environment. Employee well-being is measured against e.g. sickness absence rates (2023: 3.4%; 2022: 3.2%) and frequency of work-related accidents (accidents per million hours worked 2023: 3.5; 2022: 3.5).

Patria continued to develop its operating model, which started in 2022 with the Horizon 2025 growth strategy. The reforms were carried out in accordance with the previously defined cultural attributes: Impactful, Dynamic, Ambitious and Together.

The purpose of the reforms is to make Patria's entire operating model as efficient and clear as possible to meet the growing demand and secure the deliveries of current and new orders. The changes that enable growth and internationalisation affect the work of practically every Patria employee.

In 2023, the focus was especially on the development and organisation of the Operations unit, which is responsible for Patria's production and Patria's largest unit in terms of personnel. The operating model reform also extended to the Portfolio unit responsible for Patria's product and service offering as well as its development and sales support, as well as to the Group's support functions. The new organisation and operating model entered into force on 1 January 2024.

Patria commenced change negotiations in August 2023 in order to continue the development of its operating model, to meet the increased demand as well as to improve its efficiency. 1,190 employees were within the scope of the change negotiations. The integral changes involved 284 job roles. At the close of the negotiations, the potential layoffs concerned a maximum of 56 employees.

The discussion about a desired common culture will continue in 2024, as a shared culture will play a major role in the implementation of Patria's strategy and the employee experience in the years ahead.

Key events during year 2023

Patria launched a new service concept Patria OPTIME in February 2023. This modular and scalable service model combines robust engineering and maintenance expertise with data analysis for the sustainment of various kinds of fleets on land, at sea and in the air.

Patria 6x6 vehicle is the selected vehicle platform within the multinational Common Armoured Vehicle System (CAVS) programme, originally established by Finland and Latvia. Germany and Sweden took next steps in the joint programme in April 2023. Germany officially joined the CAVS programme by signing the Technical Arrangement and Sweden proceeded by joining the Framework Agreement as the next stage of preparation for the serial procurement phase. In April Patria signed a contract with the Swedish Defence Procurement Agency (FMV) for FMV to purchase the first 20 Patria 6x6 armoured vehicles. The vehicles were delivered in 2023. In June Patria signed the agreement with the Finnish Defence Forces Logistics Command for 91 Patria 6x6 armoured vehicles. In addition to the vehicles, the purchase includes spare parts, tools and operation and maintenance training as well as a purchase option for additional 70 vehicles. Deliveries of the vehicles started in 2023.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

In May Patria announced that it will deliver NEMO mortar system to the Swedish armed forces as a subcontractor to Swede Ship Marine AB. Sweden is strengthening its defence capabilities at sea with eight new mortar vessels. The vessels have been ordered by FMV (Försvarets materielverk) from Swede Ship Marine AB and will be equipped with the Patria NEMO Navy turreted 120 mm system. In addition, Patria will also deliver NEMO mortar systems for training purposes.

In May Senop received orders from the Finnish Defence Forces (FDF) for night vision and target acquisition devices and lifecycle upgrades. The total value of the procurements is about EUR 30 million, and the employment impact in Finland is approximately 90 person-years of work. Senop will deliver the equipment and lifecycle upgrades to the Finnish Defence Forces between 2023 and 2025. Senop Oy also signed contracts with Kongsberg Defence & Aerospace AS to supply integrated Fire Control Centers (FCC) to an international Naval Strike Missile Coastal Defence System (NSM™ CDS) program and to supply integrated Fire Distribution Centers (FDC) to an international NASAMS (National Advanced Surface-to-Air Missile System) program.

In June Patria and Lockheed Martin signed the first Memorandum of Agreement (MoA) for direct work within Finland's F-35 industrial participation programme. This MoA covers the contractual framework for F-35 forward fuselage assemblies in Finland. The F-35 programme will also open Patria an access to the global F-35 supply chain. The main industrial cooperation projects for Patria include this large-scale assembly of F-35 front fuselages in Finland also for international users and further production of structural components. In addition, Patria will establish production projects with Pratt & Whitney for the F135 engines powering the Finnish F-35s.

In August Patria and Japan Steel Works Ltd. signed a license agreement on manufacturing for Patria AMV XP 8x8 vehicles in Japan. The agreement enables local production in accordance with Japan Ground Self-Defense Force's Wheeled Armored Personnel Carrier (WAPC) programme. In December 2022, Patria AMV XP 8x8 vehicle was selected by the programme to replace Type-96 8x8 Armoured Personnel Carrier vehicles that are currently in use.

In September the Finnish Defence Forces and Patria signed a procurement contract for the implementation of Hawk Full Mission Simulator (FMS). The simulator will be delivered to the Finnish Air Force for pilot training use in 2026 and will be an integral part of the Hawk's type training phase as well as tactical training phase. Hawk FMS will be networked as a part of the Finnish Air Force's Hawk LVC (Live Virtual Constructive) training environment.

In December the Finnish Navy's Hamina-Class vessels' modernisation and Mid-Life Upgrade (MLU) project reached the customer's final approval. The Finnish Defence Forces and Patria signed a contract for the modernization and mid-life upgrade of four vessels in 2018. In the project Patria has been acting as the prime contractor, designer, and the lead system integrator. The modernisation and mid-life upgrade provided new capabilities for the Finnish Navy to counter maritime threats, repelling attacks at sea, protecting sea lines of communication, and monitoring and securing territorial integrity.

Patria and the Logistics Command of the Finnish Defence Forces signed an agreement on purchase of new Leopard 2L Tracked Bridge Laying Vehicles. The Finnish Defence Forces procures six new bridge layers that can transport, launch, and retrieve LEGUAN bridges of different lengths. The bridge layers will be built by Patria on the Finnish Defence Forces' Leopard 2A4 main battle tank chassis. The complete value of the procurement without value added tax is approximately EUR 23.6 million and its employment impact in Finland is approximately 70 person-years of work.

Patria and the Finnish Defence Forces signed a service agreement on building the capabilities of Finland's F-35 programme. The industrial participation capabilities of the F-35 solution will ensure the management of the F-35 solution's maintenance reliability-critical know-how and technology in Finland in both normal and state of emergency situations. The direct employment impact of the service agreement for Patria during 2023–2031

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

is estimated to be approximately 600 person-years. The employment effects in Finland are long-lasting, continuing into the 2040s.

Administration

In the beginning of the financial period, Panu Routila continued as the Chairman of the Board of Directors of Patria Oyj, and Mette Toft Bjørgen, Jukka Juusti, Eirik Lie, Päivi Marttila, Jarle Næss, Iver Christian Olerud and Petri Vihervuori as members of the Board of Directors.

Patria Oyj's Annual General Meeting held in Helsinki on 27 March 2023 adopted the Consolidated Financial Statements for the financial period that ended on 31 December 2022. It was also decided to discharge the members of the Board of Directors and the President and CEO from liability for the financial period of 2022. Furthermore, the Annual General Meeting decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 0.95 per share, totally EUR 26,449,794.55.

Panu Routila, DBA continued as the Chairman of the Board of Directors of Patria Oyj. Mette Toft Bjørgen, Group Executive Vice President and CFO, Kongsberg Group; Jukka Juusti, MSc. (Eng.); Eirik Lie, Executive Vice President, Kongsberg Group and President, Kongsberg Defence & Aerospace AS; Jarle Næss, Senior Vice President, Business Development, Kongsberg Defence & Aerospace AS; Iver Christian Olerud, Group Executive Vice President Corporate Development, Kongsberg Group; and Petri Vihervuori, Senior Financial Adviser, the Ownership Steering Department in the Prime Minister's Office, continued as members of the Board of Directors. Outi Henriksson, Executive Vice President & CFO, Aktia Bank Plc was elected as the new member of the Board of Directors.

Patria Oyj's Board has a Nomination and Compensation Committee and an Audit Committee to assist the Board.

The Nomination and Compensation Committee consisted, during the financial period, of Panu Routila, Chairman, Jukka Juusti, Jarle Næss and Iver Christian Olerud. The Nomination and Compensation Committee prepares the compensation structures of the company management and compensation and benefits programs as well as decides on the most important management nominations.

The Audit Committee consisted, during the financial period, of Päivi Marttila, Chairman (until 27. 3. 2023), Outi Henriksson, Chairman (as of 25. 4. 2023), Mette Toft Bjørgen, Eirik Lie and Petri Vihervuori. The Audit Committee supervises and monitors execution and organisation of internal controls within the Patria Group, risk management and financial reporting as well as preparation of the financial statements. In addition to this the Audit Committee is responsible for supervising and monitoring of Compliance and Ethics issues and related activities within Patria. Regarding other duties of the Board, no specific sharing of such duties has been agreed upon by the Board.

Jari Myllykoski, Member of Parliament (Left Alliance), continued as the Chairman of Patria Oyj's Consultative Committee (until 7. 8. 2023) and Janne Sankelo, Member of Parliament (National Coalition Party) as the Vice Chairman (until 7. 8. 2023). Hannu Hoskonen, Member of Parliament (Center Party); Petri Huru, Member of Parliament (Finns Party); Riitta Mäkinen, Member of Parliament (Social Democratic Party); Ilona Lundström, Director General, Ministry of Economic Affairs and Employment; Deputy Chief of Staff, Lieutenant General Vesa Virtanen, Chief of Defence Command; Ilkka Kokko, Specialist, Defence & Security, Patria; Juha Kuusi, System Specialist, Patria; and Gösta Sundström, Mechanic, Patria were elected as members of the Consultative Committee. New member is Equipment Assembler Juha Heikkilä, Patria.

The Extraordinary General Meeting of Shareholders held on 7 August 2023 resolved to elect the following members to the Consultative Committee: Member of Parliament Antti Kaikkonen as the new Chairman of the Consultative Committee, Member of Parliament Atte Kaleva as the new Vice Chairman and Member of the Parliament Mari Kaunistola as the new Member of the Consultative Committee.

Ernst & Young Oy, Authorised Public Accountants was elected as the auditor with Juha Hilmola, APA, as the responsible partner.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Internal audit in Patria Group was carried out by KPMG Oy, Authorised Public Accountants

Esa Rautalinko, Master of Science (Economics) continued as President and CEO of Patria Group.

Risks and uncertainties

Patria has a risk management and internal control policy, approved by the Board of Directors, which specifies the related tasks, objectives, components, responsibilities and authorities. The Board provides the ultimate oversight and direction for risk management and internal control and has allocated main responsibility for these actions to the Audit Committee appointed by the Board. The primary responsibility for risk management and internal control lies with the operational units and Patria's Group functions in their area of responsibility. The President and CEO of Patria is responsible for the proper functioning and monitoring of risk management and internal control. Patria's Group functions provide guidelines for risk management and internal control and perform monitoring on different levels. Patria's Internal Audit function as well as internal and external auditors evaluate the effectiveness of Patria's risk management and internal control. In addition, Patria's customers perform various audits and control activities to ensure compliance by Patria with the customer requirements.

Risk management activities cover strategic, operational, and compliance risks as well as financial risks and safety, security and hazard risks.

Russia's aggressive invasion of Ukraine has had profound and long-lasting effects on the security situation in Europe and worldwide. The war has served as an important reminder of the importance of national defence, military deterrence and alliances. Several European countries have increased their defence budgets. The aim is to procure ammunition and equipment on an expedited schedule to help Ukraine and replenish own stockpiles. Russia's war of aggression in Ukraine has prompted European countries to take a critical look at their own defence industries, the strengthening and increase in the production capacity of which is necessary to ensure security of supply. Due to the war demand of defence materiel has been increased significantly in Europe and in the world. Due to the situation, sanctions and due diligence checks have been a significant part of risk management.

The war in Ukraine will affect business growth, especially in the mid- and long term, as defence expenditures increase in the vast majority of European countries as well as globally. Procurement projects in the defence sector are typically years long, so there will likely be no rapid growth spurts. Patria is a key part of Finland's security of supply and preparing for various crisis situations and ensuring overall safety are Patria's core activities. Security of supply requires reliable technology and expertise in the areas of maintenance and repair, manufacturing and crisis preparedness in all Patria's operating countries. Patria's supply capability has been good, and the production capacity has been prepared and developed specifically to meet a growing demand, at the same time taking care of the company's role in ensuring Finland's overall safety.

The international defence industry is subject to continuous change. Acquisitions and mergers are taking place, new operators are emerging, the complexity of customer requirements and utilization of new technologies is increasing, and competition is intensifying. Patria responds to the competition by improving the anticipation and understanding of customer needs and their changes, along with developing and commercializing new competitive products, services and solutions.

The export of defence materiel is subject to an export or transfer license, which in Finland is granted by the Ministry of Defence or, when certain conditions are met, the government. The conditions in the potential destination country may prevent the granting of an export license, or the conditions in a country to which an export license has been granted may change in such a way that the license will be cancelled temporarily or permanently.

Due to the nature of certain segments of Patria's business, individual sales and delivery projects can be

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

very large in relation to the Group's annual net sales. They may include product development, require extensive subcontracting and co-operation with third parties, and have durations of several years. Moreover, the contents of deliveries and the forms of industrial co-operation implemented together with partners can be complex in nature. The risks involved in such projects are typically versatile and significant, requiring thorough assessment and management. The management of projects and project risks are constantly being developed and enhanced.

Corporate social responsibility

As of 2022, corporate responsibility is directed by an ESG Steering Group, which is coordinated by the Chief Legal Officer and functions based on a revised corporate responsibility management model. Corporate Social Responsibility is the foundation of Patria's profitable and sustainable business and continuance thereof. Patria's operations are based on and governed by laws, regulations, international agreements and Patria's own policies. The corporate social responsibility (CSR) report is an integral part of Patria's Annual Report 2023.

In Patria, Group Management Team is responsible for steering of the activities concerning Company Social Responsibility, and this increases transparency and dialogue within the group. Steering and monitoring of ethics and compliance related matters is clearly specified in the Board of Director's Audit Committee's charter. In 2023 the Board of Directors, the Audit Committee and the Group Management Team received regular reports on activities and issues relating to Corporate Social Responsibility.

Ethical conduct is an implicit foundation for Patria's operations and decision making. It ensures the company's stakeholders' confidence in the company's operations. During the financial period ethical conduct continued to be developed according to plan.

In addition to the CLO, the members of the ESG Steering Group are the heads of HR, finance and QEHS and communications. Patria also has ESG working groups specialising in the environment, compliance, finance, procurement and well-being at work. In Patria, there is also a separate Head of Compliance, who reports to the CLO and is responsible for matters related to compliance and ethics (incl. anti-corruption work).

Two-tier ethical and compliance training is carried out at to two levels, tailored to employees' exposure and on the basis of risk: a basic training section plus a more demanding section for selected groups. Trainings on topics such as NDA and background check system are carried out in classroom and Teams sessions.

Patria measured its personnel's views in 2023 on serious misconduct and other unethical conduct with the aid of an anonymous survey. This survey was previously conducted every two years, but it is going to be an annual exercise going forward.

Trade Compliance Project in co-operation with Kongsberg continued.

Patria offers internal and external whistle-blowing channels enabling also anonymous reporting. A SpeakUp channel enabling anonymous reporting and dialogue was introduced in 2020. All the reports from different channels have been investigated according to the processes. Statistics and nature of issues concerning the reports received via these reporting channels were regularly reported to the Audit Committee. During 2023, Patria integrated in the processes for reporting and investigation of alleged wrongdoing the requirements as according to EU Whistleblower directive to ensure timely investigation of cases and adequate whistleblower protection in compliance with national legislation of Patria countries of operation.

The CSR essential themes were evaluated in 2023 based on a stakeholder survey. In 2023 no changes were made to the themes. Patria has launched an ESG project to meet the regulation and framework that the EU's Corporate Sustainability Reporting Directive (CSRD) is demanding.

In Patria environmental aspects, impacts and risks are considered in all business planning, operations and management. All Patria's major operational locations are ISO14001 certified. As an environmentally responsible company, Patria is committed to Finland's carbon neutrality goal by 2035. To achieve the set target, various

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

measures have been engaged, including more efficient use of energy, materials and water. Patria joined the international Science Based Targets (SBTi) initiative in 2022, where the company emission reduction targets based on climate science are set. Patria has initially focused on mapping its current emissions and is aiming that during 2024 the emission reduction targets will approved by SBT.

Related to export license practices Patria complies with the national legislation based on international commitments. A decision made by the government officials to grant an export license is made on a case by case basis with the big picture in mind and one of the prerequisites is a reliable end user of the materiel. Granting a license is based on the EU criteria and in consultation with other EU countries. Patria leans on the government officials' capability to evaluate the end user reliability and other export prerequisites when assessing the possibility of export in complex situations and circumstances.

The national legislation of Finland and other operating countries regarding the transparency of communication and lobbying directed at political and governmental influencers is strictly followed at Patria. Transparency in communication to promote Patria's goals and interests is in line with the high ethical level that determines all of Patria's activities.

Patria continuously strives to improve its internal processes and practices by ensuring the necessary expertise in the subject area and by actively working with other industry players in identifying and applying best practices in the field. Patria also actively participates in expert industry groups engaged in a dialogue with the European Council's COARM (Working Party on Conventional Arms Exports) and the European Commission. Patria took a leading role in the creation of the Finnish Sanctions and Export Control Society ("SPVY"), of which it is a member of the Board. Patria is a member of the non-profit organization TRACE, Global Compact and its local network Global Compact Finland as well as the Finnish responsibility network FIBS.

Patria continued to provide Tampere University of Technology with financial support for the aviation technology education. Since 2022, Patria has cooperated with Tampere University of Applied Sciences (TAMK) on the possibility of students completing part of their studies and internships in Patria.

In 2023 Patria donated to the welfare of Ukrainian children and also continued to promote welfare of children and youth with locally selected donations. Patria is one of the main sponsors of the Finnish Biathlon Association for the seasons 2023/24 and 2024/25; Patria has been sponsoring the association since 2011.

Events after the financial period

In January 2024 it was announced that The Finnish Defence Forces purchased 40 Patria 6x6 armoured vehicles more by redeeming the additional purchase option related to the agreement signed in June 2023.

In the beginning of the year, it was also announced that Patria will deliver flight inspection system installation and modification packages to Fintraffic and STC for Finnish Aviation Academy Embraer Phenom aircrafts.

Signed in January 2024, the strategic partnership agreement between Patria and the Finnish Defence Forces was updated. With the agreement, the ongoing cooperation will deepen, the quality assurance and material management procedures were specified, and the partnership management structures were updated.

Patria published two agreements in February 2024 to supply the Patria ARIS electronic intelligence systems (ELINT) to European NATO member countries. With the agreements, customers will have access to the latest version of a high-performance signal intelligence system, tailored to the needs of these countries.

Outlook

Patria continues to strengthen its operational efficiency and productivity and seeks profitable growth in line with its Horizon 2025 strategy in the third year of the strategy period. Patria's reliable and cost-effective lifecycle support services and high-end products have a key role also in the future in maintaining required performance of customer fleets in all conditions.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Following Finland's decision in December 2021 to acquire F-35 fighter jets, negotiations concerning industrial participation of the selected aircraft will continue also in 2024. Preparations to kick off the production are under way, and the resourcing needs are being analysed and the relevant recruiting will commence.

The multinational joint CAVS programme of the Patria 6x6 vehicle is proceeding as planned. The serial production of the Finnish and Latvian vehicles is ongoing and the first batch of vehicles to Sweden has been delivered. Germany has officially joined the programme by signing the Technical Arrangement. The joint programme has raised interest and is open also for other countries to join by mutual consent of the participating countries.

In 2023, Patria and Japan Steel Works Ltd. signed a relating license agreement on manufacturing Patria AMV XP 8x8 vehicles in Japan and the preparations for kicking off manufacturing are ongoing.

The impact of long-term development of the current geopolitical situation, general economic uncertainty, inflation and increasing costs for the rest of the year are difficult to evaluate reliably. At the same time Patria's delivery capability is expected to stay at a good level. In the mid and long term, Patria and the defence industry in general are likely to see an increase in demand as defence spends are increasing in the majority of European countries.

Board of Directors' proposal for profit distribution

The parent company's non-restricted equity on 31 December 2023 is EUR 164,407,767.79 of which the net profit for the financial period is EUR 4,663,604.99.

The Board of Directors proposes to the Annual General Meeting that a capital repayment EUR 1.00 per share be paid on the shares owned by the State of Finland and Kongsberg Defence & Aerospace AS. Under the proposal, the total amount of capital repayment will be EUR 27,841,889.00. The capital repayment is distributed from the reserve for invested non-restricted equity. The Board of Directors further proposes that the remaining non-restricted equity, EUR 136,565,878.79 be retained and carried forward.

Annual General Meeting 2024

The Annual General Meeting of Patria Oyj will be held on 15 April 2024 in Helsinki, Finland.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Consolidated Financial Statements (IFRS)

Consolidated Statement of Financial position

MEUR	Note	31 Dec 2023	31 Dec 2022
Assets			
Non-current assets			
Intangible assets	11		
Intangible rights		2.1	2.4
Goodwill	8, 11	36.7	36.7
Advance payments		0.0	0.0
Tangible assets	11		
Land and water		3.9	3.9
Buildings and constructions		97.6	105.8
Machinery and equipment		23.6	21.5
Other tangible assets		1.2	1.0
Advance payments and construction in progress		7.5	0.6
Investments in associated companies and joint ventures	12	258.0	234.8
Other shares	13, 16	0.2	0.2
Deferred tax assets	10	17.1	17.3
Other receivables		10.3	10.8
Total Non-current assets		**458.3**	**435.0**
Current assets			
Inventories	14		
Raw materials and supplies		127.1	86.3
Work in progress		37.2	49.5
Finished goods		4.5	4.3
Advance payments		2.4	1.9
Receivables			
Accounts receivable	2	156.5	101.5
Receivables from associated companies and joint ventures	12	0.1	0.1
Other receivables		2.5	3.0
Prepaid expenses and accrued income	14	80.5	34.8
Derivative financial instruments	2	4.1	6.3
Current tax asset		1.1	0.2
Current investments		0.0	14.9
Cash and cash equivalents		44.1	73.7
Total Current assets		**460.0**	**376.5**
Total Assets		**918.3**	**811.6**

MEUR	Note	31 Dec 2023	31 Dec 2022
Shareholders' equity and liabilities			
Shareholders' equity	18		
Share capital		38.0	38.0
Fair value reserve	17	2.7	4.0
Invested non-restricted equity fund		164.1	164.1
Translation differences		-4.0	-4.3
Retained earnings		25.4	16.9
Net income for the period		57.8	46.2
Equity attributable to shareholders of parent company		**284.0**	**265.0**
Non-controlling interests		**37.2**	**34.5**
Total Shareholders' equity		**321.2**	**299.4**
Non-current liabilities			
Deferred tax liability	10	2.4	2.6
Pension provisions	7	3.4	4.1
Provisions	19	11.3	8.1
Interest bearing liabilities	2	115.9	154.9
Other liabilities		1.5	1.5
Total Non-current liabilities		**134.5**	**171.3**
Current liabilities			
Interest bearing liabilities	2	145.1	15.6
Advance payments		122.9	146.1
Accounts payable		76.5	70.8
Other current liabilities		40.1	41.4
Accruals and deferred income	15	76.9	66.3
Derivative financial instruments	2	1.2	0.5
Current tax liability		0.0	0.1
Total Current liabilities		**462.6**	**340.8**
Total Shareholders' equity and liabilities		**918.3**	**811.6**

The notes are an integral part of these consolidated financial statements.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Consolidated Income Statement

MEUR	Note	2023	%	2022	%
Net sales	4	**733.8**		**627.1**	
Other operating income	5	14.0		4.3	
Share of associated companies and joint ventures result		36.3		32.0	
Change in inventories of finished goods and work in progress		-10.8		-8.3	
Production for own use		0.4		0.1	
Raw materials and supplies		-263.9		-202.4	
Change in inventories of raw materials		29.8		23.5	
Services purchased		-97.2		-92.0	
Employee benefit expenses	7	-247.3		-222.4	
Depreciation, amortization and impairments	8	-27.7		-27.1	
Other operating expenses	5	-98.5		-81.1	
Operating profit		**68.9**	9.4%	**53.8**	8.6%
Financial income and expenses	9				
Interest and other financial income		2.9		0.8	
Interest and other financial expenses		-8.2		-4.5	
Exchange gains and losses		0.4		-0.5	
Income before taxes		**64.0**	8.7%	**49.7**	7.9%
Income taxes	10	-6.2		-3.5	
Profit for the period		**57.8**	7.9%	**46.2**	7.4%
Net income attributable to non-controlling interests		7.4		7.9	
Net income attributable to equity shareholders		50.4		38.3	
Profit for the period		**57.8**	7.9%	**46.2**	7.4%

Consolidated statement of comprehensive income

MEUR	2023	%	2022	%
Profit for the period	57.8		46.2	
Other comprehensive income				
Items that may be reclassied to profit or loss in subsequent periods				
Cash flow hedges	-1.3		3.6	
Change of translation difference	0.2		-2.6	
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains/losses on defined benefit plans	0.5		2.7	
Share of comprehensive income in associated companies and joint ventures	-0.7		0.1	
Total comprehensive income	**56.6**	7.7%	**50.0**	8.0%
Total comprehensive income attributable to non-controlling interests	7.7		8.5	
Total comprehensive income attributable to equity shareholders	49.0		41.5	
Total comprehensive income	**56.6**	7.7%	**50.0**	8.0%

The notes are an integral part of these consolidated financial statements.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Consolidated Cash flow Statement

MEUR	Note	2023	2022
Net income for the period		57.8	46.2
Depreciation, amortization and impairments	8	27.7	27.1
Capital gains/losses		-0.0	-0.0
Other adjustments			
Share of associated companies and joint ventures result		-36.3	-32.0
Dividends received from associated companies and joint ventures		10.8	11.0
Other adjustments		0.1	2.9
Financing items		5.4	3.8
Taxes	10	6.2	3.5
Change in receivables		-97.9	16.6
Change in payables		-9.0	71.5
Change in inventories		-29.1	-27.1
Cash flow from operations		**-64.4**	**123.5**
Interest received		2.7	0.7
Interest paid		-6.8	-3.8
Dividends received		0.0	0.0
Other financial items		-0.4	-0.4
Income taxes paid		-7.4	-7.1
Cash flow from operating activities		**-76.3**	**112.9**
Aqcuisitions, net of cash		-2.5	-10.5
Other capital expenditures		-17.1	-6.7
Divested business operations		0.0	-0.0
Sale of other fixed assets and other changes		0.0	0.1
Cash flow from investing activities		**-19.5**	**-17.0**

MEUR	Note	2023	2022
Change in short-term financing		97.8	-30.0
Change in other loans		-15.7	-14.7
Dividends paid to equity shareholders		-26.4	-25.1
Dividends paid to non-controlling interests		-4.8	-4.6
Change in other loan receivable		0.4	0.7
Other changes		0.1	-1.9
Cash flow from financing activities		**51.3**	**-75.6**
Change in liquid funds	2	**-44.5**	**20.3**
Change		-44.5	20.3
Liquid funds at the beginning of the period		-88.6	-68.3
Liquid funds at the end of the period		**44.1**	**88.6**
Exchange rate difference		-0.0	0.0

The notes are an integral part of these consolidated financial statements.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Consolidated Statement of Changes in Equity

MEUR	Note	Share capital	Invested non-restricted equity fund	Fair value reserve	Translation differences	Retained earnings	Equity attributable to shareholders of parent company	Non-controlling interests	Total Shareholders' equity
Opening balance		38.0	164.1	4.0	-4.3	63.1	265.0	34.5	299.4
Dividends paid						-26.4	-26.4		-26.4
Other comprehensive income	10								
Cash flow hedges				-1.3			-1.3		-1.3
Change of translation difference					0.2		0.2		0.2
Actuarial gains/losses on defined benefit plans						0.5	0.5		0.5
Share of comprehensive income in associated companies and joint ventures						-0.7	-0.7		-0.7
Non-controlling interests						-7.4	-7.4	2.7	-4.7
Exchange rate difference						-1.0	-1.0		-1.0
Corrections to previous year's bookings*						-2.8	-2.8		-2.8
Net income for the period						57.8	57.8		57.8
31 Dec 2023		**38.0**	**164.1**	**2.7**	**-4.0**	**83.2**	**284.0**	**37.2**	**321.2**

MEUR	Note	Share capital	Invested non-restricted equity fund	Fair value reserve	Translation differences	Retained earnings	Equity attributable to shareholders of parent company	Non-controlling interests	Total Shareholders' equity
Opening balance		38.0	164.1	0.4	-1.7	52.3	253.1	31.1	284.2
Change in share of comprehensive income in associated companies and joint ventures						-4.9	-4.9		-4.9
1 Jan 2022 restated opening balance		38.0	164.1	0.4	-1.7	47.3	248.1	31.1	279.3
Dividends paid						-25.1	-25.1		-25.1
Other comprehensive income	10								
Cash flow hedges				3.6			3.6		3.6
Change of translation difference					-2.6		-2.6		-2.6
Actuarial gains/losses on defined benefit plans						2.7	2.7		2.7
Share of comprehensive income in associated companies and joint ventures						0.1	0.1		0.1
Non-controlling interests						-7.9	-7.9	3.3	-4.6
Exchange rate difference						-0.1	-0.1		-0.1
Corrections to previous year's bookings*						0.0	0.0		0.0
Net income for the period						46.2	46.2		46.2
31 Dec 2022		**38.0**	**164.1**	**4.0**	**-4.3**	**63.1**	**265.0**	**34.5**	**299.4**

* IAS8 corrections for previous periods.

The notes are an integral part of these consolidated financial statements..

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Notes to the Consolidated Financial Statements

1. Accounting principles for the consolidated financial statements

Description of businesses

Patria is a defence and aerospace group with international operations delivering its customers competitive solutions based on own specialist know-how and partnerships. Patria is owned by the State of Finland 50.1% and Kongsberg Defence & Aerospace AS 49.9%.

The operations of Patria Oyj and its subsidiaries (together "Patria" or the "Group") are organised into business segments Finland, Global and Millog.

Patria Oyj ("the Company") is a Finnish public limited company organised under the laws of the Republic of Finland and with its registered address at Arkadiankatu 2, 00100 Helsinki. Copies of the financial statements are available from Patria Group's headquarters, Arkadiankatu 2, 00100 Helsinki and www.patriagroup.com.

Basis of preparation

The Consolidated Financial Statements of Patria have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union including International Accounting Standards ("IAS") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Use of estimates and judgements

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period.

Accounting estimates and judgements are employed in the financial statements to determine reported amounts, including the realizability of certain assets, the useful lives of tangible and intangible assets, income taxes, inventories, provisions, pension obligations and impairment of goodwill and other items. The basis for the estimates and judgements are described in more detail in these accounting principles and in connection with the relevant disclosure to the financial statements.

Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ from the estimates.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the parent company Patria Oyj and all subsidiaries in which the parent company directly or indirectly holds more than 50% of the voting rights or in which Patria is otherwise in control on the reporting date. Being in control means the power to govern the financial and operating policies of the company to obtain benefits from its activities.

Acquired and established companies are accounted for using the acquisition method. Accordingly, the purchase price and the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. In the acquisition of additional interest, where the Group already has control, the non-controlling interest is measured either at fair value or at the non-controlling interests' proportionate share of the identifiable net assets.

The difference between the purchase price, possible equity belonging to the non-controlling interests and the acquired company's net identifiable assets, liabilities and contingent liabilities measured at fair value is goodwill. Goodwill is tested for impairment at least annually. The purchase price includes the consideration paid, measured at fair value. The consideration does not include transaction costs, which are recognised in the

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

statement of income. The transaction costs are expensed in the same financial period in which they occur, except the costs resulting from issued debt or equity instruments.

Any contingent consideration (additional purchase price) related to the combination of businesses is measured at fair value on the date of acquisition. It is classified either as a liability or equity. Contingent consideration classified as a liability is measured at fair value on the last day of each financial period, and the resulting loss or gain is recognised through profit or loss. Contingent consideration classified as equity is not remeasured.

The acquired subsidiaries are included in the consolidated financial statements from the day the Group has control and disposed subsidiaries until the control ends. All intra-group transactions, dividend distributions, receivables and liabilities as well as unrealized margins are eliminated in the consolidated financial statements. In the consolidated statements of income and comprehensive income, non-controlling interests have been separated from the profit and the total comprehensive income for the financial period. In the consolidated statement of financial position, non-controlling interests are shown as a separate item under equity.

Associated companies and joint ventures

Companies, in which the Group has a significant influence are consolidated as associated companies. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net asset of the joint venture. Joint control is established by contractual agreement.

Associated companies and joint ventures are included in the consolidated financial statements using the equity method from the date the Group's significant influence or joint control commences until the date it ceases. The Group's share of the associated company's or joint venture's profit for the financial period are shown as a separate item before the Group's operating profit, on the line Share of associated companies and joint ventures result. The Group's share of the associated company's or joint venture's changes recorded in other comprehensive income is recorded in the Group's other comprehensive income. Patria's proportion of the associated company's or joint venture's post-acquisition accumulated equity is included in the Group's equity. If the Group's share of the associated company's or joint venture's losses exceeds its interest in the company, the carrying amount is written down to zero. After this, losses are only recognised if the Group has incurred obligations from the associated company or joint venture.

Foreign currency transactions

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Receivables, liabilities and derivative instruments in foreign currencies are translated into Euros at the exchange rates prevailing at the balance sheet date. Foreign exchange gains and losses resulting from translating are recognised in the income statement. Foreign exchange gains and losses related to business operations are included in the corresponding items above the operating profit line. Foreign exchange gains and losses related to loans and receivables in foreign currencies are included in financial income and expenses.

The income statements of the Group companies domiciled outside the Euro area are converted into Euro using the average exchange rate of the reporting period while the balance sheets are converted using the exchange rate quoted on the date of the Financial Statements. The exchange rate differences resulting from the conversion of the Financial Statements into Euro are recognised in translation differences under consolidated equity. The translation differences resulting from the movements in exchange rates used to translate equity are likewise recognised directly in translation differences under consolidated equity.

The accumulated translation differences related to divested Group companies, recorded under equity, are recognised in the Income Statement as part of the gain or loss on the sale.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Financial instruments

Financial assets are classified into three main categories: to be measured at amortised cost, at fair value through income statement and at fair value through other comprehensive income.

Unless separately stated in the Notes the carrying value is considered to be equal to the fair value.

Category to be measured at amortised cost includes non-current receivables from associated companies and joint ventures, other receivables, commercial papers, trade receivables, cash and cash equivalents, interest-bearing financial liabilities and trade payables. Financial liabilities are recognised at the settlement date and measured at amortised cost using the effective interest rate method.

Other investments (securities), interest-bearing investments and derivatives (not under hedge accounting) are measured at fair values through income statement.

Derivatives under hedge accounting are measured at fair value through other comprehensive income. The changes in the fair values of derivatives that are designated as hedging instruments but are not accounted for according to the principles of cash flow hedge accounting are recognized based on their nature either in the operative income or costs, or as financial income or expenses.

All derivatives, including embedded derivatives, are initially recognised at fair value. Determination of fair values is based on quoted market prices and rates, discounting of cash flows and option valuation models.

The Group applies hedge accounting under IFRS 9 while hedging estimated future cash flows with foreign currency derivatives and the loan portfolio with interest rate derivatives (cash flow hedging). Foreign exchange spots are defined as derivatives when those consider cash flow hedging. Interest component of the foreign exchange forward contract is recognised in financial income or expense in the income statement. Fair value (spot-spot) changes of derivatives, which are assigned to hedge forecast transactions (cash flow hedging), are recognised in other comprehensive income to the extent that the hedge is effective. The ineffective portion of the hedging instrument is recognised immediately in the income statement. Such accumulated fair value changes are released from equity to income statement in the period when the hedged cash flow affects income. The main reason for the hedge inefficiency is the timing difference between the derivative maturity date and the expected date of hedged foreign exchange future cash flows. Hedge accounting is not applied to derivatives hedging balance sheet items.

All recognised fair value changes to other comprehensive income are net of tax.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

Trade receivables and non-current receivables do not have significant risk for credit losses due to the customer base. Mitigation against credit risk is done by including risk

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

reducing terms to sales agreements and requesting guarantees when needed. The group has not recognised material credit losses in the past. The group is continuously evaluating the credit loss risk and the possible changes e.g. in the customer base may result to recognition of the loss allowance provision.

Net sales and revenue recognition

Revenue is presented net of indirect sales taxes, penalties and discounts. Revenue is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The transaction price may include variable considerations, such as penalties or compensations for damages.

Product sales consist of sales of spare parts and standard equipment for which the revenue is recognised at a point in time when the control of the products has transferred to the customer, in general upon delivery of the goods. Product sales also consist of project delivery (armoured wheeled vehicles and mortar systems as well as systems and system integration) for which, depending on the contract terms and the duration of the project, the revenue is recognised at a point in time or over time.

Sales of services consist of maintenance, repair, modification and hourly based services. The revenue is recognised over time based on hours performed or costs incurred depending on the contract terms and the duration of the project, or at a point in time, if the duration of the project is short-term and result impact is insignificant.

Revenue recognised over time is measured in accordance with the percentage of completion method based on hours performed or costs incurred when the outcome of the contract can be estimated reliably. When the outcome cannot be reliably determined, the costs arising are expensed in the same financial period in which they occur, but the revenue is recognized only to the extent that the company will receive an amount corresponding to actual costs. Any losses are expensed immediately.

Patria provides its customers standard payment terms. If extended payment terms exceeding one year are offered to customers, the invoiced amount is discounted to its present value and interest income is recognized over the credit term.

Patria does not have significant customer arrangements that do not meet the criteria set out in the IFRS 15 for a contract. Patria typically issues contractual product warranties under which it generally guarantees the functioning of equipment delivered during the agreed warranty period.

Patria receives payments from customers based on invoicing schedules as agreed in the customer contracts. Changes in contract assets and liabilities are due to Patria's performance under the contracts. Amounts due from customers under revenue contracts primarily relate to Patria's right to consideration for work completed but not yet invoiced at the reporting date. These assets are transferred to account receivables when Patria has contractual right to issue an invoice. Significant part of amounts due to customers relate to advance consideration received from customer in long-term contracts for which revenue is recognized over time. These amounts are recognized as revenue as Patria performs under the contracts.

To identify the performance obligations in the contract requires management to make estimates and judgements that may affect the reported revenue amount and timing.

Products and services contracts generally include one performance obligation. Long-term contracts include maintenance contracts for which revenue is in general recognized over time and the contracts generally include one performance obligation per delivery.

Contract assets are included in Prepaid expenses and accrued income in the Balance sheet and Contract liabilities in Advance payments in the Balance sheet (Note 14).

At the end of the financial year, Patria had no costs to obtain or fulfil contracts capitalized under IFRS 15.

Research and development costs

Research and development costs are expensed as they are incurred. Capitalised unaccomplished development costs are subject to regular impairment assessments of recoverability based on anticipated future revenues. Unamortised capitalised development costs determined to be in excess of their recoverable amounts are expensed immediately.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Income taxes

The Group income tax expense includes taxes of the Group companies based on taxable profit for the period, together with tax adjustments for previous periods and the change in deferred income taxes. The income tax effects of items recognised in other comprehensive income are similarly recognised. The share of results in associated companies and joint ventures is reported in the income statement as calculated from net profit and thus including the income tax charge.

Deferred income taxes are stated using the balance sheet liability method, as measured with enacted tax rates, to reflect the net tax effects of all temporary differences between the financial reporting and tax bases of assets and liabilities. The main temporary differences arise from the depreciation difference on property, plant and equipment, fair valuation of net assets in acquired companies, fair valuation of financial assets and derivatives, intra-group inventory profits, pension and other provisions, untaxed reserves and tax losses and credits carried forward. Deductible temporary differences are recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilised.

Tangible assets

Tangible assets are measured at their historical cost, less depreciation and impairment. The assets are depreciated over their economic life using the straight-line depreciation method. The economic life of assets is reviewed if necessary, adjusting it to correspond to possible changes in the expected economic use.

The assessed economic lives are as follows:

Buildings	10 to 30 years
Machinery and equipment	3 to 15 years
Other tangible assets	3 to 20 years

Land areas are not subject to depreciation. Repair and maintenance costs are recognised as expenses for the financial year in question. Improvement investments are capitalised if they will generate future economic benefits. Capital gains and losses resulting from the sale of tangible assets are recognised in the income statement.

Goodwill and other intangible assets

Goodwill is measured at historical cost, less impairment. The Group assesses the carrying value of goodwill annually or, more frequently, if events or changes in circumstances indicate that such carrying value may not be recoverable. Impairment losses are recognised immediately in the profit and loss account.

Intangible assets include, capitalised development cost, trademarks, patents, software licences as well as product and marketing rights. Intangible assets originating through development are recognised in the Balance Sheet only if the criteria of the IAS 38 standard are met.

Acquired intangible assets are measured at their historical cost, less depreciation. With the exception of goodwill, the assets are depreciated over their economic life, normally three to twenty years, using the straight-line depreciation method.

Grants received

Government or other grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs, which they are intended to compensate. Grants related to the acquisition of tangible or intangible assets are recognised as decreases of their acquisition costs.

Impairments

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill is in all cases tested annually. For the purposes of assessing impairment, assets

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

are grouped at the lowest cash generating unit level. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. However, the reversal must not cause that the adjusted value is higher than the carrying amount that would have been determined if no impairment loss had been recognised in prior years. Impairment losses recognised for goodwill are not reversed.

Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. These right-of-use assets are depreciated over the contract period or over the useful life of the asset, which is the shorter. Interest cost of leases is presented in financing expenses.

There are optional exemptions for short-term leases and leases of low value items which Patria has selected to utilize and the lease expense on these is recognized as an expense in the income statement. In lessor accounting leases are classified as finance leases or operating leases.

The group did not have sale and leaseback transactions during the financial year.

Employee benefits

Group companies in different countries have various pension plans in accordance with local conditions and practices. The plans are classified as either defined contribution plans or defined benefit plans. The contributions to defined contribution plans are charged to the income statement in the year to which they relate. The present value of the obligation under defined benefit plans is recorded in the balance sheet at fair value on the balance sheet date. Disability and retirement components of the Finnish Statutory Employment Pension Scheme (TyEL) have been accounted for as a defined contribution plans.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method or weighted average cost that is sufficiently close to the factual cost calculated on FIFO basis.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

Accounts receivable

Accounts receivable are carried at their anticipated realizable value, which is the original invoice amount less an estimated impairment of these receivables. An impairment of accounts receivable is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Liquid Funds

Liquid Funds comprise current investments as well as cash and cash equivalents including cash in hand and bank deposits. Bank overdrafts are included within borrowings in current liabilities in the balance sheet.

Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions arise from restructuring plans, onerous contracts, guarantee and claim works.

Dividends

The dividend proposed by the Board of Directors is not deducted from distributable equity until approved by the Annual General Meeting of Shareholders.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Segment reporting

The Group has decided not to apply the voluntary IFRS 8 standard and will not disclose financial information by segment in the financial statements.

Application of new and amended IFRS standards and IFRIC interpretations

Patria has adopted the new standards and interpretations that took effect during the financial period and are relevant to its operations. The IFRS standards, IFRIC interpretations and amendments that took effect during the financial year did not have a material impact on the result or the financial position of the Group or on the presentation of the financial statements. Certain standards, amendments and interpretations have been published but have not taken effect. These are not expected to have a material impact on the result or the financial position of the Group or on the presentation of the financial statements.

Corrections relating to previous financial years

In 2023, relating to Millog Oy's previous financial years operating profit correction and to the associated company's previous financial years correction an adjustment have been recorded in the retained earnings. (2022: Relating to defined benefit pension plans of associated companies the opening balance sheet as 1 January 2022 has been restated by EUR 4 946 thousand, thus information for the comparative period has not been restated.)

2. Financial risk management

Main principals of financial risk management

The Board of Directors of Patria has approved the Treasury Management Policy, according to which treasury management and management of financial risks of the parent company and the subsidiaries are conducted.

The key tasks of the Group Treasury Function are the following: securing sufficient funding at all times for the parent company and the subsidiaries, arranging funding and credit lines, liquidity management, optimising net financial costs, organising and implementing management of financial risks, offering and providing subsidiaries with financial services and informing the Group management about the Group's financial position and risks.

Financial risks are later divided into currency risk, interest rate risk, liquidity and refinancing risk, credit and counterparty risk and operational risk. Subsidiaries and business units are responsible for hedging their financial risks according to Group guidelines and instructions given by Group Treasury.

Patria uses derivative financial instruments to hedge the Group's exposure to foreign exchange rate and interest rate risks arising from operational, investment and financing activities in accordance with Patria's treasury policy.

Currency risks

The objective of currency risk management is to hedge against exchange rate fluctuations affecting the future cash flow, result and balance sheet. Foreign currency exposures, which include binding sales, purchase and finance contracts (transaction position), are fully hedged by project or transaction by using foreign exchange derivatives. The subsidiaries are responsible for determining and hedging their exposures against Patria Oyj, which makes the necessary hedging transactions with banks.

Patria applies hedge accounting according to IFRS 9 while hedging estimated future cash flows with foreign currency derivatives (cash flow hedging). Fair value changes of derivatives, which are assigned to hedge forecast transactions, are recognised in other comprehensive income (fair value reserve) to the extent that the hedge is effective. The ineffective portion of the hedging instrument is recognised immediately into financial items in the income statement. Such accumulated fair value changes are released into income statement in the period when the hedged cash flow affects income. The main source of ineffectiveness is the difference in the maturities of the hedged item and the

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

hedging instrument. Hedge accounting is not applied to derivatives hedging balance sheet items.

Hedged item and hedging instrument are considered to have economic relationship if critical terms of hedging instrument and hedged item match. If economic relationship exists, it is expected that changes in fair value or cash flows of the hedging instrument offset changes in fair value or cash flows from the hedged item. The same currency is used for the hedging instrument as the hedged item has, therefore they have an economic relationship.

A sensitivity analysis, in accordance with IFRS 7 shown later, aims to demonstrate the sensitivity of the consolidated income before taxes and equity to foreign exchange rate fluctuations. Net exposures include foreign currency denominated financial assets and liabilities in the balance sheets of the companies and the derivatives used to hedge these as well as derivatives for which hedge accounting is not applied. The change in fair value of these items is recognised in the income statement.

The change in fair value of derivatives to which hedge accounting is applied is recorded directly in the fair value reserve in equity. The change in fair value is expected to be offset by time as the opposite changes in the values of highly probable future forecasted cash flows materialise.

The next table presents the net exposures as well as the effects based on the sensitivity analysis on result before the taxes and shareholders' equity, assuming that euro would have strengthened or weakened against the currency in question on the balance sheet date. The sensitivity is calculated for a five percent exchange rate change.

The most significant currency exposures (net sales, purchases and loans) on 31 December 2023 were in the Swedish krona (SEK), and United States dollar (USD).

IFRS 7 Sensitivity analysis - sensitivity to exchange rate fluctuations 2023

1000 EUR	SEK	USD
Net exposure - Balance sheet items	-425	5,018
Euro strengthens / weakens 5% - Effect on income before taxes	20 / -22	-239 / 264
Net exposure - Derivatives under hedge accounting	298	-1,449
Euro strengthens / weakens 5% - Effect on equity	-12 / 23	100 / -111

IFRS 7 Sensitivity analysis - sensitivity to exchange rate fluctuations 2022

1000 EUR	SEK	USD
Net exposure - Balance sheet items	3,151	-3,925
Euro strengthens / weakens 5% - Effect on income before taxes	-150 / 166	187 / -207
Net exposure - Derivatives under hedge accounting	2,464	-3,524
Euro strengthens / weakens 5% - Effect on equity	-116 / 131	168 / -185

Consolidating the Group's subsidiaries, associated companies and joint ventures domiciled in non-euro-countries results in translation differences, which are recorded in shareholders' equity (translation risk). Patria's policy is not to hedge translation risks.

Effects of hedge accounting on the Group's financial position concerning the most significant currencies is presented in the following table.

Effects of hedge accounting on the financial position 2023

Forward foreign exchange contracts - EURUSD, MEUR	31 Dec 2023
Fair Value	0.0
Nominal Value	23.9
Expected time for the impact on P&L	January 2024 - December 2026
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	0.1
Change in value of hedged item used to determine hedge effectiveness	-0.1
Weighted average hedged rate (including forward points)	1.1014

Forward foreign exchange contracts - EURSEK, MEUR	31 Dec 2023
Fair Value	0.0
Nominal Value	0.6
Expected time for the impact on P&L	January 2024 - May 2024
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	0.2
Change in value of hedged item used to determine hedge effectiveness	-0.2
Weighted average hedged rate (including forward points)	11.5440

Forward foreign exchange contracts designated as cash flow hedges, MEUR	31 Dec 2023
Derivative financial assets	0.4
Derivative financial liabilities	-0.2

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Effects of hedge accounting on the financial position 2022

Forward foreign exchange contracts - EURUSD, MEUR	31 Dec 2022
Fair Value	-0.2
Nominal Value	20.3
Expected time for the impact on P&L	January 2023 - March 2024
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	-0.2
Change in value of hedged item used to determine hedge effectiveness	0.2
Weighted average hedged rate (including forward points)	1.0620

Forward foreign exchange contracts - EURSEK, MEUR	31 Dec 2022
Fair Value	-0.0
Nominal Value	2.5
Expected time for the impact on P&L	March 2023 - June 2023
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	-0.0
Change in value of hedged item used to determine hedge effectiveness	0.0
Weighted average hedged rate (including forward points)	11.0684

Forward foreign exchange contracts designated as cash flow hedges, MEUR	31 Dec 2022
Derivative financial assets	0.2
Derivative financial liabilities	-0.5

Derivative instruments

2023 MEUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts	33.5	0.4	-0.2	0.2
Buy	19.2	0.1	-0.2	-0.0
Sell	14.3	0.2	-0.0	0.2
Interest rate swap	50.0	3.7		3.7
Cash flow hedge	83.5	4.1	-0.2	3.9
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	36.3	0.1	-1.0	-1.0
Buy	7.4	0.0	-0.1	-0.1
Sell	28.9	0.0	-1.0	-0.9
Non-hedging	36.3	0.1	-1.0	-1.0
Total	**119.8**	**4.1**	**-1.2**	**2.9**

MEUR	2024	2025	2026	2027-
Derivative financial assets	0.4	0.0	3.7	0.0
Derivative financial liabilities	-1.2	-0.0	-0.0	0.0

2022 MEUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts	28.0	0.2	-0.5	-0.3
Buy	13.7	0.1	-0.5	-0.4
Sell	14.4	0.2	-0.1	0.1
Interest rate swap	50.0	5.5		5.5
Cash flow hedge	78.0	5.8	-0.5	5.2
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	33.1	0.6	-0.0	0.6
Buy	4.2	0.0	-0.0	-0.0
Sell	28.9	0.6	-0.0	0.6
Non-hedging	33.1	0.6	-0.0	0.6
Total	**111.1**	**6.3**	**-0.5**	**5.8**

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

MEUR	2023	2024	2025	2026-
Derivative financial assets	0.7	0.1	0.0	5.5
Derivative financial liabilities	-0.5	0.0	0.0	0.0

Offsetting of financial instruments

2023, MEUR	Gross amounts in balance sheet	Financial instruments - Related amounts not set off in the balance sheet	Net amount
Derivative financial assets	4.1	-1.2	2.9
Derivative financial liabilities	1.2	-1.2	0.0

2022, MEUR	Gross amounts in balance sheet	Financial instruments - Related amounts not set off in the balance sheet	Net amount
Derivative financial assets	6.3	-0.5	5.8
Derivative financial liabilities	0.5	-0.5	0.0

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows each party to have the option to settle the relevant financial assets and liabilities on a net basis in the event of default of the other party.

Interest rate risk

Fluctuations in interest rates have an effect on Group's interest expenses and income as well as fair value of interest-bearing liabilities and receivables and derivatives. The objective of interest rate risk management is to hedge against interest rate fluctuations affecting the future cash flow, result and balance sheet. Interest rate risk is managed by monitoring the average interest fixing term (duration) of receivables and liabilities as well as by using derivatives, if needed. The Group has designated all open interest rate swaps as hedging instruments. Interest arising from interest rate swaps is reported under Financial income and expenses concurrently with interest expense arising from hedged floating rate loans from financial institutions.

Interest fixing periods

MEUR	0-6 mths	6-12 mths	12-24 mths	24-36 mths	Later	Total
Lease liablilities	0.1	0.8	2.5	8.8	70.6	82.8
Loans from financial institutions	34.8		50.0			84.8
Other interest-bearing liabilities	93.1			0.4		93.5
Interest-bearing receivables	-44.1					-44.1
Total 2023	83.9	0.8	52.5	9.2	70.6	216.9

MEUR	0-6 mths	6-12 mths	12-24 mths	24-36 mths	Later	Total
Lease liablilities	0.1	0.6	1.2	2.9	85.1	89.9
Loans from financial institutions	30.0			50.0		80.0
Other interest-bearing liabilities		0.1			0.5	0.5
Interest-bearing receivables	-88.6					-88.6
Total 2022	-58.5	0.7	1.2	52.9	85.6	81.9

On 31 December 2023, the average interest fixing term of the liabilities was 1.4 years (3.3) and that of the receivables 2.01 days (9.18 days).

On 31 December 2023, Group's interest-bearing liabilities totaled EUR 261.0 million (170.5) out of which EUR 226.2 million (140.5) was fixed rate and EUR 34.8 million (30.0) was floating rate. Interest-bearing receivables were EUR 44.1 million which were floating rate (2022: Interest-bearing receivables were EUR 88.6 million out of which EUR 73.7 million was floating rate and EUR 14.9 million was fixed rate.) The Group has open interest derivatives EUR 50.0 million (50.0) on 31 December 2023.

A sensitivity analysis in accordance with IFRS 7 and assuming a one percentage point increase in interest rates and the interest-bearing liabilities and receivables in the balance sheet as of 31 December 2023, would lead to a decrease in annual net interest expenses of EUR 93 thousand. In the previous year the annual net interest expenses would have decreased by EUR 437 thousand. A corresponding decrease in interest rates would result in an equal effect of opposite sign.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Liquidity and refinancing risks

Liquidity risk is minimised by maintaining sufficient liquidity reserves, so as to secure the operational liquidity requirements at all times.

Refinancing risk is defined as a risk of a high proportion of loans or credit facilities maturing at a time when refinancing may be difficult, or its terms are unattractive. The risk is minimised by balancing the maturities of loans and credit facilities.

On 31 December 2023 the average maturity of the Group's interest-bearing liabilities was 2.1 years (3.6). The values on the following maturity distribution table are undiscounted.

Maturity distribution of financial instruments

MEUR	2024	2025	2026	2027	2028	2029-	Total
Lease liablilities	17.1	16.2	13.6	11.7	11.5	12.7	82.8
Loans from financial institutions	34.8	50.0	0.0	0.0	0.0	0.0	84.8
Other interest-bearing liabilities	93.2	0.1	0.1	0.1	0.0	0.0	93.5
Derivative financial liabilities	1.2	0.0	0.0	0.0	0.0	0.0	1.2
Derivative financial assets	-0.4	-0.0	-3.7	0.0	0.0	0.0	-4.1
Interest payments	1.2	0.0	0.0	0.0	0.0	0.0	1.2
Total 2023	147.1	66.2	10.0	11.8	11.5	12.7	259.3

MEUR	2023	2024	2025	2026	2027	2028-	Total
Lease liablilities	15.4	14.9	14.3	12.2	10.8	22.2	89.9
Loans from financial institutions	0.0	80.0	0.0	0.0	0.0	0.0	80.0
Other interest-bearing liabilities	0.2	0.0	0.0	0.0	0.4	0.0	0.5
Derivative financial liabilities	0.5	0.0	0.0	0.0	0.0	0.0	0.5
Derivative financial assets	-0.7	-0.1	0.0	-5.5	0.0	0.0	-6.3
Interest payments	0.4	0.0	0.0	0.0	0.0	0.0	0.4
Total 2022	15.8	94.9	14.3	6.7	11.2	22.2	165.1

As a part of its liquidity reserves on 31 December 2023, Patria had the following unused financial reserves: committed credit and overdraft facilities totaling EUR 60.6 million (65.5) and commercial paper program totaling EUR 6.0 million (100.0).

Net debt

MEUR	2023	2022
Loans from financial institutions	50.0	80.0
Other interest bearing loans	0.3	0.4
Lease liabilities	65.7	74.5
Non-current interest-bearing liabilities	115.9	154.9
Loans from financial institutions	34.8	0.0
Issued commercial papers	93.1	0.0
Other interest bearing loans	0.1	0.2
Lease liabilities	17.1	15.4
Current interest-bearing liabilities	145.1	15.6
Interest-bearing liabilities total	261.0	170.5
Liquid funds	44.1	88.6
Net debt	216.9	81.9

Change in net debt

MEUR	Loans from financial institutions	Commercial papers	Other interest bearing loans	Lease liabilities	Liquid funds	Total
Carrying value, at 1 January 2023	-80.0	0.0	-0.5	-89.9	88.6	-81.9
Change in net debt, cash:						
Change in current liabilities	-4.8	-93.1	0.1			-97.8
Change in current investments					-14.9	-14.9
Change in cash and cash equivalents					-29.6	-29.6
Cash flows total	-4.8	-93.1	0.1	0.0	-44.5	-142.3
Change in net debt, non-cash:						
Termination of other interest bearing loans			0.1			0.1
Increases of lease liabilities				-10.6		-10.6
Repayments of lease liabilities				17.8		17.8
Foreign exchange adjustments				-0.0	0.0	0.0
Non-cash movements, total	0.0	0.0	0.1	7.2	0.0	7.3
Carrying value, at 31 December 2023	-84.8	-93.1	-0.4	-82.8	44.1	-216.9

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

MEUR	Loans from financial institutions	Commercial papers	Other interest bearing loans	Lease liabilities	Liquid funds	Total
Carrying value, at 1 January 2022	-110.0	0.0	-0.0	-100.9	68.3	-142.6
Change in net debt, cash:						
Change in current liabilities	30.0		-0.0			30.0
Change in liquid funds					20.3	20.3
Cash flows total	30.0	0.0	-0.0	0.0	20.3	50.3
Change in net debt, non-cash:						
Increases of lease liabilities				-6.5		-6.5
Repayments of lease liabilities				17.5		17.5
Business combinations			-0.5	-0.1		-0.6
Foreign exchange adjustments				-0.0	-0.0	-0.0
Non-cash movements, total	0.0	0.0	-0.5	11.0	-0.0	10.5
Carrying value, at 31 December 2022	-80.0	0.0	-0.5	-89.9	88.6	-81.9

Related to Lease liabilities Patria has recharge contracts regarding the next 5 (6) years and EUR 5.4 million (5.6) is booked in Other receivables.

Credit and counterparty risks

Patria is not exposed to significant credit risk due to the structure of customer base. Credit risks are mainly managed by agreeing in sales contracts on terms and conditions, which reduce these risks. Credit insurance may be used on a case-by-case basis. The group is continuously evaluating the credit loss risk and the possible changes e.g. in the customer base may result to recognition of the loss allowance provision.

Credit risk related to investing liquid funds is managed by defining the acceptable counterparties with good credit rating as well as the maximum allowed exposure by counterparty. The Group does not have material loan receivables. The maximum risk of sales receivables and investments is the full nominal value of those contracts.

Credit risks related to derivative contracts are managed by using multiple counterparties that are well-defined and have a good credit rating. There are netting agreements valid with the counterparties.

Accounts receivable by age

MEUR	2023	2022
Undue accounts receivables	114.5	75.9
Accounts receivables 1–30 days overdue	31.7	8.6
Accounts receivables 31–60 days overdue	1.8	1.2
Accounts receivables more than 60 days overdue	8.5	15.7
Total	156.5	101.5

Operational risks of the treasury functions

The management of operational risks aims to eliminate losses or increased risk levels due to errors in procedures or insufficient monitoring. The risks are minimised by implementing efficient processes and other procedures with related controls, maintaining a high level of proficiency, defining and documenting routine procedures and properly organising the work. Risks relating to transactions are minimised by monitoring trading limits and trade confirmations and conducting regular general assessments.

Other market risks

In addition to financial risks, Patria is exposed to price risks related to raw materials and components. The Business Units are responsible for identifying and hedging of these risks. Hedging takes primarily place by applying relevant terms and conditions to sales and purchase contracts. Patria does not use derivatives to hedge these risks. For the parent company and its subsidiaries in Finland Patria has also done hedging against increase in electricity prices by having fixed-price purchase agreements for electricity. Hedging is done in accordance with the Treasury's risk policy using external dealers authorized by Patria to manage the electricity purchases.

Capital management

The Group's capital management objectives are to secure the ability to continue as going concern, maintain a healthy balance sheet structure, maintain adequate financial reserves at all times, manage the maturity structure and other terms of interest-bearing debt and credit lines and, at the same time, to optimize the cost of capital in order to enhance value to shareholders. The exact target for the capital structure of Patria has

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

not been specifically defined, but the target is to ensure good credit rating and thus adequate financing possibilities to support the growth strategy of the Group. Some of the Group's financial contracts include an equity ratio covenant.

Insurances

Patria has sought to prepare for the materialisation of risks by continuously improving its preparedness to deal with various potential crisis situations and through various insurance programs. Property damage, business interruption and aviation liability are the most important insurance lines, which account for a major part of the insurance premiums for all non-statutory insurances.

3. Acquisitions and divestments

In April 2023 Patria acquired 100% of the shares of Kiinteistö Oy Jämsän Helikopterihalli from the City of Jämsä.

In January 2022, Millog Oy signed an agreement to acquire the entire share capital of Hämeen Diesel Oy. The ownership was transferred to Millog Oy on 3 January 2022. In March Patria agreed to acquire 100% of the shares of Nedaero. The company name was changed to Patria Netherlands Group. The transaction was completed on 1 April 2022. Patria acquired the whole share capital of Svensk Försvarslogistik AB from the co-owner Volvo Defense AB in May 2022. In September Patria acquired 100% of the shares of Kiinteistö Oy Jämsän Komposiitti-halli from the City of Jämsä.

The following table summarise the amounts for the acquisition cost paid, the cash flow from the acquisition and the amounts of the acquired assets and liabilities recognised at the acquisition date. Goodwill related to the acquisition of Hämeen Diesel Oy ja Patria Netherlands Group includes new market share, business and technical expertise as well as expected synergies.

Assets and liabilities

MEUR	2023	2022
Acquisition cost transferred	2.5	16.6
Acquisition cost	2.5	18.1
Cash flow from the acquisitions		
Acquisition cost paid in cash	2.5	16.6
Liquid funds of the acquired companies	-0.0	-6.1
Cash flow from the acquisitions	2.5	10.5

MEUR	2023	2022
Assets and liabilities of the acquired businesses		
Intangible assets	0.0	0.0
Tangible assets	2.5	3.4
Other non-current assets	0.0	0.0
Inventories	0.0	2.8
Accounts receivables and other assets	0.0	2.6
Liquid funds	0.0	6.1
Total assets	2.5	14.9

MEUR	2023	2022
Interest-bearing loans	0.0	0.1
Other liabilities	0.0	5.2
Total liabilities	0.0	5.3
Net assets	2.5	9.6
Patria's share of net assets	2.5	9.6
Goodwill	0.0	8.4

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

4. Disaggregation of revenue

MEUR	2023	2022
Products	247.0	172.8
Services	486.8	454.3
Total	733.8	627.1

MEUR		
Performance obligation satisfied at a point in time	512.5	478.4
Performance obligation satisfied over time	221.3	148.7
Total	733.8	627.1

5. Other operating income and expenses

Other operating income

MEUR	2023	2022
Rental income	2.0	1.8
Capital gain on sale of fixed assets	0.0	0.1
Other operating income	4.8	1.6
Grants received	7.2	1.0
Total	14.0	4.3

Other operating expenses

MEUR	2023	2022
Research and development	-0.3	-0.4
Rents	-2.2	-1.4
Losses on sale of fixed assets	-0.0	-0.0
Travel expenses	-10.6	-8.7
Real estate expenses	-23.4	-22.3
Other operating expenses	-62.0	-48.3
Total	-98.5	-81.1

Principal independent auditor's fees and services

MEUR	2023	2022
Audit fees	-0.4	-0.5
Other audit related fees	-0.0	-0.0
Other services	-0.4	-0.5
Total	-0.8	-1.0

6. Research and development expenses

MEUR	2023	2022
Research and development expenses, total	-13.7	-12.3
Research and development costs expensed during financial period	-4.5	-6.9

7. Personnel expenses

MEUR	2023	2022
Salaries and fees paid to Members of Board, Consultative Committee and President and CEO	-1.1	-1.1
Other wages and salaries	-202.6	-181.4
Pension and pension insurance expenses	-32.6	-29.0
Other employer costs	-10.9	-10.9
Total	-247.3	-222.4

Compensation to Board of Directors and attendance at meetings

		Attendance at meetings		
1,000 EUR	2023	Board	Audit Committee	Nomination and Compensation Committee
Board members 31 December 2023				
Panu Routila, Chairman	43	14/14		4/4
Mette Toft Bjørgen	0	13/14	4/4	
Outi Henriksson [1]	20	9/10	3/3	
Jukka Juusti	28	13/14		4/4
Eirik Lie	0	13/14	4/4	
Päivi Marttila [2]	8	3/4	1/1	
Jarle Næss	26	12/14		3/4
Iver Christian Olerud	0	13/14		3/4
Petri Vihervuori	29	14/14	4/4	
Total	154			

[1] Starting 27 March 2023, [2] Until 27 March 2023

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

1,000 EUR	2022	Attendance at meetings: Board	Audit Committee	Nomination and Compensation Committee
Board members 31 December 2022				
Panu Routila, Chairman	43	12/12		4/4
Mette Toft Bjørgen [1]	0	9/9	3/3	
Aarø Harald [2]	0	3/3		1/1
Gyrid Skalleberg Ingerø [3]	0	3/3	1/1	
Jukka Juusti [4]	14	6/6		3/3
Eirik Lie	0	11/12	4/4	
Päivi Marttila	28	12/12	4/4	
Jarle Næss	27	11/12		4/4
Iver Christian Olerud [5]	0	9/9		3/3
Ari Puheloinen [6]	13	6/6		1/1
Petri Vihervuori	28	12/12	4/4	
Total	152			

[1] Starting 25 March 2022, [2] Until 25 March 2022, [3] Until 25 March 2022, [4] Starting 1 July 2022, [5] Starting 25 March 2022, [6] Until 1 July 2022

Compensation to the Board of Directors includes a monthly remuneration to Chairman EUR 2,750 and members EUR 1,500 each, as well as meeting fees of EUR 600 paid to each member of the board for each meeting attended as well as for meetings of the Board committees attended. As per the minority shareholders' policy, Executive Directors are not entitled to compensation for attending board meetings.

Compensation to Consultative Committee and attendance at meetings

1,000 EUR	2023	Attendance at meetings
Consultative Committee members 1 January – 31 December 2023		
Antti Kaikkonen, Chairman [1]	2	2/2
Atte Kaleva, Vice Chairman [2]	1	2/2
Hannu Hoskonen [3]	0	0/1
Petri Huru	2	3/3
Mari Kaunistola [4]	1	2/2
Ilona Lundström	2	3/3
Jari Myllykoski [5]	1	1/1
Riitta Mäkinen	1	2/3
Janne Sankelo [6]	0	0/1
Vesa Virtanen	2	3/3
Total	10	

[1] Starting 7 August 2023 (Chairman), [2] Starting 7 August 2023 (Vice Chairman), [3] Until 7 August 2023, [4] Starting 7 August 2023, [5] Until 7 August 2023 (Chairman), [6] Until 7 August 2023 (Vice Chairman)

Personnel representatives attendance at meetings: Juha Heikkilä (2/2) *), Jussi Karimäki (1/1) *), Ilkka Kokko (3/3), Juha Kuusi (3/3) and Gösta Sundström (3/3). Separate meeting fees were not paid for their participation.

*) Starting 27 March 2023 Juha Heikkilä replaced Jussi Karimäki as a member of the Consultative Committee.

1,000 EUR	2022	Attendance at meetings
Consultative Committee members 1 January – 31 December 2022		
Jari Myllykoski, Chairman	3	4/4
Janne Sankelo, Vice Chairman	2	4/4
Hannu Hoskonen	2	4/4
Petri Huru	2	4/4
Ilona Lundström [1]	0	0/0
Riitta Mäkinen	2	4/4
Petri Peltonen [2]	2	4/4
Eero Pyötsiä [3]	1	2/2
Vesa Virtanen [4]	1	2/2
Total	16	

[1] Starting 9 December 2022, [2] Until 8 December 2022 [3] Until 1 July 2022 [4] Starting 1 July 2022

Personnel representatives attendance at meetings: Jussi Karimäki (4/4), Juha Kuusi (4/4), Ilkka Kokko (4/4), Jari Metsälä (1/1) and Gösta Sundström (3/3) *). Separate meeting fees were not paid for their participation.

*) Starting 25 March 2022 Gösta Sundström replaced Jari Metsälä as a member of the Consultative Committee.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Compensation to the Consultative Committee includes following meeting fees: Chairman EUR 800, Vice Chairman EUR 600 and members EUR 500 paid for each meeting attended.

Compensation to President and CEO and Management

Salaries, fees and benefits to the President and CEO Esa Rautalinko during 2023 totalled EUR 961,609.32 (EUR 942,267.90) consisting of

- base salary of EUR 491,400.00 (EUR 466,200.00) (including salary of EUR 491,160.00 (465,960.00) and benefits of EUR 240.00 (240.00)),
- yearly bonus for the earning period 2022 was EUR 222,517.26 (47.7% of base salary of year 2022 and 79.6% of the maximum bonus payout, which is 60.0% of base salary of year 2022) and
- EUR 247,692.06 (EUR 196,347.90) based on years 2020–2022 (2022: 2019–2021) long term incentive plans.

The yearly bonus to be paid to the CEO Esa Rautalinko in 2024 for the earning period 2023 is EUR 294,840.00 (60.0% of base salary of year 2023 and 100.0% of the maximum bonus payout, which is 60.0% of base salary of year 2023).

The retirement age for the President and CEO of the parent company follows the statutory pension rules. The President and CEO has no additional retirement arrangement. The President and CEO's contract of employment may be terminated with six months' notice by either the President and CEO or the Company. In case the Company gives notice to the President and CEO, the company shall pay, in addition to the six months' salary for the notice period, an additional compensation corresponding to the amount of 6 months' salary.

The President and CEO is assisted by the Group management team, which included in addition to the President and CEO 9 members (8 members excluding January 7 members in 2022). The salaries, fees and benefits paid to the members of the Group management team (excluding the President and CEO) totalled EUR 2,543,003.18 (EUR 2,564,648.60).

The remuneration of the President and CEO and the other members of the Board of Management for 2023 were based on a fixed monthly salary (including fringe benefits) and a performance-based compensation. Annual performance-based compensation plan can provide a bonus corresponding to a maximum of 50% annual salary, except for the CEO where the maximum is 60% of annual salary in case of exceptionally good performance. The remunerations are agreed using the 'one above' principle, and the remuneration of the CEO is agreed by the Board of Directors.

During the financial period the members of the Group Management team of Patria as well as 26 other key personnel have been participants in three-year performance-based Long-Term Incentive Plans for the years 2023–2025. Incentive plans have been set up by the Board of Directors in accordance with the respective Finnish State ownership policy.

The on-going Long-Term Incentive Plan consist of a number of strategic targets set and the financial performance of the Company over the programme period. The highest theoretical remuneration in each program depending on the participant's organisational standing is 40%, 50% or for CEO in case of exceptional performance 60% of a participant's annual base salary per year during the three-year period of each program. The outcome of the plan is subject to the Board of Directors' approval.

The outcome of the 2020–2022 plan was 96.6% of the highest potential remuneration. The remunerations of the program will be paid to the participants after the earning period in three instalments in May 2023 (50%), in January 2024 (30%) and in January 2025 (20%) subject to the terms of the plan.

The outcome of the 2019–2021 plan was 72.2% of the highest potential remuneration and was paid to the participants in one instalment in 2022 subject to the terms of the plan.

The Group has made a relating cost provision in the balance sheet totalling EUR 2,286,789 (EUR 2,022,216).

All Patria employees are part of a yearly bonus plan. The plan can provide a bonus corresponding to a maximum of 15% to 25% annual salary depending on the employee's organisational standing.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Pension obligations

The contributions to defined contribution plans are charged to the income statement in the year to which they relate. The present value of the obligation under defined benefit plans is recorded in the balance sheet at their fair value on the balance sheet date. The Finnish Statutory Employment Pension Scheme (TyEL) have been accounted for as defined contribution plans. In addition, Millog Oy's additional retirement arrangement and Belgium Engine Center SPRL's pension obligations have been accounted as a defined benefit plan.

Defined benefit contribution plans expose the Group to various risks which may have influence on the amount of defined benefit obligations. Such risks are changes in corporate bond yields, inflation and life expectancy. If corporate bond yields used as a reference to the discount rate change, the Group may have to change the discount rates used. This will have an effect both on the defined benefit obligation and the recognized remeasurement in other comprehensive income. Some of the Group's defined benefit obligations are linked to general inflation and higher general inflation will increase the present value of the defined benefit obligation. The defined benefit obligations of the Group are related to producing benefits to both employed and retired personnel. Increase in life expectancy may increase the defined benefit obligation of the Group.

Expenses of employment benefits

MEUR	2023	2022
Pension expenses – Defined contribution plans	-32.2	-28.5
Pension expenses – Defined benefit plans	-0.4	-0.5
Total	-32.6	-29.0

Expense recognised in profit or loss

MEUR	2023	2022
Service cost	-0.4	-0.5
Net interest	-0.1	-0.1
Expense recognised in profit or loss	-0.5	-0.6

Statement of financial position

MEUR	2023	2022
Defined benefit obligation	13.9	14.3
Fair value of plan assets	-10.5	-10.1
Funded status	3.4	4.1
Liability in the balance sheet	3.4	4.1

Changes in the present value of the defined benefit obligation are as follows:

Defined benefit obligation (DBO)

MEUR	2023	2022
Opening defined benefit obligation	14.3	20.3
Current service cost	0.4	0.5
Interest cost	0.4	0.2
Benefits paid	-0.7	-1.0
Actuarial gain(-) / loss (+)	-0.4	-5.7
Closing defined benefit obligation	13.9	14.3

Changes in the fair value of plan assets are as follows:

Fair value of plan assets

MEUR	2023	2022
Opening fair value of plan assets	10.1	13.2
Interest income	0.3	0.1
Contribution paid	0.9	0.5
Benefits paid	-0.8	-1.0
Actuarial gain(+) / loss (-)	0.0	-2.7
Closing fair value of plan assets	10.5	10.1

Expected contribution paid in the next fiscal period:

MEUR	Estimate 2024	2023	2022
Expected contribution	0.2	0.5	0.5

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Changes in other comprehensive income

MEUR	2023	2022
Recognised remeasurements in other comprehensive income 1 Jan	5.2	2.2
Actuarial gain(+) or loss(-) on obligation	0.4	5.7
Actuarial gain(+) or loss(-) on plan assets	0.0	-2.7
Recognised remeasurements in other comprehensive income 31 Dec	5.7	5.2

Plan assets

	2023	2022
Qualifying insurance policies	100%	100%

Qualifying insurance policies have not a quoted market price in an active market and they do not include employer's own transferable financial instruments.

Sensitivity analysis

This analysis explains which actuarial assumptions the key assumptions are. The figures in the sensitivity analysis have been calculated by changing one assumption and keeping the other assumptions constant and by using the same method and the same census data which is applied when calculating defined benefit obligation and fair value of plan assets

Sensitivity analysis of actuarial assumptions as of 31 Dec 2023:

Millog Oy

MEUR	Change in defined benefit obligation	Change in plan assets	Change in defined benefit obligation, %	Change in plan assets, %
Change in discount rate, +0.5 percent point	-0.6	-0.4	-6%	-5%
Change in salary increase, +0.5 percent point	0.0	0.0	0%	0%
Change in mortality, +1 year in life expectancy	0.3	0.1	3%	2%
Change in benefit increase, +0.5 percent point	0.7	0.0	7%	0%
Change in Insurance Company's bonus index, +0.5 percent point	0.0	0.4	0%	6%

Census data used in this valuation is as follows:	2023	2022
Number of actives	60	64
Number of pensioners	395	362
Number of deferred	470	521
Average age actives (years)	53	53
Average remaining service time	7	8
Average serving time	12	11

Patria Belgium Engine Center SRL

MEUR	Change in defined benefit obligation	Variation
Discount Rate +0,5 percent point	-0.1	-5%
Salary Increase +0,5 percent point	0.3	16%
Inflation +0,5 percent point	0.1	6%

Census data used in this valuation is as follows:	2023	2022
Number of actives	108	109
Number of pensioners	1	3
Number of deferred	58	43
Average age actives (years)	42	42
Average remaining service time	16	16
Average serving time	9	10

8. Depreciation, amortization and impairments

MEUR	2023	2022
Intangible rights	-0.7	-0.7
Buildings and constructions	-5.1	-5.1
Buildings and constructions, IFRS 16	-13.7	-12.5
Land and water, IFRS 16	-0.1	-0.1
Machinery and equipment	-6.6	-7.6
Machinery and equipment, IFRS 16	-1.2	-1.0
Other tangible assets	-0.2	-0.1
Total	-27.7	-27.1

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Impairment tests

The recoverable amount of a cash generating unit is determined based on value-in-use calculations. The tested cash generating units were Finland, Global and Millog. The goodwill is allocated to Finland's and Global's cash-generating units (CGU) based on their fair values.

The calculations are based on the cash flow projections in the strategic plans approved by the management covering a three-year period. The assumptions related to the price and cost level development used in the strategic plans and cash flow estimates of the business units are based on the management's estimates of the development of markets. Previous actual development has been taken into consideration while evaluating the assumptions used in the calculations. The cash flow estimates are based on existing fixed assets. Cash flows beyond the period approved by management are calculated using terminal value method, where the figures for the final planning period are calculated with 0% eternal growth and discounted using the WACC described below.

Discount rate is the weighted average pre-tax cost of capital (WACC) as defined for Patria. The components of WACC are risk-free yield rate, market risk premium, industry specific beta, cost of debt, average capital structure of the industry and a premium for asset specific risk. The WACC used in the calculations was 10.46% p.a. in 2023 (9.73%).

In 2023, the impairment testing result showed that the "value in use" in all the cash generating units were equal or more than the book value of the tested assets. Thus, no impairment of goodwill was recognized in 2023. In connection with the impairment testing a sensitivity analysis was performed in which the cash flows of the cash generating units were decreased and the discount rates were increased. Based on the performed sensitivity analysis it seems unlikely that a reasonably possible change in cash flows (10%–20%) or in the discount rate (1–3 percent point) while other assumptions remain constant would lead to impairment.

Goodwill

MEUR	2023	2022
Finland	8.6	8.6
Global	13.4	13.4
Millog	14.7	14.7
Total	36.7	36.7

MEUR	2023	2022
1 Jan	36.7	28.3
Additions	0.0	8.4
31 Dec	36.7	36.7

9. Financial income and expenses

MEUR	2023	2022
Interest income		
Deposits and investments	0.1	0.0
Other	2.7	0.8
Other financial income	0.0	0.0
Interest expenses		
Interest bearing liabilities	-5.8	-1.4
Leases	-1.9	-2.6
Other financial expense	-0.4	-0.4
Exchange rate difference		
Foreign exchange derivatives, non-hedge accounted	-0.0	0.8
Other	0.4	-1.3
Total	-4.9	-4.2

Aggregate foreign exchange gains and losses included in consolidated income statement

MEUR	2023	2022
Net sales	-0.2	-0.3
Expenses	-0.5	0.3
Financial income and expenses	0.4	-0.5
Total	-0.3	-0.5

Net gains/losses include realized and unrealized gains and losses on derivative financial instruments.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Net gains/losses on derivative financial instruments included in operating profit

MEUR	2023	2022
Foreign exchange rate derivative contracts under hedge accounting	-0.4	-0.2
Non-hedge accounted foreign exchange rate derivative contracts	-0.0	0.0
Total	-0.4	-0.1

10. Income taxes

MEUR	2023	2022
Income taxes	-5.8	-7.0
Income taxes previous period	-0.0	-0.0
Change in deferred tax receivable	-0.2	3.6
Change in deferred tax liability	-0.2	-0.0
Total	-6.2	-3.5

Taxes Related to Other Comprehensive Income

2023 MEUR	Before-tax amount	Tax	Net-of-tax amount
Cash flow hedges	-1.6	0.3	-1.3
Change of translation difference	0.2	-	0.2
Actuarial gains/losses on defined benefit plans	0.5	0.1	0.5
Share of comprehensive income in associated companies and joint ventures	-0.8	0.2	-0.7
Total	-1.7	0.6	-1.2

2022 MEUR	Before-tax amount	Tax	Net-of-tax amount
Cash flow hedges	4.6	-0.9	3.6
Change of translation difference	-2.6	-	-2.6
Actuarial gains/losses on defined benefit plans	3.0	-0.4	2.7
Share of comprehensive income in associated companies and joint ventures	0.1	0.0	0.1
Total	5.0	-1.3	3.8

Differences between income tax expense calculated at statutory rates compared to the income statement (tax rate in Finland 2023: 20%, 2022: 20%)

MEUR	2023	2022
Income tax expense at statutory rate	-12.6	-10.0
Effect of statutory tax rates of foreign companies	-0.2	-0.2
Untaxed income	0.0	0.0
Non-deductible expenses	-0.2	-0.2
Confirmed losses	-0.3	0.2
Effect of associated companies and joint ventures result	7.3	6.4
Returns from previous tax years	-0.0	-0.0
Other items	-0.2	0.4
Income taxes	-6.2	-3.5

Reconciliation of deferred tax receivables

MEUR	2023	2022
Fixed assets depreciation differences	0.3	0.4
Untaxed reserves	1.0	0.5
Tax losses carried forward	15.1	15.6
Other temporary differences	0.8	0.8
Total	17.1	17.3

MEUR	2023	2022
1 Jan	17.3	14.1
Income statement	-0.2	3.6
Acquired companies & exchange rate difference	0.0	0.0
Equity	0.1	-0.4
31 Dec	17.1	17.3

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Reconciliation of deferred tax liabilities

MEUR	2023	2022
Fixed assets depreciation differences	1.7	1.6
Fair value of derivative financial instruments	0.7	1.0
Total	2.4	2.6

MEUR	2023	2022
1 Jan	2.6	1.6
Income statement	0.2	0.0
Fair value of derivative financial instruments	-0.3	0.9
Acquired companies & other changes	-0.1	0.1
31 Dec	2.4	2.6

The tax losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 27.9 million in the year of 2023 (EUR 28.7 million). These losses do not expire.

11. Intangible and tangible assets

Intangible assets

MEUR	Goodwill	Development expenses	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan 2023	48.6	12.3	22.9	0.0	83.8
Translation differences	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.2	-0.1	0.1
Scrapping	0.0	0.0	-0.1	0.0	-0.1
Additions	0.0	0.0	0.2	0.1	0.3
Acquisition cost 31 Dec 2023	48.6	12.3	23.2	0.0	84.1
Accumulated amortization and impairment losses 1 Jan 2023	-11.9	-12.3	-20.5	0.0	-44.6
Translation differences	-0.0	0.0	0.0	0.0	-0.0
Scrapping	0.0	0.0	0.0	0.0	0.0
Amortization for the period incl. exchange rate diff.	0.0	0.0	-0.7	0.0	-0.7
Accumulated amortization and impairment losses 31 Dec 2023	-11.9	-12.3	-21.1	0.0	-45.3
Net book value at 31 Dec 2023	**36.7**	**0.0**	**2.1**	**0.0**	**38.9**

MEUR	Goodwill	Development expenses	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan 2022	40.4	12.3	22.4	0.1	75.1
Translation differences	-0.2	0.0	0.0	0.0	-0.2
Reclassifications	0.0	0.0	0.2	-0.1	0.1
Companies acquired	8.4	0.0	0.1	0.0	8.5
Additions	0.0	0.0	0.3	0.0	0.3
Acquisition cost 31 Dec 2022	48.6	12.3	22.9	0.0	83.8
Accumulated amortization and impairment losses 1 Jan 2022	-12.1	-12.3	-19.7	0.0	-44.1
Translation differences	0.2	0.0	0.0	0.0	0.2
Companies acquired	0.0	0.0	-0.0	0.0	-0.0
Amortization for the period incl. exchange rate diff.	0.0	0.0	-0.7	0.0	-0.7
Accumulated amortization and impairment losses 31 Dec 2022	-11.9	-12.3	-20.5	0.0	-44.6
Net book value at 31 Dec 2022	**36.7**	**0.0**	**2.4**	**0.0**	**39.1**

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Tangible assets

MEUR	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2023	4.3	246.6	142.3	4.7	0.6	398.4
Translation differences	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.5	2.7	0.1	-3.5	-0.1
Scrapping	0.0	-0.0	-0.2	-0.0	0.0	-0.3
Additions	0.1	9.0	7.2	0.3	10.3	27.0
Disposals	0.0	0.9	-2.6	0.0	0.0	-1.7
Acquisition cost 31 Dec 2023	4.4	257.1	149.4	5.0	7.5	423.4
Accumulated depreciation and impairment losses 1 Jan 2023	-0.4	-140.8	-120.7	-3.7	0.0	-265.6
Translation differences	0.0	-0.0	-0.0	0.0	0.0	-0.0
Scrapping	0.0	0.0	0.2	0.0	0.0	0.3
Disposals	0.0	0.2	2.5	0.0	0.0	2.7
Depreciation for the period incl. exchange rate diff.	-0.1	-18.9	-7.8	-0.2	0.0	-27.0
Accumulated depreciation and impairment losses 31 Dec 2023	-0.6	-159.4	-125.8	-3.8	0.0	-289.6
Net book value at 31 Dec 2023	**3.9**	**97.6**	**23.6**	**1.2**	**7.5**	**133.8**

MEUR	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2022	4.2	245.2	134.0	2.4	0.6	386.4
Translation differences	-0.0	-0.8	-0.3	0.0	0.0	-1.1
Reclassifications	0.0	-1.8	1.9	2.2	-2.8	-0.5
Companies acquired	0.1	0.7	3.2	0.1	0.0	4.1
Scrapping	0.0	-0.1	-0.7	-0.1	0.0	-0.9
Additions	0.0	5.6	4.4	0.1	2.7	12.9
Disposals	0.0	-2.3	-0.1	0.0	0.0	-2.4
Acquisition cost 31 Dec 2022	4.3	246.6	142.3	4.7	0.6	398.4
Accumulated depreciation and impairment losses 1 Jan 2022	-0.3	-128.2	-110.5	-1.6	0.0	-240.6
Translation differences	0.0	0.9	0.3	0.0	0.0	1.2
Reclassifications	0.0	2.6	-0.2	-2.0	0.0	0.5
Companies acquired	0.0	-0.3	-2.6	-0.0	0.0	-3.0
Scrapping	0.0	0.1	0.7	0.1	0.0	0.9
Disposals	0.0	1.7	0.1	0.0	0.0	1.9
Depreciation for the period incl. exchange rate diff.	-0.1	-17.5	-8.6	-0.1	0.0	-26.4
Accumulated depreciation and impairment losses 31 Dec 2022	-0.4	-140.8	-120.7	-3.7	0.0	-265.6
Net book value at 31 Dec 2022	**3.9**	**105.8**	**21.5**	**1.0**	**0.6**	**132.8**

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Tangible assets include capitalized leases as follows

MEUR	Buildings and constructions	Machinery and equipment	Land and water	Total
Acquisition cost 1 Jan 2023	130.3	6.0	1.7	138.0
Translation differences	0.0	0.0	0.0	0.0
Disposals and other changes	-8.1	-2.5	0.0	-10.6
Additions	8.4	1.6	0.1	10.2
Acquisition cost 31 Dec 2023	130.6	5.1	1.8	137.6
Accumulated depreciation and impairment losses 1 Jan 2023	-53.3	-3.8	-0.4	-57.5
Disposals and other changes	6.8	2.5	0.0	9.2
Depreciation for the period	-14.4	-1.2	-0.1	-15.7
Accumulated depreciation and impairment losses 31 Dec 2023	-60.9	-2.5	-0.6	-63.9
Net book value at 31 Dec 2023	**69.8**	**2.6**	**1.2**	**73.6**

MEUR	Buildings and constructions	Machinery and equipment	Land and water	Total
Acquisition cost 1 Jan 2022	138.8	5.0	1.7	145.5
Translation differences	-0.0	-0.0	-0.0	-0.1
Disposals and other changes	-13.9	-0.0	0.0	-14.0
Additions	5.4	1.1	0.0	6.5
Acquisition cost 31 Dec 2022	130.3	6.0	1.7	138.0
Accumulated depreciation and impairment losses 1 Jan 2022	-50.9	-2.8	-0.3	-54.0
Disposals and other changes	11.3	0.0	0.0	11.3
Depreciation for the period	-13.6	-1.0	-0.1	-14.8
Accumulated depreciation and impairment losses 31 Dec 2022	-53.3	-3.8	-0.4	-57.5
Net book value at 31 Dec 2022	**77.0**	**2.2**	**1.3**	**80.5**

12. Investments in associated companies and joint ventures

	Domicile	Ownership, %
Nammo AS	Raufoss, Norway	50.0
Kongsberg Aviation Maintenance Services AS	Kjeller, Norway	49.9
Silverskin Information Security Oy	Helsinki, Finland	25.0

2022

MEUR	Domicile	Ownership, %	Assets	Liabilities	Net sales	Profit/Loss
Nammo AS	Raufoss, Norja	50.0	783.0	444.0	737.7	50.3

Shares in associated companies and joint ventures

MEUR	2023	2022
1 Jan	234.8	222.2
Share of results in associated companies and joint ventures	36.3	32.0
Share of comprehensive income in associated companies and joint ventures	-0.7	0.1
Share of previous years comprehensive income in associated companies and joint ventures	0.0	-4.9
Dividend income	-10.8	-11.0
Exchange rate differences and other changes	-1.6	-3.5
31 Dec	258.0	234.8

Business operations with associated companies and joint ventures

No sales to associated companies and joint ventures during the financial year (2023 and 2022).

Receivables and liabilities, associated companies and joint ventures

MEUR	2023	2022
Accounts receivables	0.1	0.1

13. Other shares

MEUR	2023	2022
Book value	0.2	0.2

Other shares consists of shares which are not publicly traded and thus has no observable market data available. .

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

14. Current assets

Inventories

No significant impairment of inventories has been booked during the financial periods.

Receivables

Group does not have material interest-bearing receivables. Fair values of receivables do not differ materially from the book value. No major credit losses were booked during the financial periods.

Prepaid expenses and accrued income

MEUR	2023	2022
Contract assets	74.1	29.8
Other items	6.4	5.0
Total	80.5	34.8

Other items of prepaid expenses and accrued income consists of accrued interest income and other accrued income, which are individually insignificant.

Contract balances

MEUR	2023	2022
Trade receivables	156.6	101.6
Contract assets	74.1	29.8
Contract liabilities		
Advances received, other	23.3	28.7
Advances received, over time	99.5	117.4
Revenue recognised in the financial period that was included in the contract liability on 1 January	12.1	19.5
Remaining performance obligations from projects and contracts under execution	827.4	643.3

15. Accruals and deferred income

MEUR	2023	2022
Accrued wages, salaries and social security costs	59.3	51.4
Other items	17.6	14.9
Total	76.9	66.3

Other items of accruals and deferred income consists of interest and other accrued expense, which are individually insignificant.

16. Financial assets valued as fair value

MEUR	Shares	Total
1 Jan 2023	0.2	0.2
Deductions	-0.0	-0.0
31 Dec 2023	0.2	0.2

MEUR	Shares	Total
1 Jan 2022	0.2	0.2
Additions	0.0	0.0
31 Dec 2022	0.2	0.2

17. Financial instruments

Fair value reserve including forward contracts

MEUR	2023	2022
Fair value	3.4	5.0
Deferred taxes	-0.7	-1.0
Fair value reserve 31 Dec	2.7	4.0
Fair value changes recognized in equity	-1.9	4.4
Fair value changes recognized in income statement	0.3	0.2
Deferred taxes	0.3	-0.9
Change	-1.3	3.6
Fair value	5.0	0.5
Deferred taxes	-1.0	-0.1
Fair value reserve 1 Jan	4.0	0.4

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Carrying amounts of financial assets and liabilities by measurement categories and fair value hierarchy

2023 MEUR	At fair value through income statement Level 2	Measured at amortised cost	Book value	Note
Non-current financial assets				
Other shares	0.2		0.2	13
Current financial assets				
Accounts receivable		156.5	156.5	2
Receivables from associated companies and joint ventures		0.1	0.1	12
Derivative financial instruments	4.1		4.1	2
Liquid funds		44.1	44.1	
Carrying amount by category	4.3	200.7	205.0	
Non-current financial liabilities				
Interest-bearing liabilities		115.9	115.9	2
Current financial liabilities				
Interest-bearing liabilities		145.1	145.1	2
Accounts payable		76.5	76.5	
Derivative financial instruments	1.2		1.2	2
Carrying amount by category	1.2	337.5	338.7	

2022 MEUR	At fair value through income statement Level 2	Measured at amortised cost	Book value	Note
Non-current financial assets				
Other shares	0.2		0.2	13
Current financial assets				
Accounts receivable		101.5	101.5	2
Receivables from associated companies and joint ventures		0.1	0.1	12
Derivative financial instruments	6.3		6.3	2
Liquid funds		88.6	88.6	
Carrying amount by category	6.5	190.2	196.7	
Non-current financial liabilities				
Interest-bearing liabilities		154.9	154.9	2
Current financial liabilities				
Interest-bearing liabilities		15.6	15.6	2
Accounts payable		70.8	70.8	
Derivative financial instruments	0.5		0.5	2
Carrying amount by category	0.5	241.3	241.8	

Financial instruments that are measured in the balance sheet at fair value are presented according to the following fair value measurement hierarchy:

Level 1) quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2) inputs other than quoted price included within Level 1 are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

18. Shareholders' equity

Share Capital

Patria Oyj share capital on 31 December 2023 stood at EUR 38,024,848.00. All issued shares have been paid up in full.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Fair value reserve

The fair value reserve includes the effective portion of the change in fair value of derivative financial instruments that are designated as and qualify for cash flow hedges.

Other funds

Invested unrestricted equity reserve

Patria Oyj was established in 2010 and the assets were credited to the reserve of invested unrestricted equity. There were no changes in invested unrestricted equity reserve in 2023, and the fund stood at EUR 164,1 million on 31 December 2023.

Translation differences

Translation differences include translation differences arisen from the subsidiaries' equity translation during the consolidation, change of the fair values of the net investment in the foreign subsidiary, and foreign exchange rate differences arisen from the conversion of the foreign subsidiaries' income statement using the average exchange rate of the reporting period and the conversion of their balance sheet using the exchange rate quoted on the balance sheet date.

Shares

The company has a total of 27,841,889 shares and one series of shares.

Distributable funds

The parent company's non-restricted equity on 31 December 2023 is EUR 164,407,767.79 of which the net profit for the financial period is EUR 4,663,604.99.

Dividend per share

The Board of Directors proposes to the Annual General Meeting that a capital repayment EUR 1.00 per share be paid on the shares owned by the State of Finland and Kongsberg Defence & Aerospace AS. Under the proposal, the total amount of capital repayment will be EUR 27,841,889.00. The capital repayment is distributed from the reserve for invested non-restricted equity. The Board of Directors further proposes that the remaining non-restricted equity, EUR 136,565,878.79 be retained and carried forward.

The dividends paid for 2023 will be decided at the Annual General Meeting on 15 April 2024. This dividend payable is not reflected in these financial statements.

19. Provisions

MEUR	2023	2022
Warranty provisions	7.8	6.6
Other provision	3.5	1.5
Total	11.3	8.1

During the warranty period the claimed faults will be corrected at Patria's expense. The warranty provisions amounted to EUR 7.8 million (EUR 6.6 million) at the end of 2023. Provisions are based on best estimates on the balance sheet date. The provision for warranties covers the expenses due to the repair or replacement of products during their warranty period. The warranty liability is based on historical realised warranty costs and best estimates on the balance sheet date. The usual warranty period is two to four years. Other provisions include various items, such as those related to defects in quality, litigations and offset obligations.

20. Commitments and contingent liabilities

MEUR	2023	2022
Guarantees given on behalf of others	6.8	5.6
Other own contingent liabilities	3.6	3.6
Total	10.3	9.2

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

21. Related party transactions

Patria Oyj's subsidiaries are as follows

Subsidiaries	Domicile	Ownership, %
Patria Aviation Oy	Jämsä, Finland	100.0
Kiinteistö Oy Jämsän Hekohalli	Jämsä, Finland	100.0
Patria Aerostructures Oy	Jämsä, Finland	100.0
Patricomp Oy	Jämsä, Finland	100.0
Kiinteistö Oy Jämsän Komposiittihalli	Jämsä, Finland	100.0
Patria Pilot Training Oy	Helsinki, Finland	100.0
Patria Svenska AB	Sigtuna, Sweden	100.0
Patria Helicopters AB	Sigtuna, Sweden	100.0
Patria Holding Slovakia s.r.o.	Trencin, The Slovak Republic	100.0
Patria ISP Oy	Helsinki, Finland	100.0
Patria Belgium Engine Center SRL	Herstal, Belgium	100.0
Patria Latvia SIA	Riga, Latvia	100.0
SIA Defence Partnership Latvia	Cesis, Latvia	70.0
Patria Lithuania UAB	Vilnius, Lithuania	100.0
Patria Netherlands B.V.	Zevenaar, Netherlands	100.0
Patria Components B.V.	Zevenaar, Netherlands	100.0
Patria Services B.V.	Zevenaar, Netherlands	100.0
Patria Land Oy	Helsinki, Finland	100.0
Patria Japan Ltd.	Tokyo, Japan	100.0
Patria Land Middle East Limited	Abu Dhabi, United Arab Emirates	100.0
Patria Land Sverige AB	Stockholm, Sweden	100.0
Patria Land Systems SA (Pty) Ltd	Pretoria, South Africa	100.0
Patria Polska Sp. z o.o.	Warsaw, Poland	100.0
Millog Oy	Tampere, Finland	61.8
Oricopa Kiinteistöt Oy	Orivesi, Finland	100.0
Senop Oy	Kangasala, Finland	100.0
Millog Marine & Power Oy	Salo, Finland	100.0
Milworks OÜ	Tallinn, Estonia	60.0
Svensk Försvarslogistik AB	Stockholm, Sweden	100.0

Net sales and purchases between the Group companies

MEUR	2023	2022
Total	88.0	86.8

The policy of internal transfer pricing is to use market prices.

Information concerning business operations between the Group and its associated companies and joint ventures are included in Note 12. Management's employment benefits are included in Note 7.

Key management consists of the members of the Board of Directors, CEO and other members of the Group management team. There was no outstanding loans receivable from key management on 31 December 2023. Members of the Group management and their immediate circle have not had any essential business relations with the Group companies.

22. Disputes and litigations

Patria management does not have knowledge of any significant disputes and litigations, which would have had an impact on the financial statements.

23. Events after the balance sheet date

In January 2024 it was announced that The Finnish Defence Forces purchased 40 Patria 6x6 armoured vehicles more by redeeming the additional purchase option related to the agreement signed in June 2023. In addition, the strategic partnership agreement between Patria and the Finnish Defence Forces was updated. In the beginning of the year, it was also announced that Patria will deliver flight inspection system installation and modification packages to Fintraffic and STC for Finnish Aviation Academy Embraer Phenom aircrafts.

Patria published two agreements in February 2024 to supply the Patria ARIS electronic intelligence systems (ELINT) to European NATO member countries. With the agreements, customers will have access to the latest version of a high-performance signal intelligence system, tailored to the needs of these countries.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Financial Statements of the Parent company (FAS)

Balance Sheet, Parent company

ASSETS

MEUR	Note	31 Dec 2023	31 Dec 2022
Non-current assets			
Intangible assets	9		
Intangible rights		0.3	0.3
Goodwill		0.4	0.6
Tangible assets	9		
Machinery and equipment		0.6	0.7
Other tangible assets		0.0	0.0
Investments			
Shares in group companies	10	129.4	133.4
Receivables from group companies	11	9.0	8.3
Shares in associated companies and joint ventures	10	191.6	191.6
Total Non-current assets		**331.4**	**335.0**
Current assets			
Inventories			
Raw materials and supplies		0.1	0.3
Receivables			
Accounts receivable		0.0	0.0
Receivables from group companies	11	135.9	103.3
Other receivables		0.0	0.0
Prepaid expenses and accrued income	11	6.2	8.2
Current investments		0.0	14.9
Cash and cash equivalents		35.4	64.5
Total Current Assets		**177.7**	**191.2**
Total Assets		**509.1**	**526.2**

SHAREHOLDERS' EQUITY AND LIABILITIES

MEUR	Note	31 Dec 2023	31 Dec 2022
Shareholders' equity	12		
Share capital		38.0	38.0
Other funds			
Reserve for invested unrestricted equity		164.1	164.1
Fair value reserve		2.6	4.3
Retained earnings		-4.3	17.3
Net income for the period		4.7	4.8
Total Shareholders' equity		**205.0**	**228.5**
Non-current liabilities			
Loans from financial institutions	13	50.0	80.0
Total Non-current liabilities		**50.0**	**80.0**
Current liabilities			
Other interest-bearing liabilities	13	93.1	0.0
Loans from financial institutions	13	34.8	0.0
Accounts payable		3.1	2.3
Liabilities to group companies	13	106.7	202.1
Deferred tax liabilities		0.6	1.1
Other current liabilities		6.7	5.4
Accruals and deferred income	13	9.0	6.9
Total Current liabilities		**254.1**	**217.7**
Total Shareholders' equity and liabilities		**509.1**	**526.2**

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Income Statement, Parent company

Net income	Note	1-12 2023	%	1-12 2022	%
Net sales	2	**32.1**		**25.6**	
Other operating income	3	3.1		2.8	
Materials and services					
Raw materials and supplies					
Purchases during the financial period		-1.1		-1.3	
Change in inventories		-0.2		0.2	
Personnel expenses	4	-15.9		-13.3	
Depreciation and value adjustments	5	-0.6		-0.6	
Other operating expenses	3	-28.4		-23.7	
Operating profit		**-11.0**	**-34.2%**	**-10.5**	**-41.1%**
Financial income and expenses	6				
Dividend income from group companies		7.7		7.4	
Dividend income from associated companies and joint ventures		10.8		11.0	
Interest and other financial income		7.6		2.2	
Impairment on investments from non-curr assets		-4.0		0.0	
Interest and other financial expenses		-10.0		-5.5	
Exchange gains and losses		0.3		0.2	
Income before appropriations and taxes		**1.5**	**4.7%**	**4.8**	**18.8%**
Appropriations	7	3.2		0.0	
Income taxes	8	0.0		0.0	
Net income		**4.7**	**14.5%**	**4.8**	**18.8%**

Cash Flow Statement, Parent company

MEUR	1-12 2023	1-12 2022
Income before appropriations and taxes	1.5	4.8
Depreciation	0.6	0.6
Financing items	-12.5	-15.3
Other changes	-1.8	5.1
Change in receivables	-10.6	-30.3
Change in inventories	0.2	-0.2
Change in liabilities	3.6	5.8
Cash flow from operations before financial items and taxes	**-18.9**	**-29.4**
Interests paid	-9.0	-2.1
Other financial items	-0.1	-0.2
Dividends received	18.5	18.5
Interests received	7.6	2.2
Paid taxes	0.0	0.0
Cash flow from operating activities	**-2.0**	**-11.0**
Acquired group companies	0.0	-10.6
Purchase of tangible and intangible assets	-0.3	-1.1
Granted loans	-0.7	-3.2
Cash flow from investing activities	**-1.0**	**-14.8**
Change in short-term loans	97.9	-30.0
Change in short-term group receivables and liabilities	-112.4	97.2
Dividends paid	-26.4	-25.1
Cash flow from financing activities	**-41.0**	**42.2**
Change in liquid funds	**-44.0**	**16.4**
Liquid funds 1 Jan	79.4	63.0
Liquid funds 31 Dec	35.4	79.4
Change in liquid funds	**-44.0**	**16.4**

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Notes to the Financial Statements, Parent company

1. Accounting principles, Parent company

The financial statements of the parent company have been prepared in accordance with Finnish accounting procedures and regulations. The Company's financial year is a calendar year.

Revenue recognition

Net sales include income from the sale of goods and services, with adjustments for indirect taxes, discounts and conversion differences resulting from sales in foreign currencies. Income from the sale of goods is recognised when the major risks and benefits from the ownership of the goods have been taken over by the buyer. Income from services is recognised when the service has been rendered.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the financial statements. Actual results may differ from the estimates. Accounting estimates are employed in the financial statements to determine reported amounts.

Fixed assets and depreciation

Property, plants and equipment are measured at their historical cost, less depreciation and impairment. The assets are depreciated over their economic life using the straight-line depreciation method. The economic life of assets is reviewed if necessary, adjusting it to correspond to possible changes in the expected economic use.

The assessed economic lives are as follows:

Machinery and equipment	3 to 15 years
Other intangible assets	3 to 5 years

Other tangible assets are not subject to depreciation.

Investments in subsidiaries and other companies are measured at cost or fair value in case the fair value is less than cost.

Financial assets

Financial assets are measured at the lower of cost or net realisation value. Derivative instruments are measured at fair value. Accounts receivable are carried at their anticipated realizable value, which is the original invoice amount less an estimated impairment of these receivables. An impairment of accounts receivable is made when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Foreign currency transactions

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Receivables, liabilities and derivative instruments in foreign currencies are translated into Euros at the exchange rates prevailing at the balance sheet date. Foreign exchange gains and losses resulting from translating are recognised in the income statement. Foreign exchange gains and losses related to business operations are included in the corresponding items above the operating profit line. Foreign exchange gains and losses related to loans and receivables in foreign currencies are included in financial income and expenses.

Derivative instruments

The company apply the accounting treatment made applicable by the Accounting Act 5:2a §, according to which all derivative agreements, including embedded derivatives, are recognised at fair value. Determination of fair values is based on quoted market prices and rates, discounting of cash flows and option valuation models.

Exchange differences from derivative agreements, which are used to hedge against risks in operating transactions in other currencies, are included in the corresponding

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

items above the operating profit line. Exchange differences from derivative agreements, which are used to hedge foreign currency liabilities and receivables are included in financial income and expenses. When hedged items are not included in the balance sheet, the exchange rate differences of the derivative agreements have been recorded in liabilities and receivables and the profit impact is directed to the same financial period in which the exchange rate of the hedged operative transaction is booked.

Grants received

Government or other grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs, which they are intended to compensate. Grants related to the acquisition of tangible or intangible assets are recognised as decreases of their acquisition costs.

Income taxes

The income statement includes direct taxes accrued on the basis of the results for the financial period as well as taxes payable or refunded for previous financial periods. Deferred taxes are not included.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method or weighted average cost that is sufficiently close to the factual cost calculated on FIFO basis.

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads.

Provisions

Future costs in which the parent company has committed to and which probably will not contribute in future revenues are recognised in provisions.

Employee benefits

An external pension insurance company manages the parent company's pension plan. Possible supplementary pension commitments are insured. The company has no non-funded pension obligations.

Research and development costs

Research and development costs are expensed as they are incurred, with the exception of potential related other capital expenditures. Development costs are capitalised when the criteria in accordance with Finnish accounting procedures and regulations are met.

Leasing

All leasing payments have been expensed in the income statement.

Appropriations

Appropriations include group contributions.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

2. Net sales

Net sales by market area

MEUR	2023	2022
Finland	28.6	23.2
Other Europe	3.4	2.4
Rest of the World	0.0	0.0
Total	32.1	25.6

Net sales by product segment

MEUR	2023	2022
Civilian products	32.1	25.6
Total	32.1	25.6

Revenue recognition

MEUR	2023	2022
Delivery based net sales	32.1	25.6
Total net sales	32.1	25.6

3. Other operating income and expenses

Other operating income

MEUR	2023	2022
Rental income	2.1	2.0
Other operating income	1.1	0.8
Total	3.1	2.8

Other operating expenses

MEUR	2023	2022
Rents	-3.2	-2.9
Real estate expenses	-2.7	-2.5
Travel expenses	-0.7	-0.5
Sales and marketing expenses	-0.6	-0.5
Other operating expenses	-21.2	-17.3
Total	-28.4	-23.7

Principal independent auditor's fees and services

MEUR	2023	2022
Audit fees	-0.1	-0.1
Other services	-0.3	-0.5
Total	-0.4	-0.6

4. Employee benefits and average number of personnel

MEUR	2023	2022
Salaries and fees paid to members of Board of Directors, Consultative Committee and President and CEO	-1.1	-1.1
Other wages and salaries	-12.2	-10.1
Pension and pension insurance costs	-2.2	-1.8
Other indirect personnel expenses	-0.4	-0.3
Total	-15.9	-13.3

Number of personnel, average	2023	2022
Salaried staff	139	125
Total	139	125

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

5. Depreciation

MEUR	2023	2022
Depreciation on intangible rights	-0.2	-0.2
Depreciation on other long-term expenditures	-0.1	-0.1
Depreciation on machinery and equipment	-0.3	-0.3
Total	-0.6	-0.6

6. Financial income and expenses

MEUR	2023	2022
Dividend income, group	7.7	7.4
Dividend income, associated companies and joint ventures	10.8	11.0
Interest income, group	4.9	1.5
Interest income, other	2.7	0.6
Total	26.1	20.6

MEUR	2023	2022
Interest expenses, group	-4.0	-0.7
Interest expenses, other	-5.8	-1.6
Impairment on investments from non-current assets	-4.0	-3.0
Other financial expenses, other	-0.1	-0.2
Total	-14.0	-5.5

In 2023, due to the weakened financial performance and future outlook a write-down on Millworks Oü shares was recognised (an impairment on capital loan receivable from Patria Pilot Training Oy in 2022).

MEUR	2023	2022
Exchange rate difference		
Foreign exchange derivatives, non-hedge accounted	-0.1	1.3
Other	0.5	-1.2
Total	0.3	0.2

7. Appropriations

MEUR	2023	2022
Group contributions	3.2	0.0
Total	3.2	0.0

8. Income taxes

MEUR	2023	2022
Income tax from continuing operations	0.5	0.0
Income tax from appropriations	-0.5	0.0
Total	0.0	0.0

MEUR	2023	2022
Income taxes	0.0	0.0
Income taxes previous period	0.0	0.0
Total	0.0	0.0

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

9. Intangible and tangible assets

Intangible assets

MEUR	Intangible rights	Goodwill	Other long-term expenditures	Total
Acquisition cost 1 Jan 2023	7.3	0.7	0.2	8.2
Additions	0.1	0.0	0.0	0.1
Acquisition cost 31 Dec 2023	7.4	0.7	0.2	8.3
Accumulated amortization and impairment losses 1 Jan 2023	-7.0	-0.1	-0.2	-7.3
Amortization for the period incl. exchange rate diff. in P&L	-0.2	-0.1	0.0	-0.3
Accumulated amortization and impairment losses 31 Dec 2023	-7.2	-0.3	-0.2	-7.6
Net book value at 31 Dec 2023	**0.3**	**0.4**	**0.0**	**0.7**

MEUR	Intangible rights	Goodwill	Other long-term expenditures	Total
Acquisition cost 1 Jan 2022	7.2	0.0	0.2	7.4
Additions	0.1	0.7	0.0	0.8
Acquisition cost 31 Dec 2022	7.3	0.7	0.2	8.2
Accumulated amortization and impairment losses 1 Jan 2022	-6.8	0.0	-0.2	-7.0
Amortization for the period incl. exchange rate diff. in P&L	-0.2	-0.1	0.0	-0.3
Accumulated amortization and impairment losses 31 Dec 2022	-7.0	-0.1	-0.2	-7.3
Net book value at 31 Dec 2022	**0.3**	**0.6**	**0.0**	**0.9**

Tangible assets

MEUR	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2023	5.5	0.0	0.0	5.5
Additions	0.2	0.0	0.0	0.2
Acquisition cost 31 Dec 2023	5.8	0.0	0.0	5.8
Accumulated depreciation and impairment losses 1 Jan 2023	-4.8	0.0	0.0	-4.8
Depreciation for the period incl. exchange rate diff. in P&L	-0.3	0.0	0.0	-0.3
Accumulated depreciation and impairment losses 31 Dec 2023	-5.1	0.0	0.0	-5.1
Net book value at 31 Dec 2023	**0.6**	**0.0**	**0.0**	**0.7**

MEUR	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2022	5.0	0.0	0.3	5.3
Reclassifications	0.3	0.0	-0.3	0.0
Additions	0.2	0.0	0.0	0.2
Acquisition cost 31 Dec 2022	5.5	0.0	0.0	5.5
Accumulated depreciation and impairment losses 1 Jan 2022	-4.5	0.0	0.0	-4.5
Depreciation for the period incl. exchange rate diff. in P&L	-0.3	0.0	0.0	-0.3
Accumulated depreciation and impairment losses 31 Dec 2022	-4.8	0.0	0.0	-4.8
Net book value at 31 Dec 2022	**0.7**	**0.0**	**0.0**	**0.7**

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

10. Investments

Shares in subsidiaries

MEUR	2023	2022
1 Jan	133.4	122.8
Additions	0.0	10.6
Write-downs	-4.0	0.0
Total 31 Dec	129.4	133.4

Shares in associated companies and joint ventures

MEUR	2023	2022
1 Jan	191.6	191.7
Disposals	0.0	-0.0
Total 31 Dec	191.6	191.6

11. Non-current and current receivables

Non-current receivables from group companies

MEUR	2023	2022
Loan receivable	9.0	8.3
Total	9.0	8.3

Current receivables from group companies

MEUR	2023	2022
Accounts receivable	37.9	25.0
Other receivables	97.7	77.6
Derivative financial receivables	0.3	0.5
Accruals and deferred income	0.0	0.2
Total	135.9	103.3

Current receivables from associated companies and joint ventures

No receivables from associated companies and joint ventures during the financial year (2023 and 2022).

Prepaid expenses and accrued income

MEUR	2023	2022
Derivative financial receivables	4.1	6.3
Other receivables	2.1	1.9
Total	6.2	8.2

12. Shareholders' equity

Changes in Shareholders' Equity

MEUR	2023	2022
Share capital 1 Jan	38.0	38.0
Share capital 31 Dec	38.0	38.0
Invested non-restricted equity fund 1 Jan	164.1	164.1
Invested non-restricted equity fund 31 Dec	164.1	164.1
Fair value reserve 1 Jan	4.3	0.3
Change	-1.7	4.0
Fair value reserve 31 Dec	2.6	4.3
Retained earnings 1 Jan	22.1	42.4
Distribution of dividends	-26.4	-25.1
Retained earnings 31 Dec	-4.3	17.3
Net income	4.7	4.8
Total shareholders' equity 31 Dec	**205.0**	**228.5**

Distributable funds

MEUR	2023	2022
Invested non-restricted equity fund 31 Dec	164.1	164.1
Retained earnings 31 Dec	-4.3	17.3
Net income	4.7	4.8
Distributable funds	164.4	186.2

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

13. Current liabilities

Maturity of interest bearing liabilities

MEUR	2024	2025	2026	2027	2028-	Total
Loans from financial institutions	34.8	50.0	0.0	0.0	0.0	84.8
Liabilities, group account	105.0	0.0	0.0	0.0	0.0	105.0
Other interest-bearing liabilities	93.1	0.0	0.0	0.0	0.0	93.1
Total 2023	232.9	50.0	0.0	0.0	0.0	282.9

MEUR	2023	2024	2025	2026	2027-	Total
Loans from financial institutions	0.0	80.0	0.0	0.0	0.0	80.0
Liabilities, group account	200.5	0.0	0.0	0.0	0.0	200.5
Total 2022	200.5	80.0	0.0	0.0	0.0	280.5

Interest bearing liabilities

MEUR	2023	2022
Loans from financial institutions	84.8	80.0
Other loans	93.1	0.0
Total	177.9	80.0

Current liabilities to group companies

MEUR	2023	2022
Accounts payable	1.2	1.2
Other liabilities	105.0	200.5
Derivative financial liabilties	0.4	0.3
Total	106.7	202.1

Accruals and deferred income

MEUR	2023	2022
Accruals related to wages and salaries	5.9	5.0
Derivative financial liabilties	1.2	0.5
Other liabilities	1.9	1.4
Total	9.0	6.9

14. Financial instruments and derivative contracts

Derivative instruments

2023 MEUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Interest rate swap	50.0	3.7	0.0	3.7
Cash flow hedge	50.0	3.7	0.0	3.7
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	122.1	0.7	-1.6	-0.9
Buy	55.4	0.2	-0.5	-0.3
Sell	66.7	0.5	-1.1	-0.6
Non-hedging	122.1	0.7	-1.6	-0.9
Total	**172.1**	**4.4**	**-1.6**	**2.8**

MEUR	2024	2025	2026	2027
Derivative financial assets	0.7	0.0	0.0	3.7
Derivative financial liabilities	-1.6	-0.0	-0.0	0.0

2022 MEUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Interest rate swap	50.0	5.5	0.0	5.5
Cash flow hedge	50.0	5.5	0.0	5.5
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	106.9	1.3	-0.8	0.5
Buy	44.5	0.1	-0.7	-0.6
Sell	62.4	1.2	-0.1	1.1
Non-hedging	106.9	1.3	-0.8	0.5
Total	**156.9**	**6.9**	**-0.8**	**6.1**

MEUR	2023	2024	2025	2026
Derivative financial assets	1.3	0.1	0.0	5.5
Derivative financial liabilities	-0.8	-0.1	0.0	0.0

Offsetting of financial instruments

The company has not netted financial instruments in its balance sheet.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Carrying amounts of financial assets and liabilities by measurement categories and fair value hierarchy

2023 MEUR	At fair value through income statement Level 2	Measured at amortized cost	Book value
Non-current financial assets			
Long-term receivables from group companies		9.0	9.0
Current financial assets			
Accounts receivables from group companies		37.9	37.9
Other receivables		0.0	0.0
Other receivables from group companies	0.3	97.7	98.0
Derivative financial instruments	4.1		4.1
Cash and cash equivalents		35.4	35.4
Carrying amount by category	**4.4**	**180.0**	**184.4**
Non-current financial liabilities			
Interest-bearing liabilities		50.0	50.0
Current financial liabilities			
Interest-bearing liabilities		127.9	127.9
Accounts payable		3.1	3.1
Accounts payable to group companies		1.2	1.2
Other current liabilities to group companies	0.4	105.0	105.4
Other current liabilities		6.7	6.7
Derivative financial instruments	1.2		1.2
Carrying amount by category	**1.6**	**294.0**	**295.6**

2022 MEUR	At fair value through income statement Level 2	Measured at amortized cost	Book value
Non-current financial assets			
Long-term receivables from group companies		8.3	8.3
Current financial assets			
Accounts receivable		0.0	0.0
Accounts receivables from group companies		25.0	25.0
Other receivables from group companies	0.5	77.6	78.1
Derivative financial instruments	6.3		6.3
Current investments		14.9	14.9
Cash and cash equivalents		64.5	64.5
Carrying amount by category	**6.9**	**190.3**	**197.1**
Non-current financial liabilities			
Interest-bearing liabilities		80.0	80.0
Current financial liabilities			
Accounts payable		2.3	2.3
Accounts payable to group companies		1.2	1.2
Other current liabilities to group companies	0.3	200.5	200.8
Other current liabilities		5.4	5.4
Derivative financial instruments	0.5		0.5
Carrying amount by category	**0.8**	**289.4**	**290.3**

According to the Patria's Group Policy Patria Oyj does derivative contracts with the banks according to requests made by group companies. The derivative financial instruments presented on the table are external derivative assets and liabilities. Internal derivative instruments are presented with the receivables from group companies and liabilities to group companies on the column "at fair value through income statement".

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Currency risks

The objective of currency risk management is to hedge against exchange rate fluctuations affecting the future cash flow, result and balance sheet. Foreign currency exposures, which include binding sales, purchase and finance contracts (transaction position), are hedged by project or transaction by using foreign exchange derivatives. Patria Oyj and the other group companies are responsible for determining and hedging their exposures. Patria Oyj makes all necessary hedging transactions with banks.

Hedge accounting is not applied to derivatives hedging balance sheet items. Patria Oyj's own derivative instruments are only hedging balance sheet items.

A sensitivity analysis, in accordance with IFRS 7 shown later, aims to demonstrate the sensitivity of the income before taxes and shareholders' equity to foreign exchange rate fluctuations. Net exposures include foreign currency denominated financial assets and liabilities in the balance sheets of the company and the derivatives used to hedge these as well as derivatives for which hedge accounting is not applied. The change in fair value of these items is recognised in the income statement.

The next table presents the net exposures as well as the effects based on the sensitivity analysis on result before the taxes assuming that euro would have strengthened or weakened against the currency in question on the balance sheet date. The sensitivity is calculated for a five percent exchange rate change.

The most significant currency exposures on 31 December 2023 were in the Swedish krona (SEK).

IFRS 7 Sensitivity analysis - sensitivity to exchange rate fluctuations 2023

1,000 EUR	SEK
Net exposure - Balance sheet items	110
Euro strengthens / weakens 5% - Effect on income before taxes	-5 / 6
Net exposure - Derivatives under hedge accounting	0
Euro strengthens / weakens 5% - Effect on equity	0 / 0

IFRS 7 Sensitivity analysis - sensitivity to exchange rate fluctuations 2022

1,000 EUR	SEK
Net exposure - Balance sheet items	68
Euro strengthens / weakens 5% - Effect on income before taxes	-3 / 4
Net exposure - Derivatives under hedge accounting	0
Euro strengthens / weakens 5% - Effect on equity	0 / 0

Interest rate risk

Fluctuations in interest rates have an effect on company's interest expenses and income as well as fair value of interest-bearing liabilities and receivables and derivatives. The objective of interest rate risk management is to hedge against interest rate fluctuations affecting the future cash flow, result and balance sheet. Interest rate risk is managed by monitoring the average interest fixing term (duration) of receivables and liabilities as well as by using derivatives, if needed. Patria Oyj has designated all open interest rate swaps as hedging instruments. Interest arising from interest rate swaps is reported under Financial income and expenses concurrently with interest expense arising from hedged floating rate loans from financial institutions.

On 31 December 2023, the average interest fixing term of the liabilities was 0.35 (2.4) years and that of the receivables 2.52 days (10.12 days).

On 31 December 2023, company's interest-bearing liabilities totalled EUR 282.9 million (280.5) out of which EUR 139.8 million (230.5) was floating rate and EUR 143.1 million (50.0) was fixed rate. EUR 105.0 million (200.5) of the floating rate liabilities were from group account. Interest-bearing receivables were EUR 126.0 million which were floating rate. (2022: Interest-bearing receivables were EUR 157.0 million out of which EUR 142.1 million were floating rate and EUR 14.9 million was fixed rate.) EUR 94.5 million (77.6) of the interest-bearing receivables were receivables from group account. Patria Oyj has open interest derivatives EUR 50.0 million (50.0) on 31 December 2023.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

15. Commitments and contingent liabilities

Commitments and contingent liabilities

MEUR	2023	2022
Guarantees given on behalf of group companies	60.0	43.7
Guarantees given on behalf of others	2.3	0.9
Other own contingent liabilities	0.3	0.5
Total	62.7	45.0

Leasing commitments

MEUR	2023	2022
Payments due next year	3.7	3.5
1–5 years	6.1	8.8
Payments due in thereafter	4.1	4.6
Total	13.9	16.9

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Board of Directors' proposal for profit distribution

The parent company's non-restricted equity on 31 December 2023 is EUR 164,407,767.79 of which the net profit for the financial period is EUR 4,663,604.99.

The Board of Directors proposes to the Annual General Meeting that a capital repayment EUR 1.00 per share be paid on the shares owned by the State of Finland and Kongsberg Defence & Aerospace AS. Under the proposal, the total amount of capital repayment will be EUR 27,841,889.00. The capital repayment is distributed from the reserve for invested non-restricted equity. The Board of Directors further proposes that the remaining non-restricted equity, EUR 136,565,878.79 be retained and carried forward.

Helsinki, 7 March 2024

Panu Routila
Chairman

Mette Toft Bjørgen

Outi Henriksson

Jukka Juusti

Eirik Lie

Jarle Næss

Iver Christian Olerud

Petri Vihervuori

Esa Rautalinko
President and CEO

Auditor's Statement

A report has been given today on the audit performed.

Helsinki, 7 March 2024

Ernst & Young Oy
Authorised Public Accountants

Juha Hilmola
Authorised Public Accountant

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Corporate governance

Applicable regulations, guidelines and recommendations

Oyj's ("Patria") corporate governance complies with the Limited Liability Companies Act, Auditing Act, Accounting Act and any other binding legislation.

For example, the Limited Liability Companies Act specifies the company's governing bodies, their roles and responsibilities, and the relationships between governing bodies. The Limited Liability Companies Act is also important for shareholders' rights, as it contains regulations on the rights granted by shares and the exercising of those rights. It also contains the company's main corporate governance principles. Patria also complies with other principles and recommendations for good governance that are applicable to companies that are majority-owned by the State. Although Patria is not a listed company, it complies with the applicable sections of the Securities Market Association's Finnish Corporate Governance Code 2020, to the extent that compliance with the Code's recommendations is appropriate for ensuring good governance and taking into account the company's ownership structure and/ or special characteristics or line of business. The most significant deviations from the Code concern Patria's process for appointing members of the Board of Directors and members' independence. This stems from the company's ownership base and other special characteristics.

Patria's auditor is Ernst & Young Oy, Authorised Public Accountants.

In its statement (KILA 2008/1829), the Finnish Accountancy Board urges companies with a legal obligation to keep books to establish a register of the individuals who are their related parties, in order to enable the monitoring of actions taken by related parties. With the authorisation of the Board of Directors, Patria's General Counsel has arranged the monitoring of the company's related parties, by specifying such parties in a Group and organisation diagram, by sending individuals who are related parties enquiries for the preparation of a register of related parties (a form of declaration of related parties), and by regularly updating the information in the register.

Group organisation and administrative system

In 2021 Patria was operationally divided into business units. A new operating model was taken into use in the beginning of 2022 consisting of two profit and loss bearing divisions Global and Finland supported by Portfolio, responsible for products and services, and Operations, responsible for the production chain. The Patria Group consists of the parent company, Patria, and its subsidiaries. In addition to its wholly owned subsidiaries, the Patria Group owns 61.8% of Millog Oy, 50% of Nammo AS and 60% of Milworks OÜ.

Governing bodies

Patria's highest decision-making body is the General Meeting, at which shareholders exercise their decision-making authority. The tasks of the General Meeting include matters specified in legislation and Patria's Article of Association, such as deciding on the fees paid to members of the Board of Directors and its Committees, the Consultative Committee, and the company's auditor. An Extraordinary General Meeting is held when the Board of Directors deems it necessary, or if the auditor or shareholders holding at least ten per cent of all shares demand one in writing to handle a specific matter.

Patria's Board of Directors consists of the Board members elected by the General Meeting. The Board of Directors handles Patria's corporate governance and the appropriate organisation of its operations.

Patria's operative business is managed by the CEO, who is appointed by the Board of Directors. The CEO handles the daily management of the company and Patria Group in accordance with the guidelines and instructions issued by the Board of Directors. The CEO is supported by the Group Management Team. Each business function also has its own management team. The Boards of wholly owned Group companies are only responsible for the statutory minimum duties specified in the relevant legislation.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Consultative committee

According to its Articles of Association, Patria Oyj must have a Consultative Committee appointed by the General Meeting. Patria's Articles of Association further state that the Board of Directors must consult the Consultative Committee on matters that concern any marked curtailment or expansion of operations or any vital changes to the company's organisation, or which are otherwise of great importance to the line of business that the company is engaged in, either in Finland or internationally.

The Consultative Committee consists of a chair, a vice-chair, and a maximum of ten other members. The Consultative Committee had 12 members during the financial year and convened three times in 2023.

Composition, selection procedure and operation of the Board of Directors

According to Patria's Articles of Association, the Board shall consist of eight (8) members, including the Chairman of the Board (the "Chairman"). The OSD (= VNK) and the Investor (= Kongsberg) shall each have the right, in their sole discretion, to nominate fifty per cent (50%) of the members of the Board (and to substitute such members at any given time). The OSD and the Investor shall in good faith consult with each other, within the Ownership Meeting, regarding the nominations. The OSD shall have the right to nominate the Chairman. The General Meeting elects the chair and other Board members and decides on their remuneration. The Board members are elected for one year at a time, their terms of office ending at the close of the first Annual General Meeting held subsequent to their election.

The Board convened 14 times in 2023.

Principal duties of the Board of Directors and distribution of duties

The Board of Directors is responsible for Patria's corporate governance and the appropriate organisation of its operations in accordance with applicable legislation, the company's Articles of Association, and any instructions issued by the General Meeting. The Board of Directors appoints the President & CEO and supervises his actions. In addition to its statutory tasks, the Board of Directors' main task is to decide on the Group's strategic policies. The Board of Directors steers and supervises the Group's various businesses, to ensure that the Group complies with applicable regulations and operates in a commercially appropriate manner that generates added value for shareholders. The Board therefore makes decisions on the Group's key operating principles, and annually approves the Group's financial targets, operational objectives, Financial Statements, and any interim reports. It also decides on any significant investments. The Board confirms the Group's ethical values and operational principles, and monitors compliance with these values and principles. The Board also approves the general setup of the Group's organisational and operational structure. Its task is to promote the interests of both the Group and its stakeholders. The Board has appointed an Audit Committee and a Nomination and Compensation Committee. The Board has no agreed division of workloads, except for its Committees.

Nomination and Compensation Committee

The Committee consists of the Chairman of the Committee and at least two (2) members, who are all elected annually after the General Meeting by the Board from among its members. These members have the experience and expertise required by the Committee's tasks. The Nomination and Compensation Committee prepares the Group's and management's payroll structures, along with any bonus and incentive systems. It also approves key appointments. The Nomination and Compensation Committee convened four times during 2023.

Audit Committee

The Audit Committee consists of the Chairman of the Committee and at least two (2) members, who are all elected annually after the Annual General Meeting by the Board from among its members. The members of the Committee shall have the qualifications necessary to perform the responsibilities of the audit committee. At least one (1) member shall have experience specifically

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

in accounting, bookkeeping or auditing. The Audit Committee supervises and monitors matters such as the implementation of the Group's internal controls, risk management and financial reporting. It is also tasked with supervising the Group's financial reporting, the drawing up of its Financial Statements, and matters related to compliance and ethics. The Audit Committee convened four times during 2023.

The company's President & CEO and group management

Patria's President & CEO is responsible for managing the business activities and governance of both the company and the Group in accordance with the provisions of the Limited Liability Companies Act and any guidelines or rules issued by the Board of Directors. The President and CEO is assisted by the Group Management Team, which convenes monthly, and which consists of Presidents of each business function, Chief Financial Officer, Chief Legal Officer, Chief Program Officer, HX, and Chief Human Resources Officer. In addition, the Group management meets in other combinations as and when necessary for management purposes.

Corporate responsibility is directed by the ESG Steering Group, which is coordinated by the Chief Legal Officer. In addition to the CLO, the members of the group are the heads of HR, finance, communications and QEHS. Patria also has ESG working groups specialising in the environment, compliance, finance, procurement and well-being at work. Head of Compliance reports to the Chief Legal Officer and is responsible for matters related to compliance and ethics (incl. anti-corruption work).

Compensation

Information on the compensation and benefits paid to the Board of Directors, Board Committees and Patria's management is available in the Notes to the Financial Statements.

Monitoring and controls

In accordance with the Limited Liability Companies Act, the Board of Directors must ensure that the supervision of accounting and financial management has been appropriately organised. The President & CEO must ensure that the company's accounting complies with legislation and that financial administration has been reliably organised. Patria's management is responsible for ensuring that the Group's routine operations comply with all of the relevant legal provisions and Board resolutions, and that Group risk management has been organised in an appropriate manner.

The Executive Vice Presidents of Patria's business functions are members of the Group's Management Team, which enhances and clarifies leadership and leads to more effectively organised.

A reporting system has been set up to handle the Group's financial control, and it produces diverse information about the Group's financial position and its development on a monthly basis. The Group has a clearly defined decision-making hierarchy for investments.

Patria has an Internal Audit function outsourced to an independent operator. This audit evaluates and verifies the efficiency and appropriateness of the Group's risk management and internal controls, the reliability of financial reporting, and compliance with the legislation and guidelines. Patria's internal auditors comply with the International Standards for the Professional Practice of Internal Auditing. The Internal Audit reports on its activities and findings to the Audit Committee and the President & CEO. The Audit Committee approves the internal audit plans on an annual basis.

The company's auditors report their observations at least once a year to the relevant business units and to the Group's financial management, as well as to the Board of Directors and the Audit Committee. The auditors also submit a statutory auditors' report to the company's shareholders.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Industrial Participation

In defence procurement, Industrial Participation (IP) in the target country is a common condition and requirement for supply contracts.

In an industrial participation agreement, the seller (a company) must commit to compensating the value of the purchasing contract to the purchaser (a country), either in whole or in part. The aim is to ensure industrial participation via a purchasing contract that will create the agreed added value for the procuring country. The requirements and processes for industrial participation are defined in accordance with each target country's national regulations and any contract-specific requirements. The European Union also regulates the framework for industrial participation.

Patria operates in the defence sector, in which industrial participation is a general requirement and condition of defence contracts. Patria can export its products either directly through a project or, if the government purchasing defence materiel from Patria so requires, via other industrial participation arrangements or activities. When deciding on involvement in projects requiring industrial participation, Patria considers factors such as its business interests, the value of industrial participation and its relation to the value of the main agreement or transaction. Senior management must also steer and supervise any activities related to industrial participation in accordance with clearly stated responsibilities.

Industrial participation arrangements and activities comply with the regulations and practices of the countries in question. These arrangements may also include externally created industrial participation activities and collaboration with others who have industrial participation obligations (that is, with those considered to be third parties to the agreement), but only as long as this is permissible under the applicable regulations and practices.

Bilateral industrial participation relief or exchanges are also possible if they are conducted with a permit from the relevant authorities and in accordance with the applicable regulations and contractual terms and conditions. Patria's management, Board of Directors and the Board's Audit Committee are duly notified of the company's industrial participation obligations.

All industrial participation obligations and activities are governed by the following unconditional requirements:

- Industrial participation obligations and activities that are permissible under the applicable legislation, regulations and international agreements must comply with legislation and regulations.
- The arrangements must comply with the Patria Group's ethical and standardisation practices, the Patria Group's Ethical Code of Conduct, and the guidelines and other instructions governing industrial participation.
- Applicable due diligence reports must be made on any and all partners and vendors related to such arrangements and transactions, with a special focus on anti-bribery and anti-corruption.
- In order to mitigate legal risks and ensure the compliance of Patria's industrial participation activities, Patria must conduct a comprehensive legal analysis of the industrial participation regulations applicable in the country in question.
- All relevant financial and non-financial risks must be assessed and systematically controlled.

Carrying out Patria's industrial participation obligations:

Since the beginning of 2022, industrial participation has been part of the Global Division's operations and is being managed in accordance with the aforementioned principles. Patria's obligations are based on both the agreements transferred from the Land business unit at the end of 2021 and new agreements that were signed in 2022.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Risk management and internal control

Risk management and internal control are a vital part of Patria's corporate governance system. Risk management and internal control also help to ensure that operational and profitability targets are achieved. They can likewise help to ensure appropriate reporting, compliance with legislation and regulations, and the protection of Patria's reputation.

Risk management framework

Patria has a risk management and internal control policy approved by the Board of Directors, which specifies the related tasks, objectives, components, responsibilities and authorisations. The Board of Directors, and in practice the Audit Committee appointed by the Board, supervises risk management and internal control as the highest decision-making body.

Primary responsibility for risk management and internal control lies with business units and group functions within their respective fields of responsibility.

The CEO is responsible for the appropriateness and monitoring of Patria's risk management and internal controls. Patria's group functions steer the Group's risk management and internal controls, and supervise them at various levels. Patria's internal audit and external auditors assess the effectiveness of the company's risk management and internal control. Patria's customers also carry out their own audits and use various means to monitor Patria's compliance with their requirements.

A risk is either a negative or positive uncertainty factor that may affect Patria's operational targets, profitability or other aspects of the company's business. Risk management is the process of ensuring the appropriate and adequate identification, assessment and handling of both risks and opportunities. Risk management helps to ensure that targets are achieved and resources are not wasted. Patria's risk management is based on the COSO ERM framework, ISO 31000 standard, and the sector's own standards and requirements.

In 2021, the Group began updating its Enterprise Risk Management (ERM) operating model. Work on preparing and mobilising the updated model began in 2022 and continued in 2023 and will continue also in 2024.

Internal audit

Patria has an Internal Audit function outsourced to an independent operator. This audit evaluates and verifies the effectiveness and appropriateness of the Group's operations, risk management and internal controls; the reliability of internal and external reporting; and compliance with applicable legislation and guidelines.

The Audit Committee approves the internal audit plan on an annual basis. From time to time, the Audit Committee and Board of Directors may give instructions to carry out specific internal audits or other control measures. The results of internal audits are regularly reported to both the Audit Committee and Patria's management.

Risks and opportunities

The key areas and issues related to Patria's companies, business units and risk management are described below, that is, those that may pose risks, subject Patria to risks, or create opportunities. Financial risks are mentioned in the Notes to the Financial Statements.

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Export licences and changes in the defence sector

The international defence sector is in a constant state of flux. Acquisitions and mergers are taking place, new operators are emerging, the complexity of customer requirements and use of new technologies is increasing, and competition is intensifying. The operating environment is also being affected by changes in international relations, such as the military operations initiated by Russia in Ukraine, which led to developments in NATO cooperation and Finland joining the organisation in April 2023, and large-scale sanctions to which Finland is also committed. Patria responds to competition by improving its understanding and anticipation of customer needs, and by developing and commercialising new competitive products, services and solutions. The export of defence materiel requires an export or transfer licence, which in Finland is issued by the Ministry of Defence or, in some cases, by the Government. Circumstances in the potential destination country may prevent the issue of an export licence; or circumstances in the country to which an export licence has been granted may change such that the licence is permanently withdrawn or temporarily suspended.

Strategic partnerships

Building strategic partnerships with key customers, contractors and suppliers is vital for Patria's success. Patria is constantly seeking to identify new business opportunities and create, maintain and develop strategic partnerships.

Process quality and cost-effectiveness

Patria's success also requires efficient and flexible processes and improved cost competitiveness. Patria continuously and systematically develops its processes and improves its competitiveness.

Sales and delivery projects

Due to the nature of certain segments of Patria's business, individual sales and delivery projects can be very large in relation to the Group's annual net sales. They may include product development, require extensive subcontracting and co-operation with third parties, and last for several years.

The content of these deliveries and forms of collaboration may be complex in nature. The risks involved in such projects are typically diverse and significant, requiring thorough assessment and management.

Project management and project-related risk management is constantly being developed and improved, and their connection to the Group-level ERM operating model is being taken into account during the model's preparation and implementation.

Safeguarding and developing competencies and expertise

Patria's business units require versatile competencies, often in highly specialised fields in which the availability of expertise may be scarce. The timely securing and development of required resources and competencies is vital, and is therefore the subject of systematic long-term efforts.

Compliance

Patria is committed to compliance with ethical conduct, any applicable laws and regulations in its operating countries, and the agreements and commitments signed by the company. Patria invests considerable effort in ensuring compliant and ethical business practices through regular training, communications, and guidelines and processes for ethical conduct. As Patria's operating environment is complex and Patria operates in many countries and under different jurisdictions and complex regulations, violations may occur despite Patria's good intentions and efforts to ensure ethical operations.

Violations may result in financial losses and damage to Patria's reputation. Patria's ethical principles are presented in the company's Ethical Code of Conduct, which defines the principles that apply to Patria and all of its personnel. Compliance with these ethical guidelines is monitored internally, and any non-conformities are investigated and dealt with. Patria's partners and critical

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

suppliers are also subjected to a thorough advance review, and contractual obligations concerning ethical conduct are defined for such parties.

Information and cyber security

A lot of Patria's business involves the management of secret and confidential information belonging to both Patria and third parties. This makes Patria a target for cyberattacks and other threats. If secret or confidential information were accessed or used by unauthorised parties, it could be highly detrimental to both Patria and the owners of the information. Patria maintains a high level of information security and continuously works to make further improvements.

Other security and accident risks

Patria's business units and group functions regularly assess risks relating to persons, the environment or other damage. These assessments are used to define and implement annual development measures to ensure the security and continuity of operations.

Financial

Board of Directors' Report

Consolidated Financial Statements (IFRS)

Financial Statements of the Parent company (FAS)

Governance

Corporate governance

Industrial Participation

Risk management and internal control

Board of Directors

Consultative Committee

Group Management Team

Patria

Board of Directors 2023

Panu Routila
Chairman of the Board of Directors
Doctor of Business Administration
Board member as of 4 February 2020

Petri Vihervuori
Senior Financial Adviser, the Ownership Steering Department in the Prime Minister's Office, State representative
Board member as of 2018

Jarle Næss
Senior Vice President Business Development, Kongsberg Defence & Aerospace
Board member as of 2018

Eirik Lie
Executive Vice President, KONGSBERG and President, Kongsberg Defence & Aerospace
Board member as of 2019

Mette Toft Bjørgen
Executive Vice President Finance, Kongsberg Defence & Aerospace AS
Board member as of 25 March 2022

Iver Christian Olerud
Group EVP Strategy and Business Development, KONGSBERG Group
Board member as of 25 March 2022

Jukka Juusti
MSc. (Eng.)
Board member as of 1 July 2022

Outi Henriksson
Executive Vice President & CFO, Aktia Bank Plc
Board member as of 27 March 2023

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Consultative Committee

According to the Articles of Association, Patria Oyj must have a Consultative Committee appointed by the Finnish Parliament and the General Meeting of Shareholders. The Articles of Association further state that the Board of Directors shall consult the Consultative Committee on matters that concern major decrease or increase of operational activities, material changes in the company's organisation, and on issues which are otherwise of material importance to the industry that the company is engaged in, either in Finland or internationally.

Consultative Committee 2023

Jari Myllykoski
Chairman
Member of Parliament
Member since November 2020

Janne Sankelo
VIce Chairman
Member of Parliament
Member since October 2019

Riitta Mäkinen
Member
Member of Parliament
Member since October 2019

Vesa Virtanen
Member
Major General, Chief of Defence Command from 1 July 2022, Finland
Member since March 2022

Petri Huru
Member
Member of Parliament
Member since October 2019

Ilona Lundström
Member
Director General, Ministry of Economic Affairs and Employment
Member since December 2022

Hannu Hoskonen
Member
Member of Parliament
Member since August 2019

Gösta Sundström
Member
Mechanic, Patria
Member since March 2022

Jussi Karimäki
Member
Equipment Assembler, Patria
Member since 2009

Juha Kuusi
Member
System Specialist, Patria
Member since 2011

Ilkka Kokko
Member
Specialist, Defence & Security, Patria
Member since 2019

Juha Heikkilä
Member
Equipment Assembler, Patria
Member since March 2023

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria

Group Management Team

Esa Rautalinko
President and CEO
Master of Economic Sciences
Employed by Patria since 2019

Ara Haikarainen
Chief Legal Officer
LL.M./Master of Administrative Sciences
Employed by Patria since 2021

Ville Jaakonsalo
Chief Financial Officer
LL.M./MBA
Employed by Patria since 2010

Pekka Ruutu
Executive Vice President, Portfolio
Master of Science (Eng.)
Employed by Patria since 14 February 2022

Jukka Holkeri
Executive Vice President, Global
Master of Science (Eng.)
Employed by Patria since 1988

Jussi Järvinen
Executive Vice President, Finland
M.Sc. (Econ.)
Employed by Patria since 2013

Manu Skyttä
Executive Vice President, Operations
Master of Science (Eng.)
Employed by Patria since 2022

Petri Hepola
Chief Program Officer, F-35
PhD (Eng.)
Employed by Patria since 2002

Leena Orpo
Chief Human Resources Officer (CHRO)
Master of Science (Econ.)
Employed by Patria since 2017

Kari Renko
Executive Vice President, Strategic Programs
Master of Science (Eng.), Major General (Eng. Ret.)
Employed by Patria since 11 January 2023

Financial
Board of Directors' Report
Consolidated Financial Statements (IFRS)
Financial Statements of the Parent company (FAS)

Governance
Corporate governance
Industrial Participation
Risk management and internal control
Board of Directors
Consultative Committee
Group Management Team

Patria Oyj
Arkadiankatu 2, 00100 Helsinki, Finland
www.patriagroup.com
info@patriagroup.com