

Patria Group's Interim Report for 1 January – 30 June 2024

10 July, 2024

Patria Group's Interim Report for 1 January – 30 June 2024: Patria's net sales and order stock developed well in the first half year

Key figures	1-6/2024	1-6/2023	2023
New orders, EUR million	737.9	424.7	948.4
Order stock, EUR million	2,302.0	1,876.1	1,942.9
Net sales, EUR million	375.9	321.8	733.8
Operating profit, EUR million	21.7	15.8	68.9
Income before taxes, EUR million	17.3	14.2	64.0
Equity ratio, %	33.0	39.1	40.0
Gearing, %	118.6	77.8	67.5
Return on equity, %	19.4	15.2	18.6
Return on capital employed, %	13.1	10.3	13.7
Personnel, end of period (FTE)	3,613	3,417	3,385

The first half year 2024

- Patria Group's net sales for the first half year was EUR 375.9 million (EUR 321.8 million in the comparison period).
- Operating profit was EUR 21.7 million (EUR 15.8 million).
- Equity ratio was 33.0% (39.1%) and net gearing 118.6% (77.8%).
- 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 and profitability at the expected level.
- The development of customer-centricity, operational efficiency and productivity and new ways of working continued in the second 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.
- It was announced in early May 2024 that Germany proceeded to the research and development agreement phase of the Common Armoured Vehicle System (CAVS) programme. Germany is the fourth country to join this phase with Finland, Latvia and Sweden.
- On 24 May, 2024 Patria opened a new armoured vehicle production facility in Valmiera, Latvia, marking the start of full-cycle production of Patria 6x6 armoured vehicles in Latvia, the first and so far, the only one in the Baltics.
- In June, it was announced that Patria and Pratt & Whitney, an RTX business, signed a Memorandum of Agreement (MoA) that covers the contractual framework for Pratt & Whitney F135 engine production and sustainment projects in Finland by Patria. The agreement covers the assembly of F135 engines and components between 2025-2030, followed by a transition to F135 engine Maintenance, Repair, Overhaul and Upgrade (MRO&U) operations, beginning in 2030.
- Patria signed in June a bill of sale for the acquisition of the entire share capital of Nordic Drones Oy ('Nordic Drones'), a Finnish leading drone pilot trainer and manufacturer of drones designed for professional use. Nordic Drones' expertise in manufacturing professional drone systems for numerous customers is a reinforcement of Patria's Unmanned Aerial Systems (UAS) offering, which benefit mutual and new customers in Finland and internationally, across all operating environments. The company employs 10 people. The completion of the acquisition requires the approval of the Finnish Ministry of Employment and the Economy ('TEM') and the related authority process has started.
- On 17 June, 2024 at Eurosatory in Paris, All Terrain Vehicle (ATV) concept vehicle developed within European Future Highly Mobile Augmented Armoured Systems (FAMOUS) programme was revealed in Patria's stand.

The aim of FAMOUS programme is to improve the performance of new and existing armoured vehicles with the support of EU funding. Finland is the lead nation and Patria the industrial coordinator of the FAMOUS programme.

- In June it was also announced that Patria signed a contract with the Finnish Defence Forces Logistic Command on Squadron 2020 programme's project support expert services. Services include support for project management, engineering, and other expertise support.
- Change negotiations were held in Patria's Pilot Training operations during the second quarter on the possible termination of the function during 2025. The function is mainly focused on arranging professional civilian pilot training. Alternatively, efforts are being made to find an external successor for the business or part of it. After negotiations, the termination of the employment of all 36 employees in Finland is being considered on production-related and financial reasons due to the gradual decline in the training activities of airline pilots. The effects on personnel in Córdoba will be resolved separately, taking into account the procedures of Spanish legislation. The ongoing pilot training programmes will be finalised as planned. The plan will not have an impact on Patria's military pilot training activities.

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 has commenced.

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 start of serial production of Slovakia's 8x8 vehicle project has been slower than expected, which may affect the outlook for 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. 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.