

An abstract graphic in the top right corner consisting of several sets of parallel, slightly curved lines in a light gray color, creating a sense of depth and movement.

20

ANNUAL REVIEW

23

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.

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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.

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Our values

**WE WANT
TO SUCCEED**

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

MISSION:
We give our customers
confidence in all conditions.

**OUR OPERATIONS
ARE CUSTOMER-CENTRIC**

**Cooperation guarantees
the success of all parties.**

CUSTOMER PROMISE:
When it is not
an option.

**TOGETHER WE
CREATE SUCCESS**

**We give constructing
feedback. We enjoy
succeeding together.**

EMPLOYER PROMISE:
You make
the difference.

VISION:
The #1 partner
for critical operations.

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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.

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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.

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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



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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

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



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.

production under the Wheeled Armoured Personnel Carrier (WAPC) programme of the Japan Ground Self-Defense Force.

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

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

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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



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

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.

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

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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,

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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.



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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.

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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.

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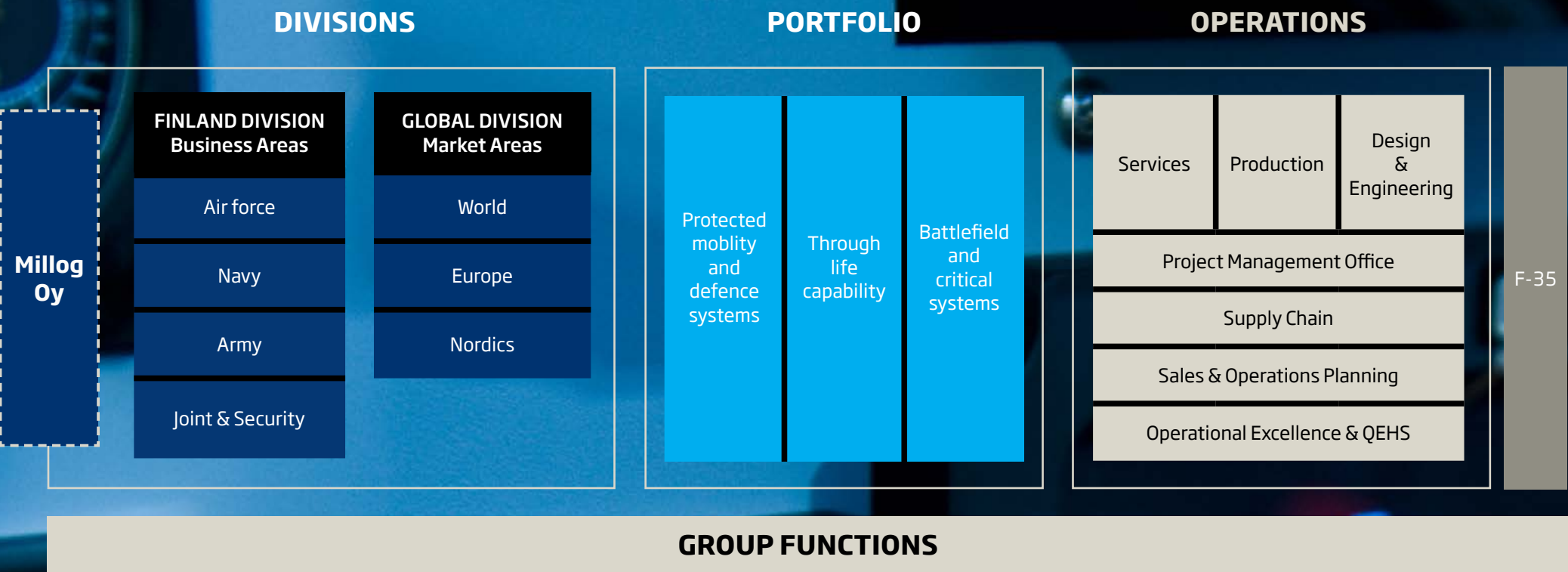
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Patria's organisation as of 1 January 2024



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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.

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.

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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.

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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.



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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 to safeguard 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.

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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.

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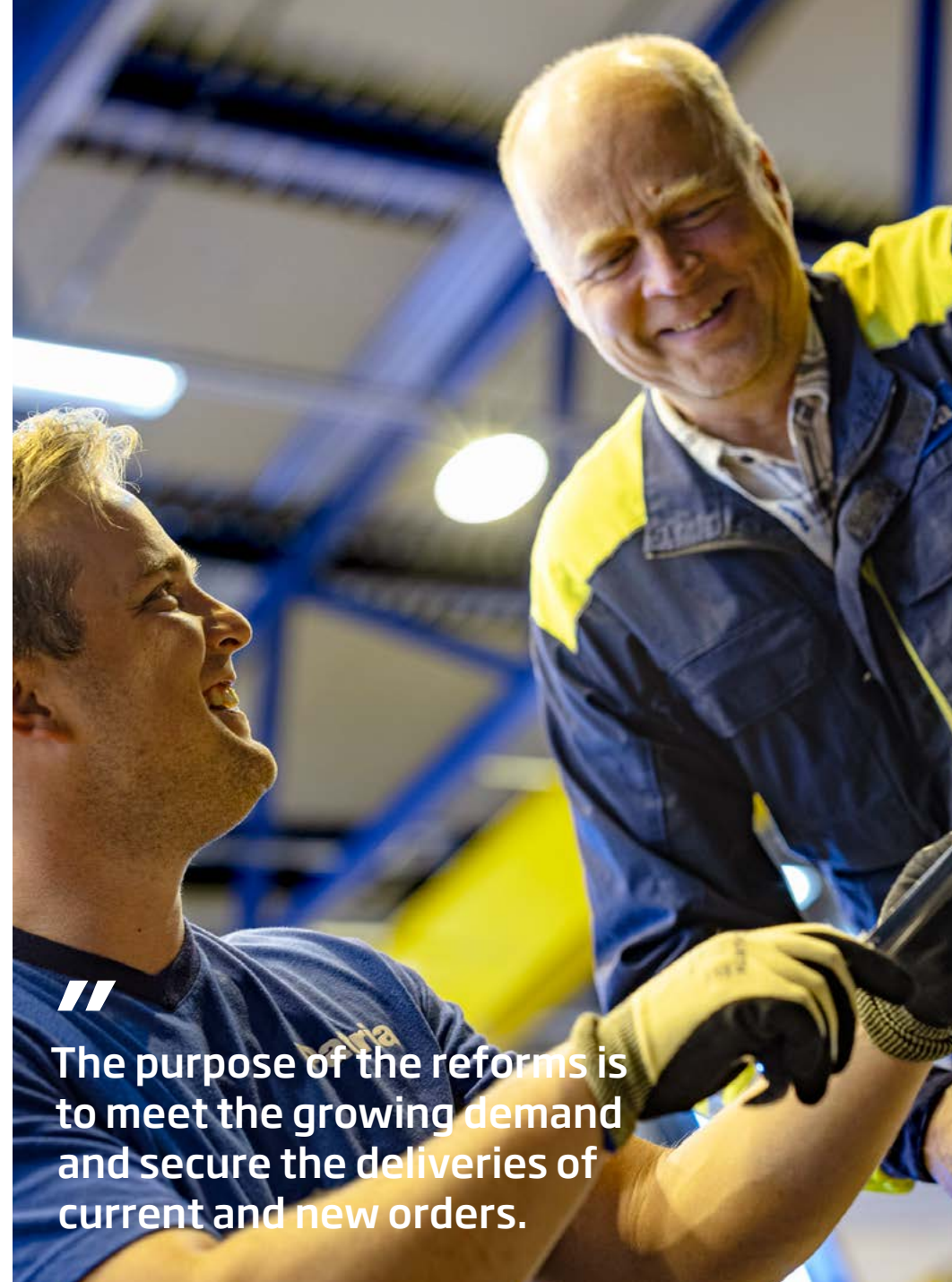
A unified corporate culture guides Patria's growth and change

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,



“
The purpose of the reforms is to meet the growing demand and secure the deliveries of current and new orders.”

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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.

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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.

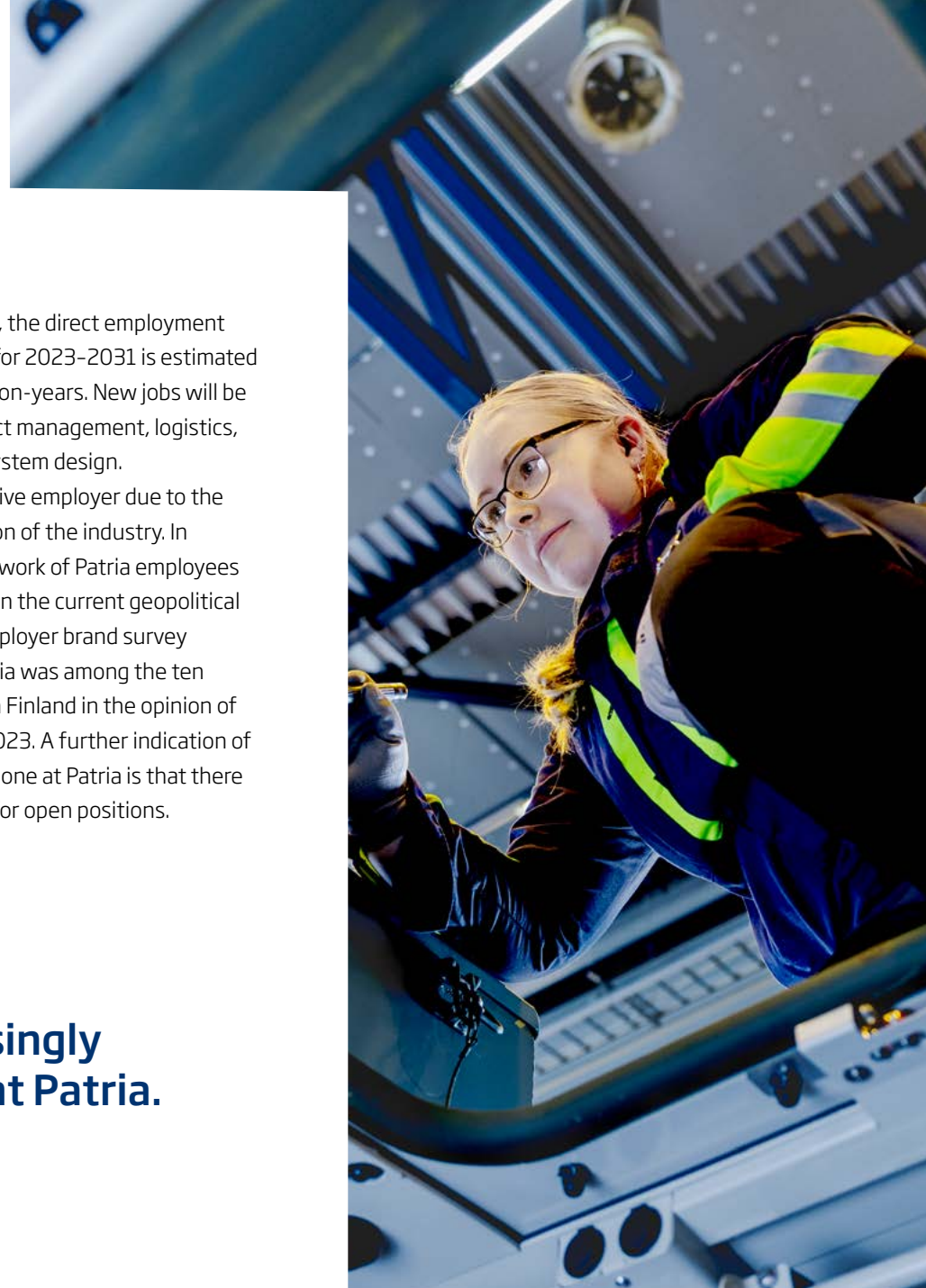
In the coming years, Finland's F-35 programme will also pose special competence needs, with Patria building new capabilities for Finland's F-35 programme together with

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.



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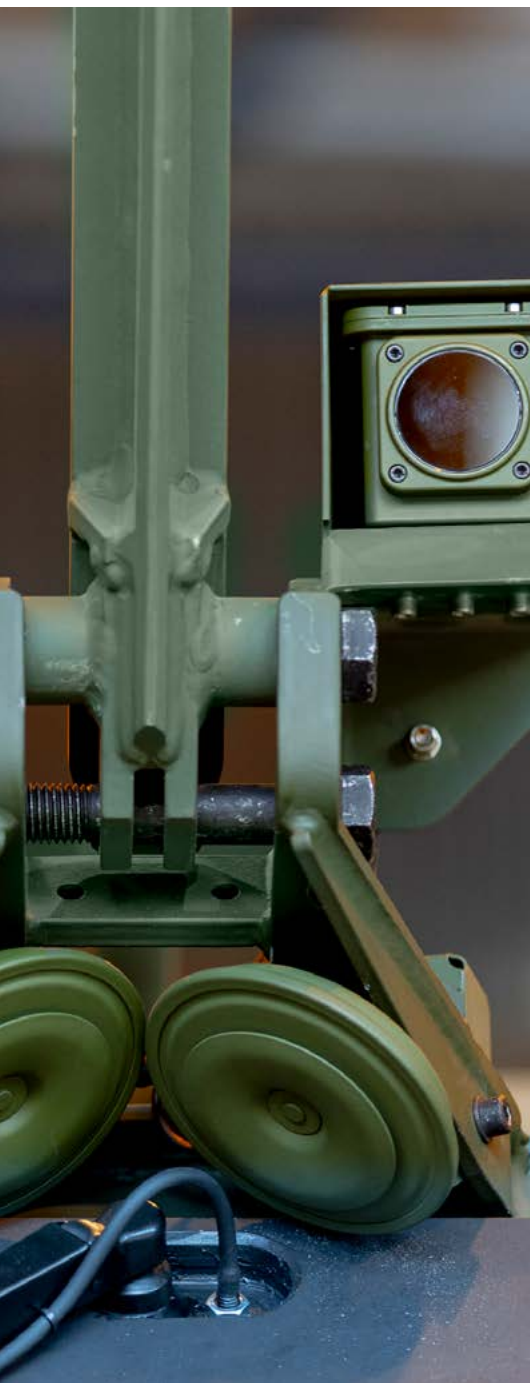
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Patria's offering responds to growing demand

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's 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

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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 preliminary 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 (CSISTAR).

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.

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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 6x6 vehicle system, providing the participating countries with

an opportunity to procure cost-effective, high-performance modular vehicles in accordance with their specifications.

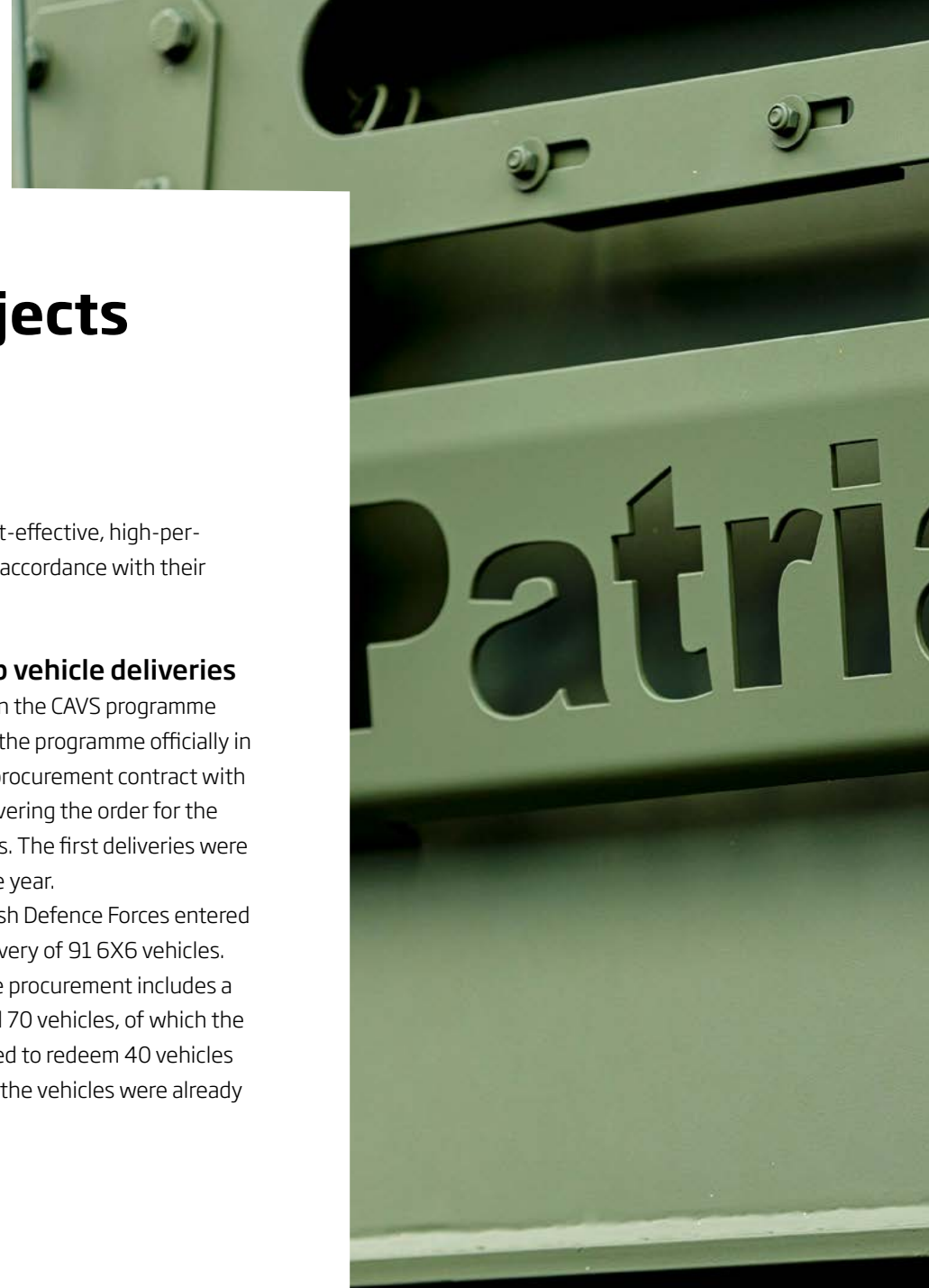
Cooperation speeds up vehicle deliveries

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.

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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.

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