

Patria Group's Interim Report for 1 January – 31 March 2024

30 April, 2024

Patria's net sales and order stock grew significantly in the first quarter, success in vehicle programmes continues

Key figures	1-3/2024	1-3/2023	2023
New orders, EUR million	625.4	156.6	948.4
Order stock, EUR million	2,394.7	1,758.0	1,942.9
Net sales, EUR million	172.1	149.4	733.8
Operating profit, EUR million	5.2	3.6	68.9
Income before taxes, EUR million	3.4	3.1	64.0
Equity ratio, %	40.4	43.8	40.0
Gearing, %	78.1	50.7	67.5
Return on equity, %	18.4	14.4	18.6
Return on capital employed, %	13.8	10.2	13.7
Personnel, end of period (FTE)	3,464	3,294	3,385

The first quarter of 2024

- Patria Group's net sales for the first quarter was EUR 172.1 million (EUR 149.4 million in the comparison period) and operating profit was EUR 5.2 million (EUR 3.6 million).
- Equity ratio was 40.4% (43.8%) and net gearing 78.1% (50.7%).
- The third year of Patria's Horizon 2025 strategy commenced according to expectations. Patria's net sales and the development of order stock are at a good level. Profitability is at the expected level.
- The development of customer-centricity, operational efficiency and productivity and new ways of working continued in the first 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 and their development. Patria's renewed operating model came into force on 1 January, 2024.
- Patria's success in 6x6 and 8x8 vehicle programmes has continued, which supports the development of other business operations and Group's internationalization.
- In the beginning of the year it was 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 on supplying 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.
- Several events related to the Common Armoured Vehicle System (CAVS) programme took place in the first quarter:

- 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 February Patria, DSL (part of KNDS group) and FFG announced that they are teaming up to offer the German design, production, and sustainment of variants of Patria's 6x6 armoured personnel carrier, which could replace the German FUCHS-fleet.
- In March the Swedish Defence Procurement Agency (FMV) signed a contract to buy 321 Patria 6x6 vehicles. The contract has a value of around 470 million euros and is one of the largest ever in Sweden for Patria.
- In March Patria signed a contract with Kongsberg Defence & Aerospace ('Kongsberg') for the delivery of PROTECTOR remote weapon stations to more than 300 Sweden's and Finland's Patria 6x6 vehicles within the CAVS programme.
- It was announced in March that Patria and Lockheed Martin signed their second Memorandum of Agreement (MoA) for direct work within Finland's F-35 industrial participation programme. This MoA provides the contractual framework for the stand-up and qualification of a landing gear doors production line at Patria's Halli facility in Jämsä, Finland. The production line will deliver landing gear doors for the F-35 global fleet.
- Kicked off in early 2024, Patria-led eALLIANCE programme, partly funded by Business Finland, will amplify collaboration with the Finnish civilian and defence sector companies. The aim is to develop disruptive digital capabilities for enhanced data sharing and processing as well as building a holistic metaverse.

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 third 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 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. The outlook for net sales and profitability for the rest of the year remains strong. 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.