

27 October, 2023

Patria Group's Interim Report for 1 January – 30 September 2023

## **Patria's net sales and operating profit grew and the order stock is at a good level**

<b>Key figures</b>	<b>1-9/2023</b>	<b>1-9/2022</b>
New orders, EUR million	602.1	700.0
Order stock, EUR million	1,884.3	1,862.1
Net sales, EUR million	487.9	426.7
Operating profit, EUR million	36.9	32.8
Income before taxes, EUR million	34.0	29.1
Equity ratio, %	41.5	41.1
Gearing, %	80.5	69.6
Return on equity, %	16.8	15.4
Return on capital employed, %	11.7	10.3
Personnel, end of period (FTE)	3,370	3,277

### **The third quarter of 2023**

- Patria Group's net sales for the three quarters was EUR 487.9 million (EUR 426.7 million in the comparison period).
- Operating profit was EUR 36.9 million (EUR 32.8 million).
- Equity ratio was 41.5% (41.1%) and net gearing 80.5% (69.6%).
- The development of customer-centricity, operational efficiency and productivity and new ways of working has continued during the third quarter 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 products and services as well as their development and sales support.
- Patria's net sales and operating profit grew, and the order stock continued to be at a good level. A major part of operational focus has been on building production capacity for the new vehicle orders. Some of the budgeted orders for the year were assigned later than planned, but this will not have a significant impact on the production or result of the entire year. The outlook for net sales and profitability for the rest of the year remains strong.
- 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 improve its efficiency. The scope of the negotiations covered mainly Patria's line managers and white-collar workers. After conclusion of

the negotiations in October, the company decided on changes including reorganization, combination, change and reduction of tasks and related redundancies or relocation of employees to new positions. The integral changes involve 284 job roles. Aimed to be operational as of 1 January 2024, the introduction of the new organization may lead to redundancies of 56 persons at most.

- Patria and Japan Steel Works Ltd. signed in August 2023 a license agreement on manufacturing 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.
- The Finnish Defence Forces and Patria signed in September 2023 a procurement contract for the implementation of Hawk Full Mission Simulator (FMS). The simulator will be delivered to the Finnish Air Force in 2026 for pilot training use and will be an integral part of the Hawk's type training phase as well as tactical training phase.

## **Outlook for the rest of the year**

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

Following Finland's decision in December 2021 to acquire F-35 fighter jets, negotiations concerning industrial participation of the selected aircraft will continue also during the rest of the year. In June 2023, Patria and Lockheed Martin signed the first MoA for direct work within Finland's F-35 industrial participation programme that covers the contractual framework for F-35 forward fuselage assemblies in Finland by Patria.

The multinational joint CAVS programme of the Patria 6x6 vehicle is proceeding as planned. The first deliveries of 91 vehicles that Finland ordered as well as the deliveries of vehicles to Sweden have begun. Germany has officially joined the programme by signing the Technical Arrangement. Serial production of over 200 Latvian vehicles is ongoing. The joint programme has raised interest and is open also for other countries to join by mutual consent of the participating countries.

At the end of 2022, Patria AMV XP 8x8 vehicle was selected by Japan as the new Wheeled Armored Personnel Carrier (WAPC) for Japan Ground Self-Defense Force to replace the current vehicles that are in use. Patria and Japan Steel Works Ltd. have signed a relating license agreement on manufacturing Patria AMV XP 8x8 vehicles in Japan and the preparations for kicking off manufacturing are ongoing.

The strong demand in Patria's 6x6 and 8x8 vehicles will pose significant requirements for ensuring resources and supply chain management, and measures to tackle this have been taken during the year. Even though some of the orders were placed later than expected, the planned and needed supply capacity is expected to be reached for the essential part during the rest of the year.

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.

## **Further information:**

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**Patria** is an international provider of defence, security and aviation life cycle support services, technology solutions and pilot training. Patria provides its aerospace and military customers with equipment availability, continuous performance development as well as selected intelligence, surveillance and management system products and services. 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, the Netherlands, Estonia, Latvia and Spain. Patria employs over 3,000 professionals. 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.