Patria

Financial and governance

2024

Financial

Partner in critical operations on land, sea, air and networks

When if is not an option.

Patria

Board of Directors’ Report

Patria Group’s growth continued in 2024. Patria’s net sales and order stock grew driven especially 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. Production growth was impacted by some ramp-up phase hick-ups during the financial period, but the performance improved towards the year-end. Millog and Nammo also continued their positive development in 2024 and achieved the set financial targets for growth and profitability.

New orders and order stock

The value of new orders received during the financial period was EUR 1,258.2 million (EUR 948.4 million in 2023). A significant part of the value of new orders was Patria 6x6 vehicle delivery projects. Defence materiel and life cycle support accounted for 95% (91%) and civilian products for 5% (9%) of the new orders. At the end of December, the Group’s order stock was EUR 2,375.5 million (EUR 1,942.9 million).

Net sales and profitability

The Group’s net sales for the financial period totalled EUR 825.7 million (EUR 733.8 million in 2023 and EUR 627.1 million in 2022). Defence materiel and life cycle support accounted for 92% (90%) and civilian products for 8% (10%) of the net sales. Sales outside Finland for the financial period accounted for 37% (34%) of the net sales.

The Group’s operating profit for the financial period was EUR 81.8 million, representing 9.9% of net sales (2023: EUR 68.9 million, 9.4%; 2022: EUR 53.8 million, 8.6%). The consolidated income before taxes for the financial period amounted to EUR 70.8 million (2023: EUR 64.0 million; 2022: EUR 49.7 million). The Group’s return on equity for the financial period was 19.7% (2023: 18.6%; 2022: 15.8%).

Financing and ownership

The Group’s equity ratio at the end of December was 33.9% (2023: 40.0%; 2022: 44.1%) and net gearing 104.3% (2023: 67.5%; 2022: 27.3%).

Consolidated liquid funds at the end of December amounted to EUR 38.4 million (EUR 44.1 million). The Group’s interest-bearing liabilities totalled EUR 384.5 million (EUR 261.0 million) at the end of December. The interest-bearing liabilities included lease liabilities of EUR 83.4 million (EUR 82.8 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 41.9 million (EUR 17.1 million). Capital expenditure was mainly related to facilities and equipment, IT and production. In addition, a total of EUR 10.6 million (EUR 2.5 million) was spent on acquisitions.

In May Patria opened a new armoured vehicle production facility in Valmiera, Latvia. This marked the start of full-cycle production of Patria 6x6 armoured vehicles in Latvia.

In June Patria signed a bill of sale for the acquisition of the entire share capital of Nordic Drones Oy, a Finnish leading drone pilot trainer and manufacturer of drones designed for professional use. Nordic Drones Oy has designed and delivered complete solutions and user training for various technical aerial photography as well as mapping, measurement, inspection, control and authority tasks for the needs of companies and organizations. Nordic Drones’ expertise in manufacturing professional drone systems is an excellent and logical reinforcement of Patria’s Unmanned Aerial Systems (UAS) offering. The company employs 10 people and is located in Muurame, Finland. The company was transferred to Patria on 1 October 2024.

In September Patria acquired an open source data collection product and business related to its cyber business area from WithSecure. Patria continues developing the acquired product as part of its Battlefield and critical systems offering. As a result of the transaction, Patria opened an office in Oulu, Finland and 10 WithSecure experts joined the company. The business was transferred to Patria on 1 October 2024.

In December Patria established a subsidiary, called Patria Deutschland GmbH, in Germany.

Research and development

The Group’s expenditure on research and development for the financial period amounted to EUR 15.4 million (EUR 13.7 million), representing 1.9% (1.9%) of the net sales. The most significant research and development areas included new technologies, materials and systems related 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 3,570 (2023: 3,357; 2022: 3,213) persons. At the end of December, the personnel totalled 3,662 (2023: 3,385; 2022: 3,311) 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 2024, the total amount of salaries and wages paid was EUR 215.2 million (2023: EUR 203.8 million; 2022: EUR 182.5 million).

Patria

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. The discussion about a desired common culture continued 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. In Patria, special emphasis is given to employee well-being as well as safe and healthy working environment. The long-term target is, that work does not cause accidents or occupational diseases. Employee occupational health and safety is measured against e.g. lost time incident frequency rate (LTIF1, accidents per million hours worked 2024: 4.9; 2023: 8.3).

Patria's operating model reform progressed to its final stage as the Operations unit, which is responsible for production and supply chains, adopted a new organisational and operating model on 1 January 2024. The reform will help the unit respond to growing demand and improve efficiency. As an important part of the reform, all managers of the Operations unit participated in training to develop their managerial and leadership skills. The training contained common rules, tools and best practices to support managers.

Supervisor training and coaching continued in Patria's other business divisions in different countries. A key objective was to shift towards more consistent managerial work to ensure good leadership for employees and speed up Patria's growth strategy. The LEAP coaching programme for future managers was continued in the autumn for the 5th time, with 30 managers and professionals attending the course. Location-specific meetings for managers were also arranged, where managers had the opportunity to get information and discuss current issues. Continuous improvement in productivity and quality is supported at Patria by Lean Six Sigma training, which helps improve processes and productivity of operations.

The growth of Patria's business has required us to recruit a large number of new employees, in addition to continuous development of existing competencies. Patria's number of employees grew by more than 300 new professionals during year 2024. The increased recruitment necessitated the development of new employee onboarding processes.

In the second quarter of 2024, Patria Pilot Training operations, which provides civilian pilot training, underwent change negotiations on the possible discontinuation of operations during 2025. After the financial year, from the beginning of February 2025, Patria Pilot Training Oy and its employees, operations and ongoing training courses were transferred to Airways Aviation Group.

Key events during year 2024

The Finnish Defence Forces purchased more Patria 6x6 armoured vehicles by redeeming the additional purchase option related to the agreement signed in June 2023. The agreement included a purchase option up to 70 vehicles of which the Finnish Defence Forces redeemed 41 vehicles in January and 29 vehicles in September. The ordered vehicles will be delivered by the end of 2025.

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

In February Patria signed two agreements 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 the countries in question.

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. Under the international Common Armoured Vehicles System (CAVS) programme Patria will be the prime contractor if Germany decides to procure Patria vehicles.

In March the Swedish Defence Procurement Agency (FMV) signed a contract to buy 321 six-wheeled armoured vehicles from Patria. The contract has a value of around EUR 470 million and is one of the largest ever in Sweden for Patria. Patria has previously delivered 20 6x6 vehicles which were ordered in a separate contract signed in April 2023.

Patria signed a contract with Kongsberg Defence & Aerospace AS (Kongsberg) for the delivery of PROTECTOR remote weapon stations to more than 300 Sweden's and Finland's Patria 6x6 vehicles within the Common Armoured Vehicle System (CAVS) programme. The contract model is very unique as supplies to multiple customers are contracted under same contract between Patria and Kongsberg. The deliveries are starting from 2025 and last into the 2030s.

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.

In April the Finnish Minister of Defence Antti Häkkänen authorised the Finnish Defence Forces Logistics Command to start a serial procurement of heavy armoured personnel carrier 6x6 vehicles from Patria. The Finnish Defence Forces will purchase heavy Patria 6x6 armoured vehicles from Patria within the Common Armoured Vehicle System (CAVS) programme. The first phase of the acquisition will include one pre-series vehicle and 20 Kongsberg's remote weapon stations which will be integrated in the vehicles.

Germany proceeded to the research and development agreement phase of the Common Armoured Vehicle System (CAVS) programme. Germany is the fourth country to join the research and development phase of this multinational programme. The agreement parties are the CAVS participant nations Finland, Latvia, Sweden and Germany, and Patria. By acceding to the agreement, Germany will have access to the results of the product development packages developed in the programme and will be in a position to co-define the requirements for future mission variants.

In June 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. The needed assembly and maintenance lines will be built in Linnavuori, Nokia, in Finland.

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. Construction of the Pohjanmaa Class corvettes started in 2023 and the Squadron 2020 programme will be completed by 2029.

In August 2024, Defence Partnership Latvia SIA, a Patria majority-owned joint venture, handed over the first Latvian-made Patria 6x6 armoured personnel carrier to the Latvian National Armed Forces in a ceremony at the military base "Ādaži". By signing a contract with Patria in 2021, the Latvian Ministry of Defence ordered more than 200 Patria 6x6 armoured vehicles for delivery by 2029.

Patria signed a Life Cycle Management (LCM) contract with Finland and Latvia for the Common Armoured Vehicle System (CAVS) programme, based on Patria 6x6 vehicle. The contract will expand the CAVS commonality principle and secure co-operation and cost efficiency for the whole lifecycle of the system. In the contract parties jointly agree on delivery of lifecycle management services necessary to carry out the sustainment of the CAVS vehicles and related capabilities through entire fleet lifecycle.

In September Patria was selected to provide the modification design – a Supplemental Type Certificate (STC) – for Norwegian Armed Forces Bell 412 helicopters within the related upgrade programme. The contract for the upgrade was signed between Norwegian Defence Material Agency (NDMA) and Kongsberg Aviation Maintenance Services (KAMS). Within the agreement Patria acts as a subcontractor for KAMS.

In October, it was announced that The Finnish Defence Forces will acquire a modular 120 mm mortar system from Patria. The procurement involves a pre-series of the new mortar system, set for delivery to the Finnish Army in 2025. The new mortar system integrates traditional heavy mortar weapons into a modular carriage, which is then mounted on a military truck. Patria introduced its new weapon system at the Future Mortar Systems conference in London in October 2024, under the name Patria TREMOS.

In November Senop together with the Swedish and Finnish military procurement agencies signed a framework agreement concerning the procurement of military optronics. The combined framework agreement enables a fast and cost-effective way of acquiring combat enhancing optronic capabilities for both countries.

Senop Oy received an order from Saab for the delivery of the Senop AFCD TI smart sight. The order for the Senop AFCD TI underlines Senop's ability to support a NATO country's fighting capability in the modern battlefield.

Patria and Latvian Ministry of Defence agreed on the manufacturing and delivery of 56 additional armoured Patria 6x6 vehicles, on top of the already ongoing deliveries as part of joint Common Armoured Vehicle System (CAVS) programme. These vehicles will serve as command and control (C2) units. The deliveries started during year 2024 and will last until 2029. The value of the agreement is above EUR 60 million.

Common Armoured Vehicle System (CAVS) programme, based on the Patria 6x6 vehicle and led by Finland, received EUR 60 million in funding from the EDIRPA funding instrument that promotes joint defence procurement by European member states.

In early January 2025 it was announced that Patria signed on 30 December 2024 an agreement with Airways Aviation Group on them acquiring the entire share capital of its subsidiary Patria Pilot Training Oy. As of 1 February 2025, all employees, operations and ongoing training courses of Patria Pilot Training Oy were transferred to Airways Aviation Group.

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, Outi Henriksson, Jukka Juusti, Eirik Lie, 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 15 April 2024 adopted the Consolidated Financial Statements for the financial period that ended on 31 December 2023. 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 2023. Furthermore, the Annual General Meeting decided, according to the Board of Directors' proposal, to distribute a capital repayment of EUR 1.00 per share, totally EUR 27,841,889.00.

Panu Routila, DBA continued as the Chairman of the Board of Directors of Patria Oyj. Outi Henriksson, Executive Vice President & CFO, Aktia Bank Plc; 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 (until 31 August 2024); and Petri Vihervuori, Senior Financial Adviser, the Ownership Steering Department in the Prime Minister's Office (until 31 August 2024), continued as members of the Board of Directors. Eirik Tord Jensen, Senior Vice President Special Programs, Kongsberg Defence & Aerospace AS and Signe Bjarttun Jørgensen, Executive Vice President Finance, Kongsberg Defence & Aerospace AS were elected as the new members of the Board of Directors.

The Extraordinary General Meetings of Shareholders held on 13 August 2024 and 23 August 2024 resolved to elect Ilpo Nuutinen, Senior Government Counsellor, the Ownership Steering Department in the Prime Minister's Office and Morten Tiller, M.Poli.Sci. as new members of Patria Oyj Board of Directors from 1 September 2024.

Patria Oyj's Board has two committees consisting of its members, the Nomination and Compensation Committee and the Audit Committee. The committees prepare matters in accordance with the rules of procedure for the Board of Directors to decide.

The Nomination and Compensation Committee consisted, during the financial period, of Panu Routila, Chairman, Eirik Tord Jensen (as of 15 April 2024), Jukka Juusti (until 15 April 2024), Jarle Næss (until 31 August 2024), Ilpo Nuutinen (as of 1 September 2024), Iver Christian Olerud (until 15 April 2024), Morten Tiller (as of 1 September 2024) and Petri Vihervuori (15 April 2024 – 31 August 2024). 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 Outi Henriksson, Chairman, Mette Toft Bjørgen (until 15 April 2024), Eirik Lie, Signe Bjarttun Jørgensen (as of 15 April 2024), Jukka Juusti (as of 15 April 2024) and Petri Vihervuori (until 15 April 2024). 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.

Antti Kaikkonen, Member of Parliament, continued as the Chairman of Patria Oyj Consultative Committee (until 5 September 2024) and Atte Kaleva, Member of Parliament as the Vice Chairman. The other members of the Consultative Committee are Member of Parliament Mari Kaunistola, Member of Parliament Petri Huru, Member of Parliament Riitta Mäkinen, Under-Secretary, Ministry of Economic Affairs and Employment Petri Peltonen, Chief of Defence Command, Lieutenant General Vesa Virtanen, Equipment Assembler Juha Heikkilä, Patria, Systems Engineer Ilkka Kokko, Patria, System Specialist Juha Kuusi, Patria and Mechanic Gösta Sundström, Patria.

The Extraordinary General Meeting of Shareholders held on 11 January 2024 resolved to elect Under-Secretary Petri Peltonen Ministry of Economic Affairs and Employment as new member of Patria Oyj Consultative Committee and to replace Ilona Lundström from 1 February 2024. The Extraordinary General Meeting of Shareholders held on 24 April 2024 resolved to elect Tooling controller Jari Halonen, Patria as new member of Patria Oyj Consultative Committee and to replace Gösta Sundström from 1 May 2024. The Extraordinary General Meeting of Shareholders held on 13 August 2024 resolved to elect Member of Parliament Mikko Savola, Patria as new Chairman of Patria Oyj Consultative Committee and to replace Antti Kaikkonen as from 6 September 2024.

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

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.

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 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.

Sustainability

As of 2022, sustainability is directed by an ESG Steering Group, which is coordinated by the Chief Legal Officer (CLO) and functions based on a revised sustainability management model. Sustainability 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 Sustainability Report is an integral part of Patria's Annual Report 2024.

In Patria, Group Management Team is responsible for steering of the activities concerning sustainability, and this increases transparency and dialogue within the group. Steering and monitoring of ethics and compliance related matters is specified in the Board of Director's Audit Committee's charter. In 2024 the Board of Directors, the Audit Committee and the Group Management Team received regular reports on activities and issues relating to sustainability.

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 ESG, HR, finance, QEHS and communications. Patria also has ESG working groups specializing in the environmental sustainability, compliance, finance, procurement and social sustainability. 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.

Trade Compliance Project in co-operation with Kongsberg continued to secure that we follow the export regulations.

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.

Patria conducted a double materiality assessment (DMA) in 2024 as a part of preparing for reporting according to Corporate Sustainability Reporting Directive (CSRD). The most material sustainability topics are those that have an impact on the environment, people or society and/or are related to identified financial risks and opportunities. The double materiality assessment required the engagement of all Patria's functions and business areas, as well as the upstream and downstream value chain and business relationships. Stakeholders were engaged through interviews and questionnaires.

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. 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 received final approval for its near-term targets 2030 in 2024. These targets align with the Paris Agreement and support the ambition to limit global warming to 1.5 degrees Celsius. Patria's validated absolute emission reduction near-term targets 2030 are to reduce scope 1 and 2 (own operations) emissions by 42%, and to reduce scope 3 (value chain) emissions by 25% compared to the baseline year 2023.

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 2024 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

Patria and Babcock International Group (Babcock) signed a Memorandum of Understanding to present the Patria 6x6 vehicle platform to the UK armed forces to meet the operational requirements of the British Army. According to the agreement, Patria will lead the design and development of the system, providing bespoke enhancements to the existing 6x6 platform of the UK armed forces. Babcock will provide a solution to build at scale, in line with the UK MOD Land Industrial Strategy, as well as a platform support package that will maintain operational readiness of the vehicle throughout its lifecycle.

In January it was announced that Patria acquires the cutting-edge Belgium-based digital defence platform provider ILIAS Solutions. With the acquisition Patria enhances its standard of digital services.

On 30 January it was announced that Germany took final step to full member of CAVS programme and joined the Common Armoured Vehicle System (CAVS) Framework Agreement. By joining this stage of the programme, Germany enables the serial procurement of CAVS vehicles based on Patria 6x6 vehicle.

On 31 January 2025 Germany and Patria signed a work package covering the Common Armoured Vehicle System (CAVS) programme-related mortar variants development and qualification for Bundeswehr. The work package takes place under the CAVS research and development agreement. The scope of the work package includes building of CAVS NEMO and CAVS mortar command & control variants, their integration with German mission systems and the qualification of the entire system to German customer requirements.

Finnish Minister of Defence Antti Häkkänen and Slovenian Minister of Defence Borut Sajovic signed a Letter of Intent (LOI) between Finland and Slovenia on support for the procurement of 8x8 Armoured Modular Vehicles (AMV) in Brussels on 13 February 2025. The letter of intent between the Ministry of Defence of Slovenia and the Ministry of Defence of Finland was prepared jointly by the ministries. With the LOI, the participating nations state their shared willingness to cooperate, and that Slovenia will receive Finland's support for the procurement of 8x8 Armoured Vehicles from Patria.

Operational focus areas for 2025

Patria continues to strengthen its operational efficiency and productivity and seeks profitable growth in line with its Horizon 2025 strategy in the fourth 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. The development of digitalization of lifecycle support services will be strengthened in 2025

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 2025. Preparations to kick off production in 2026 are under way, 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 deliveries of Latvian, Finnish and Swedish vehicles are ongoing and the vehicles are in operational use. Also Germany is a full member of the programme. The development of production capacity for new vehicle orders will continue in 2025. 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 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 Japan's and Slovakia's 8x8 vehicle projects has been slower than expected, which may affect the outlook for the year 2025.

Outlook

Patria expects continued growth in 2025 which is supported by strong order stock. Majority of the growth is expected to come from vehicle business, but the outlook for other business areas is also positive.

The impact of long-term development of the current geopolitical situation, general economic uncertainty, inflation and increasing costs are difficult to evaluate reliably. These items could potentially have significant direct and indirect impact on the demand and Patria's operations.

Board of Directors' proposal for profit distribution

The parent company's non-restricted equity on 31 December 2024 is EUR 135,407,409.50 of which the net loss for the financial period is EUR 1,158,469.29.

The Board of Directors proposes to the Annual General Meeting that a capital repayment EUR 1.15 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 32,018,172.35. 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 103,389,237.15 be retained and carried forward.

Annual General Meeting 2025

The Annual General Meeting of Patria Oyj will be held on 7 April 2025 in Helsinki, Finland.

Patria

Consolidated Financial Statements (IFRS)

Consolidated Statement of Financial position

MEUR	Note	31 Dec 2024	31 Dec 2023
Assets			
Non-current assets			
Intangible assets	11		
Development expenses		0.4	0.0
Intangible rights		7.9	2.1
Goodwill	8, 11	43.6	36.7
Advance payments		4.5	0.0
Tangible assets	11		
Land and water		4.0	3.9
Buildings and constructions		98.3	97.6
Machinery and equipment		27.4	23.6
Other tangible assets		2.9	1.2
Advance payments and construction in progress		27.4	7.5
Investments in associated companies and joint ventures	12	280.1	258.0
Other shares	13, 16	0.2	0.2
Deferred tax assets	10	19.9	17.1
Other receivables		8.8	10.3
Total Non-current assets		**525.3**	**458.3**
Current assets			
Inventories	14		
Raw materials and supplies		164.9	127.1
Work in progress		36.3	37.2
Finished goods		5.1	4.5
Advance payments		3.6	2.4
Receivables			
Accounts receivable	2	135.6	156.5
Receivables from associated companies and joint ventures	12	0.1	0.1
Other receivables		9.7	2.5
Prepaid expenses and accrued income	14	139.8	80.5
Derivative financial instruments	2	3.0	4.1
Current tax asset		5.8	1.1
Current investments		1.4	0.0
Cash and cash equivalents		37.0	44.1
Total Current assets		**542.2**	**460.0**
Total Assets		**1,067.5**	**918.3**

MEUR	Note	31 Dec 2024	31 Dec 2023
Shareholders' equity and liabilities			
Shareholders' equity	18		
Share capital		38.0	38.0
Fair value reserve	17	1.4	2.7
Invested non-restricted equity fund		136.2	164.1
Translation differences		-5.0	-4.0
Retained earnings		57.6	25.4
Net income for the period		64.3	57.8
Equity attributable to shareholders of parent company		**292.5**	**284.0**
Non-controlling interests		**39.3**	**37.2**
Total Shareholders' equity		**331.9**	**321.2**
Non-current liabilities			
Deferred tax liability	10	3.1	2.4
Pension provisions	7	3.1	3.4
Provisions	19	11.7	11.3
Interest bearing liabilities	2	164.2	115.9
Other liabilities		0.5	1.5
Total Non-current liabilities		**182.5**	**134.5**
Current liabilities			
Interest bearing liabilities	2	220.3	145.1
Advance payments		137.4	122.9
Accounts payable		88.4	76.5
Other current liabilities		36.4	40.1
Accruals and deferred income	15	69.8	76.9
Derivative financial instruments	2	0.8	1.2
Current tax liability		0.0	0.0
Total Current liabilities		**553.1**	**462.6**
Total Shareholders' equity and liabilities		**1,067.5**	**918.3**

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

Consolidated Income Statement

MEUR	Note	2024	%	2023	%
Net sales	4	**825.7**		**733.8**	
Other operating income	5	16.6		14.0	
Share of associated companies and joint ventures result		46.7		36.3	
Change in inventories of finished goods and work in progress		-0.9		-10.8	
Production for own use		0.7		0.4	
Raw materials and supplies		-330.3		-263.9	
Change in inventories of raw materials		28.9		29.8	
Services purchased		-102.2		-97.2	
Employee benefit expenses	7	-258.8		-247.3	
Depreciation, amortization and impairments	8	-30.3		-27.7	
Other operating expenses	5	-114.4		-98.5	
Operating profit		**81.8**	9.9%	**68.9**	9.4%
Financial income and expenses	9				
Interest and other financial income		3.3		2.9	
Interest and other financial expenses		-13.8		-8.2	
Exchange gains and losses		-0.5		0.4	
Income before taxes		**70.8**	8.6%	**64.0**	8.7%
Income taxes	10	-6.5		-6.2	
Profit for the period		**64.3**	7.8%	**57.8**	7.9%
Net income attributable to non-controlling interests		8.9		7.4	
Net income attributable to equity shareholders		55.4		50.4	
Profit for the period		**64.3**	7.8%	**57.8**	7.9%

Consolidated Statement of Comprehensive income

MEUR	2024	%	2023	%
Profit for the period	64.3		57.8	
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods				
Cash flow hedges	-1.3		-1.3	
Change of translation difference	-1.0		0.2	
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains/losses on defined benefit plans	-0.1		0.5	
Share of comprehensive income in associated companies and joint ventures	-2.3		-0.7	
Total comprehensive income	**59.6**	7.2%	**56.6**	7.7%
Total comprehensive income attributable to non-controlling interests	9.0		7.7	
Total comprehensive income attributable to equity shareholders	50.6		49.0	
Total comprehensive income	**59.6**	7.2%	**56.6**	7.7%

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

Consolidated Cash flow Statement

MEUR	Note	2024	2023
Net income for the period		64.3	57.8
Depreciation, amortization and impairments	8	30.3	27.7
Capital gains/losses		-0.1	-0.0
Other adjustments			
Share of associated companies and joint ventures result		-46.7	-36.3
Dividends received from associated companies and joint ventures		6.7	10.8
Other adjustments		-0.2	0.1
Financing items		10.6	5.4
Taxes	10	6.5	6.2
Change in receivables		-42.8	-97.9
Change in payables		7.2	-9.0
Change in inventories		-37.4	-29.1
Cash flow from operations		**-1.6**	**-64.4**
Interest received		3.2	2.7
Interest paid		-12.8	-6.8
Dividends received		0.0	0.0
Other financial items		-0.8	-0.4
Income taxes paid		-11.1	-7.4
Cash flow from operating activities		**-23.1**	**-76.3**
Aqcuisitions, net of cash		-10.6	-2.5
Other capital expenditures		-41.9	-17.1
Divested business operations		0.0	0.0
Sale of other fixed assets and other changes		0.1	0.0
Cash flow from investing activities		**-52.4**	**-19.5**
Change in short-term financing		122.8	97.8
Change in other loans		-18.4	-15.7
Capital repayment/Dividends paid to equity shareholders		-27.8	-26.4
Dividends paid to non-controlling interests		-6.8	-4.8
Change in other loan receivable		0.9	0.4
Other changes		-0.8	0.1
Cash flow from financing activities		**69.9**	**51.3**
Change in liquid funds	2	**-5.7**	**-44.5**
Change		-5.7	-44.5
Liquid funds at the beginning of the period		-44.1	-88.6
Liquid funds at the end of the period		**38.4**	**44.1**
Exchange rate difference		-0.0	-0.0

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

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	2.7	-4.0	83.2	284.0	37.2	321.2
Capital repayment			-27.8				-27.8		-27.8
Other comprehensive income	10								
Cash flow hedges				-1.3			-1.3		-1.3
Change of translation difference					-1.0		-1.0		-1.0
Actuarial gains/losses on defined benefit plans						-0.1	-0.1		-0.1
Share of comprehensive income in associated companies and joint ventures						-2.3	-2.3		-2.3
Non-controlling interests						-8.9	-8.9	2.2	-6.8
Exchange rate difference						-14.4	-14.4		-14.4
Net income for the period						64.3	64.3		64.3
31 Dec 2024		**38.0**	**136.2**	**1.4**	**-5.0**	**121.9**	**292.5**	**39.3**	**331.9**

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**

* IAS 8 corrections for previous periods.

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

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 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 intragroup 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 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 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.

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 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.

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 was recorded in the retained earnings.

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 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 2024 were in the Swedish krona (SEK), and United States dollar (USD).

IFRS 7 Sensitivity analysis – sensitivity to exchange rate fluctuations 2024

1,000 EUR	SEK	USD
Net exposure – Balance sheet items	915	15,073
Euro strengthens / weakens 5% – Effect on income before taxes	-44 / 48	-718 / 793
Net exposure – Derivatives under hedge accounting	1,120	999
Euro strengthens / weakens 5% – Effect on equity	-53 / 59	-91 / 100

IFRS 7 Sensitivity analysis – sensitivity to exchange rate fluctuations 2023

1,000 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

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 2024

Forward foreign exchange contracts – EURUSD, MEUR	31 Dec 2024
Fair Value	0.2
Nominal Value	29.0
Expected time for the impact on P&L	January 2025 – March 2027
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)	1.0800

Forward foreign exchange contracts – EURSEK, MEUR	31 Dec 2024
Fair Value	0.0
Nominal Value	1.2
Expected time for the impact on P&L	January 2025 – December 2026
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	1.1
Change in value of hedged item used to determine hedge effectiveness	-1.1
Weighted average hedged rate (including forward points)	11.4765

Forward foreign exchange contracts designated as cash flow hedges, MEUR	31 Dec 2024
Derivative financial assets	0.6
Derivative financial liabilities	-0.4

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

Derivative instruments

2024 MEUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts	51.7	0.6	-0.4	0.2
Buy	36.9	0.6	-0.1	0.5
Sell	14.8	0.0	-0.3	-0.3
Interest rate swap	50.0	2.1		2.1
Cash flow hedge	101.7	2.7	-0.4	2.3
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	39.7	0.2	-0.3	-0.1
Buy	6.7	0.2	-0.0	0.1
Sell	32.9	0.1	-0.3	-0.2
Non-hedging	39.7	0.2	-0.3	-0.1
Total	**141.4**	**3.0**	**-0.8**	**2.2**

MEUR	2025	2026	2027	2028-
Derivative financial assets	0.6	2.4	0.0	0.0
Derivative financial liabilities	-0.7	-0.0	-0.0	0.0

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

Offsetting of financial instruments

2024 MEUR	Gross amounts in balance sheet	Financial instruments - Related amounts not set off in the balance sheet	Net amount
Derivative financial assets	3.0	-0.8	2.2
Derivative financial liabilities	0.8	-0.8	0.0

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

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.

On 31 December 2024, the average interest fixing term of the liabilities was 0.7 years (1.4) and that of the receivables 2 days (2 days).

Interest fixing periods

MEUR	0-6 mths	6-12 mths	12-24 mths	24-36 mths	Later	Total
Lease liablilities	0.3	0.7	6.3	2.7	73.4	83.4
Loans from financial institutions	115.0		50.0			165.0
Other interest-bearing liabilities	136.1					136.1
Interest-bearing receivables	-38.4					-38.4
Total 2024	213.0	0.7	56.3	2.7	73.4	346.1

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

On 31 December 2024, Group's interest-bearing liabilities totaled EUR 384.5 million (261.0) out of which EUR 334.5 million (226.2) was fixed rate and EUR 50.0 million (34.8) was floating rate. Interest-bearing receivables were EUR 38.4 million which were floating rate (2023: Interest-bearing receivables were EUR 44.1 million which were floating rate.) The Group has open interest derivatives EUR 50.0 million (50.0) on 31 December 2024.

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 2024, would lead to an increase in annual net interest expenses of EUR 116 thousand. In the previous year the annual net interest expenses would have decreased by EUR 93 thousand. A corresponding decrease in interest rates would result in an equal effect of opposite sign.

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 2024 the average maturity of the Group's interest-bearing liabilities was 2.0 years (2.1). The values on the following maturity distribution table are undiscounted.

Maturity distribution of financial instruments

MEUR	2025	2026	2027	2028	2029	2030-	Total
Lease liablilities	19.4	16.7	14.2	13.8	4.3	15.1	83.4
Loans from financial institutions	65.0	50.0	50.0	0.0	0.0	0.0	165.0
Other interest-bearing liabilities	135.9	0.1	0.1	0.0	0.0	0.0	136.1
Derivative financial liabilities	0.7	0.0	0.0	0.0	0.0	0.0	0.8
Derivative financial assets	-0.6	-2.4	-0.0	0.0	0.0	0.0	-3.0
Interest payments	1.3	0.0	0.0	0.0	0.0	0.0	1.3
Total 2024	221.7	64.5	64.3	13.8	4.3	15.1	383.6

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

As a part of its liquidity reserves on 31 December 2024, Patria had the following unused financial reserves: committed credit and overdraft facilities totaling EUR 100.4 million (60.6) and commercial paper program totaling EUR 13.0 million (6.0).

Net debt

MEUR	2024	2023
Loans from financial institutions	100.0	50.0
Other interest-bearing loans	0.2	0.3
Lease liabilities	64.0	65.7
Non-current interest-bearing liabilities	164.2	115.9
Loans from financial institutions	65.0	34.8
Issued commercial papers	135.8	93.1
Other interest-bearing loans	0.1	0.1
Lease liabilities	19.4	17.1
Current interest-bearing liabilities	220.3	145.1
Interest-bearing liabilities total	384.5	261.0
Liquid funds	38.4	44.1
Net debt	346.1	216.9

Change in net debt

MEUR	Loans from financial institutions	Commercial papers	Other interest bearing loans	Lease liabilities	Liquid funds	Total
Carrying value, at 1 Jan 2024	-84.8	-93.1	-0.4	-82.8	44.1	-216.9
Change in net debt, cash:						
Non-current liabilities	-50.0					-50.0
Current liabilities	-30.2	-42.7	0.1			-72.8
Cash and cash equivalents					-8.2	-8.2
Cash flows total	-80.2	-42.7	0.1	0.0	-8.2	-131.0
Change in net debt, non-cash:						
Increases of lease liabilities				-19.3		-19.3
Repayments of lease liabilities				18.6		18.6
Business combinations	-0.0				2.5	2.4
Foreign exchange adjustments				0.0	0.0	0.0
Non-cash movements, total	-0.0	0.0	0.0	-0.6	2.5	1.8
Carrying value, at 31 Dec 2024	-165.0	-135.8	-0.3	-83.4	38.4	-346.1

MEUR	Loans from financial institutions	Commercial papers	Other interest bearing loans	Lease liabilities	Liquid funds	Total
Carrying value, at 1 Jan 2023	-80.0	0.0	-0.5	-89.9	88.6	-81.9
Change in net debt, cash:						
Current liabilities	-4.8	-93.1	0.1			-97.8
Current investments					-14.9	-14.9
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 Dec 2023	-84.8	-93.1	-0.4	-82.8	44.1	-216.9

Related to Lease liabilities Patria has recharge contracts regarding the next 4 (5) years and EUR 4.5 million (5.4) 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	2024	2023
Undue accounts receivables	124.9	114.5
Accounts receivables 1–30 days overdue	6.4	31.7
Accounts receivables 31–60 days overdue	0.5	1.8
Accounts receivables more than 60 days overdue	3.8	8.5
Total	135.6	156.5

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 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. The Group's loan and revolving credit facility agreements include an equity ratio covenant. The Group has no indication that it will have difficulty complying with the covenants.

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 June Patria signed 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 has designed and delivered complete solutions and user training for various technical aerial photography as well as mapping, measurement, inspection, control and authority tasks for the needs of companies and organizations. Nordic Drones' expertise in manufacturing professional drone systems is an excellent and logical reinforcement of Patria's Unmanned Aerial Systems (UAS) offering. The company employs 10 people and is located in Muurame, Finland. The acquisition received the approval of the Finnish Ministry of Employment and the Economy ('TEM'). The company was transferred to Patria on 1 October, 2024.

In September Patria acquired an open source data collection product and business related to its cyber business area from WithSecure. Patria continues developing the acquired product as part of its Battlefield and critical systems offering. As a result of the transaction, Patria opened an office in Oulu, Finland and 10 WithSecure experts joined the company. The acquisition received the approval of the Finnish Ministry of Employment and the Economy (TEM) and the business was transferred to Patria on 1 October, 2024.

In December Patria established a subsidiary, called Patria Deutschland GmbH, in Germany.

In April 2023 Patria acquired 100% of the shares of Kiinteistö Oy Jämsän Helikopterihalli 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 Nordic Drones Oy and WithSecure open source data collection product and business includes new market share, business and technical expertise as well as expected synergies.

Assets and liabilities

MEUR	2024	2023
Acquisition cost transferred	13.1	2.5
Acquisition cost	15.3	2.5
Cash flow from the acquisitions		
Acquisition cost paid in cash	13.1	2.5
Liquid funds of the acquired companies	-2.5	-0.0
Cash flow from the acquisitions	10.6	2.5

MEUR	2024	2023
Assets and liabilities of the acquired businesses		
Intangible assets	5.8	0.0
Tangible assets	0.4	2.5
Inventories	1.3	0.0
Accounts receivable and other assets	0.5	0.0
Liquid funds	2.5	0.0
Total assets	10.6	2.5

MEUR	2024	2023
Interest-bearing loans	0.0	0.0
Other liabilities	2.1	0.0
Total liabilities	2.1	0.0
Net assets	8.5	2.5
Patria's share of net assets	8.5	2.5
Goodwill	6.8	0.0

4. Disaggregation of revenue

MEUR	2024	2023
Products	365.8	247.0
Services	459.9	486.8
Total	825.7	733.8

MEUR		
Performance obligation satisfied at a point in time	528.4	512.5
Performance obligation satisfied over time	297.2	221.3
Total	825.7	733.8

5. Other operating income and expenses

Other operating income

MEUR	2024	2023
Rental income	3.3	2.0
Capital gain on sale of fixed assets	0.1	0.0
Other operating income	3.8	4.8
Grants received	9.5	7.2
Total	16.6	14.0

Other operating expenses

MEUR	2024	2023
Research and development	-0.2	-0.3
Rents	-3.8	-2.2
Losses on sale of fixed assets	-0.0	-0.0
Travel expenses	-12.7	-10.6
Real estate expenses	-25.2	-23.4
Other operating expenses	-72.4	-62.0
Total	-114.4	-98.5

Principal independent auditor's fees and services

MEUR	2024	2023
Audit fees	-0.4	-0.4
Other audit related fees	-0.0	-0.0
Other services	-0.2	-0.4
Total	-0.7	-0.8

6. Research and development expenses

MEUR	2024	2023
Research and development expenses, total	-15.4	-13.7
Research and development costs expensed during financial period	-3.0	-4.5

7. Employee benefit expenses

MEUR	2024	2023
Salaries and fees paid to Members of Board, Consultative Committee and President and CEO	-1.1	-1.1
Other wages and salaries	-214.1	-202.6
Pension and pension insurance expenses	-34.1	-32.6
Other employer costs	-9.5	-10.9
Total	-258.8	-247.3

Compensation to Board of Directors and attendance at meetings

2024 1,000 EUR	Compensation	Board	Audit Committee	Nomination and Compensation Committee	Other
Board members 31 Dec 2024					
Panu Routila, Chairman	45	13/13		5/5	2/2
Mette Toft Bjørgen [1)]	0	3/3	1/1		
Outi Henriksson	29	13/13	6/6		
Eirik Tord Jensen [2)]	0	9/10		3/3	1/1
Jukka Juusti	31	13/13	5/5	2/2	2/2
Signe Bjarttun Jørgensen [2)]	0	9/10	5/5		
Eirik Lie	0	12/13	6/6		1/1
Jarle Næss [3)]	17	6/9		3/3	
Ilpo Nuutinen [4)]	9	3/4		2/2	
Iver Christian Olerud [1)]	0	3/3		1/2	
Morten Tiller [4)]	9	3/4		2/2	
Petri Vihervuori [3)]	18	8/9	1/1	1/1	
Total	159				

[1)] Until 15 April 2024, [2)] Starting 16 April 2024, [3)] Until 31 August 2024, [4)] Starting 1 September 2024

2023 1,000 EUR	Compensation	Board	Audit Committee	Nomination and Compensation Committee
Board members 31 Dec 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

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

2024 1,000 EUR	Compensations	Attendance
Consultative Committee members 1 Jan – 31 Dec 2024		
Mikko Savola, Chairman [1]	1	1/1
Atte Kaleva, Vice Chairman	2	4/4
Petri Huru	2	4/4
Antti Kaikkonen [2]	2	3/3
Mari Kaunistola	2	4/4
Ilona Lundström [3]	0	0/0
Riitta Mäkinen	2	4/4
Petri Peltonen [4]	2	4/4
Vesa Virtanen	2	4/4
Total	16	

1) Starting 6 September 2024 (Chairman), 2) Until 6 Semptember 2024, 3) Until 31 January 2024, 4) Starting 1 February 2024

Personnel representatives attendance at meetings: Jari Halonen (3/3) *), Juha Heikkilä (4/4), Ilkka Kokko (4/4), Juha Kuusi (4/4) ja Göstä Sundström (1/1) *). Separate meeting fees were not paid for their participation.
*) Starting 1 May 2024 Jari Halonen replaced Gösta Sundström as a member of the Consultative Committee.

2023 1,000 EUR	Compensations	Attendance
Consultative Committee members 1 Jan – 31 Dec 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.

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.

Patria

Compensation to President and CEO and Management

Salaries, fees and benefits to the President and CEO Esa Rautalinko during 2024 totalled EUR 942,148.24 (EUR 961,609.32) consisting of

- base salary of EUR 498,693.00 (EUR 491,400.00) (including salary of EUR 498,453.00 (491,160.00) and benefits of EUR 240.00 (240.00)),
- yearly bonus for the earning period 2023 was EUR 294,840.00 (60.0% of annual salary of year 2023 and 100.0% of the maximum bonus payout, which is 60.0% of annual salary of year 2023) and
- EUR 148,615.24 (EUR 247,692.06) based on years 2020–2022 (2023: 2020–2022) long term incentive plans.

The yearly bonus to be paid to the CEO Esa Rautalinko in 2025 for the earning period 2024 is EUR 79,330.39 (15.8% of annual salary of year 2024 and 26.3% of the maximum bonus payout, which is 60.0% of annual salary of year 2024).

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 (9 members in 2023). The salaries, fees and benefits paid to the members of the Group management team (excluding the President and CEO) totalled EUR 2,647,601 (EUR 2,543,003).

The remuneration of the President and CEO and the other members of the Board of Management for 2024 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 29 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 Group has made a relating cost provision in the balance sheet totalling EUR 2,834,564 (EUR 2,286,789).

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.

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	2024	2023
Pension expenses – Defined contribution plans	-33.7	-32.2
Pension expenses – Defined benefit plans	-0.4	-0.4
Total	-34.1	-32.6

Expense recognised in profit or loss

MEUR	2024	2023
Service cost	-0.4	-0.4
Net interest	-0.1	-0.1
Expense recognised in profit or loss	-0.5	-0.5

Statement of financial position

MEUR	2024	2023
Defined benefit obligation	14.5	13.9
Fair value of plan assets	-11.4	-10.5
Funded status	3.1	3.4
Liability in the balance sheet	3.1	3.4

Changes in the present value of the defined benefit obligation
Defined benefit obligation (DBO)

MEUR	2024	2023
Opening defined benefit obligation	13.9	14.3
Current service cost	0.4	0.4
Interest cost	0.5	0.4
Benefits paid	-0.6	-0.7
Actuarial gain(-) / loss (+)	0.2	-0.4
Closing defined benefit obligation	14.5	13.9

Changes in the fair value of plan assets
Fair value of plan assets

MEUR	2024	2023
Opening fair value of plan assets	10.5	10.1
Interest income	0.4	0.3
Contribution paid	1.0	0.9
Benefits paid	-0.6	-0.8
Actuarial gain(+) / loss (-)	0.1	0.0
Closing fair value of plan assets	11.4	10.5

Expected contribution paid in the next fiscal period

MEUR	Estimate 2025	2024	2023
Expected contribution	0.2	0.7	0.5

Changes in other comprehensive income

MEUR	2024	2023
Recognised remeasurements in other comprehensive income 1 Jan	5.7	5.2
Actuarial gain(+) or loss(-) on obligation	-0.2	0.4
Actuarial gain(+) or loss(-) on plan assets	0.1	0.0
Recognised remeasurements in other comprehensive income 31 Dec	5.6	5.7

Plan assets

	2024	2023
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 31.12.2024

Millog Oy	Change in			
MEUR	Defined benefit obligation	Plan assets	Defined benefit obligation, %	Plan assets, %
Change in				
discount rate, +0.5 pp.	-0.6	-0.4	-6%	-5%
salary increase, +0.5 pp.	0.1	0.0	1%	0%
mortality, +1 year in life expectancy	0.3	0.2	3%	2%
benefit increase, +0.5 pp.	0.7	0.0	8%	0%
Insurance Company's bonus index, +0.5 pp.	0.0	0.4	0%	6%

pp = percentage point

Census data used in this valuation	2024	2023
Number of actives	56	60
Number of pensioners	432	395
Number of deferred	419	470
Average age actives (years)	54	53
Average remaining service time	6	7
Average serving time	14	12

Patria Belgium Engine Center SRL MEUR	Change in defined benefit obligation	Variation
Discount Rate +0.5 pp.	-0.2	-6%
Salary Increase +0.5 pp.	0.5	18%
Inflation +0.5 pp.	0.2	6%

Census data used in this valuation	2024	2023
Number of actives	117	108
Number of pensioners	0	1
Number of deferred	71	58
Average age actives (years)	42	42
Average remaining service time	16	16
Average serving time	7	9

8. Depreciation, amortization and impairments

MEUR	2024	2023
Development expenses	-0.1	0.0
Intangible rights	-0.9	-0.7
Buildings and constructions	-4.8	-5.1
Buildings and constructions, IFRS 16	-15.5	-13.7
Land and water, IFRS 16	-0.1	-0.1
Machinery and equipment	-7.2	-6.6
Machinery and equipment, IFRS 16	-1.4	-1.2
Other tangible assets	-0.3	-0.2
Total	-30.3	-27.7

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 11.49% p.a. in 2024 (10.46%).

In 2024, 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 2024. 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	2024	2023
Finland	15.4	8.6
Global	13.4	13.4
Millog	14.7	14.7
Total	43.6	36.7

MEUR	2024	2023
1 Jan	36.7	36.7
Additions	6.8	0.0
31 Dec	43.6	36.7

9. Financial income and expenses

MEUR	2024	2023
Interest income		
Deposits and investments	0.0	0.1
Other	3.3	2.7
Other financial income	0.0	0.0
Interest expenses		
Interest-bearing liabilities	-11.2	-5.8
Leases	-1.8	-1.9
Other financial expense	-0.8	-0.4
Exchange rate difference		
Foreign exchange derivatives, non-hedge accounted	0.6	-0.0
Other	-1.1	0.4
Total	-11.0	-4.9

Aggregate foreign exchange gains and losses included in consolidated income statement

MEUR	2024	2023
Net sales	0.0	-0.2
Expenses	-0.2	-0.5
Financial income and expenses	-0.5	0.4
Total	-0.7	-0.3

Net gains/losses include realized and unrealized gains and losses on derivative financial instruments.

Net gains/losses on derivative financial instruments included in operating profit

MEUR	2024	2023
Foreign exchange rate derivative contracts under hedge accounting	-0.1	-0.4
Non-hedge accounted foreign exchange rate derivative contracts	0.0	-0.0
Total	-0.1	-0.4

10. Income taxes

MEUR	2024	2023
Income taxes	-9.1	-5.8
Income taxes previous period	-0.1	-0.0
Change in deferred tax receivable	2.7	-0.2
Change in deferred tax liability	0.0	-0.2
Total	-6.5	-6.2

Taxes Related to Other Comprehensive Income

2024 MEUR	Before-tax amount	Tax	Net-of-tax amount
Cash flow hedges	-1.7	0.3	-1.3
Change of translation difference	-1.0	-	-1.0
Actuarial gains/losses on defined benefit plans	-0.1	0.1	-0.1
Share of comprehensive income in associated companies and joint ventures	-2.9	0.6	-2.3
Total	-5.7	1.0	-4.7

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

Differences between income tax expense calculated at statutory rates compared to the income statement (tax rate in Finland 2024: 20%, 2023: 20%)

MEUR	2024	2023
Income tax expense at statutory rate	-14.2	-12.6
Effect of statutory tax rates of foreign companies	-0.1	-0.2
Untaxed income	0.0	0.0
Non-deductible expenses	-0.2	-0.2
Confirmed losses	-0.7	-0.3
Effect of associated companies and joint ventures result	9.3	7.3
Returns from previous tax years	-0.1	-0.0
Other items	-0.6	-0.2
Income taxes	-6.5	-6.2

Reconciliation of deferred tax receivables

MEUR	2024	2023
Fixed assets depreciation differences	0.3	0.3
Untaxed reserves	0.9	1.0
Tax losses carried forward	17.6	15.1
Other temporary differences	1.2	0.8
Total	19.9	17.1

MEUR	2024	2023
1 Jan	17.1	17.3
Income statement	2.7	-0.2
Acquired companies & exchange rate difference	-0.0	0.0
Equity	0.1	0.1
31 Dec	19.9	17.1

Reconciliation of deferred tax liabilities

MEUR	2024	2023
Fixed assets depreciation differences	2.8	1.7
Fair value of derivative financial instruments	0.3	0.7
Total	3.1	2.4

MEUR	2024	2023
1 Jan	2.4	2.6
Income statement	-0.0	0.2
Fair value of derivative financial instruments	-0.3	-0.3
Acquired companies & other changes	1.1	-0.1
31 Dec	3.1	2.4

The tax losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 28.4 million in the year of 2024 (EUR 27.9 million). These losses do not expire.

11. Intangible and tangible assets

Intangible assets

2024 MEUR	Goodwill	Develop-ment expenses	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan 2024	48.6	12.3	23.2	0.0	84.1
Translation differences	-0.1	0.0	0.0	0.0	-0.1
Reclassifications	0.0	0.0	0.0	-0.0	0.0
Companies acquired	6.8	0.3	5.6	0.0	12.8
Scrapping	0.0	0.0	-0.3	0.0	-0.3
Additions	0.0	0.2	1.0	4.5	5.8
Acquisition cost 31 Dec 2024	55.4	12.8	29.6	4.5	102.3
Accumulated amortization and impairment losses 1 Jan 2024	-11.9	-12.3	-21.1	0.0	-45.3
Translation differences	0.1	0.0	0.0	0.0	0.1
Companies acquired	0.0	-0.1	0.0	0.0	-0.1
Scrapping	0.0	0.0	0.3	0.0	0.3
Amortization for the period incl. exchange rate diff.	0.0	-0.1	-0.9	0.0	-0.9
Accumulated amortization and impairment losses 31 Dec 2024	-11.8	-12.5	-21.7	0.0	-46.0
Net book value at 31 Dec 2024	**43.6**	**0.4**	**7.9**	**4.5**	**56.4**

2023 MEUR	Goodwill	Develop-ment 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**

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Tangible assets

2024 MEUR	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan	4.4	257.1	149.4	5.0	7.5	423.4
Translation differences	-0.0	-0.3	-0.1	0.0	-0.0	-0.4
Reclassifications	0.0	0.2	4.7	1.2	-6.1	-0.0
Companies acquired	0.0	0.4	0.0	0.0	0.0	0.4
Scrapping	0.0	-0.0	-3.8	-0.0	0.0	-3.9
Additions	0.3	20.6	7.7	0.8	26.1	55.5
Disposals	-0.0	-0.2	-0.2	0.0	0.0	-0.4
Acquisition cost 31 Dec	4.6	277.7	157.8	7.0	27.4	474.6
Accumulated depreciation and impairment losses 1 Jan	-0.6	-159.4	-125.8	-3.8	0.0	-289.6
Translation differences	0.0	0.3	0.1	0.0	0.0	0.4
Companies acquired	0.0	0.0	-0.0	0.0	0.0	-0.0
Scrapping	0.0	0.0	3.8	0.0	0.0	3.9
Disposals	0.0	0.0	0.2	0.0	0.0	0.2
Depreciation for the period incl. exchange rate diff.	-0.1	-20.3	-8.7	-0.3	0.0	-29.4
Accumulated depreciation and impairment losses 31 Dec	-0.7	-179.4	-130.4	-4.1	0.0	-314.6
Net book value at 31 Dec	**4.0**	**98.3**	**27.4**	**2.9**	**27.4**	**160.0**

2023 MEUR	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan	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	4.4	257.1	149.4	5.0	7.5	423.4
Accumulated depreciation and impairment losses 1 Jan	-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	-0.6	-159.4	-125.8	-3.8	0.0	-289.6
Net book value at 31 Dec	**3.9**	**97.6**	**23.6**	**1.2**	**7.5**	**133.8**

Tangible assets include leases

2024 MEUR	Buildings and constructions	Machinery and equipment	Land and water	Total
Acquisition cost 1 Jan	130.6	5.1	1.8	137.6
Translation differences	-0.0	-0.0	-0.0	-0.0
Disposals and other changes	-0.2	-0.0	-0.0	-0.3
Additions	17.3	2.0	0.0	19.3
Acquisition cost 31 Dec	147.7	7.1	1.8	156.6
Accumulated depreciation and impairment losses 1 Jan	-60.9	-2.5	-0.6	-63.9
Disposals and other changes	0.0	0.0	0.0	0.0
Depreciation for the period	-16.1	-1.4	-0.1	-17.6
Accumulated depreciation and impairment losses 31 Dec	-76.9	-3.9	-0.7	-81.6
Net book value at 31 Dec	**70.8**	**3.1**	**1.1**	**75.1**

2023 MEUR	Buildings and constructions	Machinery and equipment	Land and water	Total
Acquisition cost 1 Jan	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	130.6	5.1	1.8	137.6
Accumulated depreciation and impairment losses 1 Jan	-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	-60.9	-2.5	-0.6	-63.9
Net book value at 31 Dec	**69.8**	**2.6**	**1.2**	**73.6**

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
H&H Tech GmbH	Lübeck, Germany	30.0

2023

MEUR	Domicile	Ownership, %	Assets	Liabilities	Net sales	Profit/Loss
Nammo AS	Raufoss, Norway	50.0	1,104.6	747.5	804.5	53.3

Shares in associated companies and joint ventures

MEUR	2024	2023
1 Jan	258.0	234.8
Share of results in associated companies and joint ventures	46.7	36.3
Share of comprehensive income in associated companies and joint ventures	-2.3	-0.7
Dividend income	-6.7	-10.8
Exchange rate differences and other changes	-15.6	-1.6
31 Dec	280.1	258.0

Business operations with associated companies and joint ventures

MEUR	2024	2023
Purchases from associated companies and joint ventures	0.0	0.0

Receivables and liabilities, associated companies and joint ventures

MEUR	2024	2023
Accounts receivable	0.1	0.1

13. Other shares

MEUR	2024	2023
Book value	0.2	0.2

Other shares consists of shares which are not publicly traded and thus has no observable market data available.

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	2024	2023
Contract assets	127.3	74.1
Other items	12.4	6.4
Total	139.8	80.5

Other items of prepaid expenses and accrued income consists of accrued interest income and other accrued income, which are individually insignificant.

Contract balances

MEUR	2024	2023
Trade receivables	135.7	156.6
Contract assets	127.3	74.1
Contract liabilities		
Advances received, other	42.3	23.3
Advances received, over time	95.1	99.5
Revenue recognised in the financial period that was included in the contract liability on 1 January	68.0	12.1
Remaining performance obligations from projects and contracts under execution	1,353.9	827.4

15. Accruals and deferred income

MEUR	2024	2023
Accrued wages, salaries and social security costs	59.0	59.3
Other items	10.8	17.6
Total	69.8	76.9

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 2024	0.2	0.2
31 Dec 2024	0.2	0.2

MEUR	Shares	Total
1 Jan 2023	0.2	0.2
Deductions	-0.0	-0.0
31 Dec 2023	0.2	0.2

17. Financial instruments

Fair value reserve including forward contracts

MEUR	2024	2023
Fair value	1.7	3.4
Deferred taxes	-0.3	-0.7
Fair value reserve 31 Dec	1.4	2.7
Fair value changes recognized in equity	-1.8	-1.9
Fair value changes recognized in income statement	0.1	0.3
Deferred taxes	0.3	0.3
Change	-1.3	-1.3
Fair value	3.4	5.0
Deferred taxes	-0.7	-1.0
Fair value reserve 1 Jan	2.7	4.0

Patria

Carrying amounts of financial assets and liabilities by measurement categories and fair value hierarchy

2024 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		135.6	135.6	2
Receivables from associated companies and joint ventures		0.1	0.1	12
Derivative financial instruments	3.0		3.0	2
Liquid funds		38.4	38.4	
Carrying amount by category	3.2	174.1	177.3	
Non-current financial liabilities				
Interest-bearing liabilities		164.2	164.2	2
Current financial liabilities				
Interest-bearing liabilities		220.3	220.3	2
Accounts payable		88.4	88.4	
Derivative financial instruments	0.8		0.8	2
Carrying amount by category	0.8	472.9	473.7	

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	

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 2024 stood at EUR 38,024,848.00. All issued shares have been paid up in full.

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. The Invested unrestricted equity reserve stood at EUR 164,067,681.95 on 31.12.2023. A capital repayment EUR 1.00 per share was paid on the shares owned by the State of Finland and Kongsberg Defence & Aerospace AS. The total amount of capital repayment was EUR 27,841,889.00. The capital repayment was distributed from the invested unrestricted equity reserve. The Invested unrestricted equity reserve stood at EUR 136,225,792.95 on 31.12.2024.

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 2024 is EUR 135,407,409.50 of which the net loss for the financial period is EUR 1,158,469.29.

Capital repayment per share

The Board of Directors proposes to the Annual General Meeting that a capital repayment EUR 1.15 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 32,018,172.35. 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 103,389,237.15 be retained and carried forward.

The capital repayment to be paid for 2024 will be decided at the Annual General Meeting on 7 April 2025. This capital repayment payable is not reflected in these financial statements.

19. Provisions

MEUR	2024	2023
Warranty provision	7.7	7.8
Other provision	4.0	3.5
Total	11.7	11.3

During the warranty period the claimed faults will be corrected at Patria's expense. The warranty provisions amounted to EUR 7.7 million (EUR 7.8 million) at the end of 2024. 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	2024	2023
Guarantees given on behalf of others	7.3	6.8
Other own contingent liabilities	7.7	3.6
Total	15.0	10.3

21. Related party transactions

Patria Oyj's subsidiaries

Subsidiaries	Domicile	Ownership, %
Nordic Drones Oy	Muurame, Finland	100.0
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 Land Oy	Helsinki, Finland	100.0
Patria Deutschland GmbH	Frankfurt am Main, Germany	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	2024	2023
Total	104.8	88.0

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 2024. Members of the Group management and their immediate circle have not had any essential business relations with the Group companies.

22. Disputes and litigations

A company, which has acted as Patria's consultant, has submitted a claim to Patria in December 2024 demanding commissions for two different projects. Patria´s views is that the demands are unjustified. If the parties cannot reach a settlement agreement, the dispute shall be settled by arbitration.

23. Events after the balance sheet date

Patria and Babcock International Group (Babcock) signed a Memorandum of Understanding to present the Patria 6x6 vehicle platform to the UK armed forces to meet the operational requirements of the British Army. According to the agreement, Patria will lead the design and development of the system, providing bespoke enhancements to the existing 6x6 platform of the UK armed forces. Babcock will provide a solution to build at scale, in line with the UK MOD Land Industrial Strategy, as well as a platform support package that will maintain operational readiness of the vehicle throughout its lifecycle.

In January it was announced that Patria acquires the cutting-edge Belgium-based digital defence platform provider ILIAS Solutions. With the acquisition Patria enhances its standard of digital services.

On 30 January it was announced that Germany took final step to full member of CAVS programme and joined the Common Armoured Vehicle System (CAVS) Framework Agreement. By joining this stage of the programme, Germany enables the serial procurement of CAVS vehicles based on Patria 6x6 vehicle.

On 31 January 2025 Germany and Patria signed a work package covering the Common Armoured Vehicle System (CAVS) programme-related mortar variants development and qualification for Bundeswehr. The work package takes place under the CAVS research and development agreement. The scope of the work package includes building of CAVS NEMO and CAVS mortar command & control variants, their integration with German mission systems and the qualification of the entire system to German customer requirements.

Finnish Minister of Defence Antti Häkkänen and Slovenian Minister of Defence Borut Sajovic signed a Letter of Intent (LOI) between Finland and Slovenia on support for the procurement of 8x8 Armoured Modular Vehicles (AMV) in Brussels on 13 February 2025. The letter of intent between the Ministry of Defence of Slovenia and the Ministry of Defence of Finland was prepared jointly by the ministries. With the LOI, the participating nations state their shared willingness to cooperate, and that Slovenia will receive Finland's support for the procurement of 8x8 Armoured Vehicles from Patria.

Financial Statements of the Parent company (FAS)

Balance Sheet, Parent company

ASSETS

MEUR	Note	31 Dec 2024	31 Dec 2023
Non-current assets			
Intangible assets	9		
Intangible rights		0.5	0.3
Goodwill		0.7	0.4
Tangible assets	9		
Machinery and equipment		0.4	0.6
Other tangible assets		0.0	0.0
Investments			
Shares in group companies	10	143.1	129.4
Receivables from group companies	11	11.8	9.0
Shares in associated companies and joint ventures	10	191.6	191.6
Total Non-current assets		**348.3**	**331.4**
Current assets			
Inventories			
Raw materials and supplies		0.1	0.1
Receivables			
Accounts receivable		0.0	0.0
Receivables from group companies	11	175.4	135.9
Other receivables		0.0	0.0
Prepaid expenses and accrued income	11	7.1	6.2
Cash and cash equivalents		21.9	35.4
Total Current Assets		**204.5**	**177.7**
Total Assets		**552.8**	**509.1**

SHAREHOLDERS' EQUITY AND LIABILITIES

MEUR	Note	31 Dec 2024	31 Dec 2023
Shareholders' equity	12		
Share capital		38.0	38.0
Other funds			
Reserve for invested unrestricted equity		136.2	164.1
Fair value reserve		1.4	2.6
Retained earnings		0.3	-4.3
Net income for the period		-1.2	4.7
Total Shareholders' equity		**174.8**	**205.0**
Non-current liabilities			
Loans from financial institutions	13	100.0	50.0
Total Non-current liabilities		**100.0**	**50.0**
Current liabilities			
Other interest-bearing liabilities	13	135.8	93.1
Loans from financial institutions	13	65.0	34.8
Accounts payable		3.9	3.1
Liabilities to group companies	13	60.3	106.7
Deferred tax liabilities		0.3	0.6
Other current liabilities		3.4	6.7
Accruals and deferred income	13	9.2	9.0
Total Current liabilities		**278.0**	**254.1**
Total Shareholders' equity and liabilities		**552.8**	**509.1**

Income Statement, Parent company

MEUR	Note	1-12 2024	%	1-12 2023	%
Net sales	2	**38.2**		**32.1**	
Other operating income	3	4.6		3.1	
Materials and services					
Raw materials and supplies					
Purchases during the financial period		-1.6		-1.1	
Change in inventories		0.0		-0.2	
Personnel expenses	4	-19.5		-15.9	
Depreciation and value adjustments	5	-0.9		-0.6	
Other operating expenses	3	-35.2		-28.4	
Operating profit		**-14.3**	**-37.5%**	**-11.0**	**-34.2%**
Financial income and expenses	6				
Dividend income from group companies		10.9		7.7	
Dividend income from associated companies and joint ventures		6.7		10.8	
Interest and other financial income		9.9		7.6	
Impairment on investments from non-current assets		0.0		-4.0	
Interest and other financial expenses		-14.1		-10.0	
Exchange gains and losses		-0.5		0.3	
Income before appropriations and taxes		**-1.5**	**-3.8%**	**1.5**	**4.7%**
Appropriations	7	0.3		3.2	
Income taxes	8	0.0		0.0	
Net income		**-1.2**	**-3.0%**	**4.7**	**14.5%**

Cash Flow Statement, Parent company

MEUR	1-12 2024	1-12 2023
Income before appropriations and taxes	-1.5	1.5
Depreciation	0.9	0.6
Financing items	-13.4	-12.5
Other changes	-1.5	-1.8
Change in receivables	20.8	-10.6
Change in inventories	-0.0	0.2
Change in liabilities	-3.0	3.6
Cash flow from operations before financial items and taxes	**2.3**	**-18.9**
Interests paid	-13.5	-9.0
Other financial items	-0.5	-0.1
Dividends received	17.6	18.5
Interests received	9.8	7.6
Paid taxes	0.0	0.0
Cash flow from operating activities	**15.8**	**-2.0**
Acquired group companies	-12.9	0.0
Purchase of tangible and intangible assets	-1.1	-0.3
Granted loans	-2.9	-0.7
Cash flow from investing activities	**-17.0**	**-1.0**
Change in short-term loans	102.9	97.9
Proceeds from long-term loans	50.0	0.0
Repayment of long-term loans	-30.0	0.0
Change in short-term group receivables and liabilities	-110.6	-112.4
Capital repayment/Dividends paid	-27.8	-26.4
Paid and received group contributions	3.2	0.0
Cash flow from financing activities	**-12.4**	**-41.0**
Change in liquid funds	**-13.6**	**-44.0**
Liquid funds 1 Jan	35.4	79.4
Liquid funds 31 Dec	21.9	35.4
Change in liquid funds	**-13.6**	**-44.0**

Patria

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 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.

2. Net sales

Net sales by market area

MEUR	2024	2023
Finland	35.5	28.6
Other Europe	2.7	3.4
Rest of the World	0.0	0.0
Total	38.2	32.1

Net sales by product segment

MEUR	2024	2023
Civilian products	38.2	32.1
Total	38.2	32.1

Revenue recognition

MEUR	2024	2023
Delivery based net sales	38.2	32.1
Total net sales	38.2	32.1

3. Other operating income and expenses

Other operating income

MEUR	2024	2023
Rental Income	2.2	2.1
Other operating income	2.4	1.1
Total	4.6	3.1

Other operating expenses

MEUR	2024	2023
Research and development	-0.0	0.0
Rents	-3.4	-3.2
Real estate expenses	-2.2	-2.7
Travel expenses	-0.9	-0.7
Sales and marketing expenses	-0.6	-0.6
Other operating expenses	-28.1	-21.2
Total	-35.2	-28.4

Principal independent auditor's fees and services

MEUR	2024	2023
Audit fees	-0.1	-0.1
Other services	-0.2	-0.3
Total	-0.2	-0.4

4. Employee benefits and average number of personnel

MEUR	2024	2023
Salaries and fees paid to members of Board of Directors, Consultative Committee and President and CEO	-1.1	-1.1
Other wages and salaries	-15.4	-12.2
Pension and pension insurance costs	-2.7	-2.2
Other indirect personnel expenses	-0.4	-0.4
Total	-19.5	-15.9

Number of personnel, average	2024	2023
Salaried staff	179	139
Total	179	139

5. Depreciation

MEUR	2024	2023
Depreciation on Intangible rights	-0.2	-0.2
Depreciation on other long-term expenditures	-0.4	-0.1
Depreciation on machinery and equipment	-0.3	-0.3
Total	-0.9	-0.6

6. Financial income and expenses

MEUR	2024	2023
Dividend income, group	10.9	7.7
Dividend income, associated companies and joint ventures	6.7	10.8
Interest income, group	6.7	4.9
Interest income, other	3.1	2.7
Total	27.5	26.1

MEUR	2024	2023
Interest expenses, group	-2.6	-4.0
Interest expenses, other	-11.0	-5.8
Impairment on investments from non-current assets	0.0	-4.0
Other financial expenses, other	-0.5	-0.1
Total	-14.1	-14.0

In 2023, due to the weakened financial performance and future outlook a write-down on Millworks OÜ shares was recognised.

MEUR	2024	2023
Exchange rate difference		
Foreign exchange derivatives, non-hedge accounted	0.6	-0.1
Other	-1.1	0.5
Total	-0.5	0.3

7. Appropriations

MEUR	2024	2023
Group contributions	0.3	3.2
Total	0.3	3.2

8. Income taxes

MEUR	2024	2023
Income tax from continuing operations	0.1	0.5
Income tax from appropriations	-0.1	-0.5
Total	0.0	0.0

MEUR	2024	2023
Income taxes	0.0	0.0
Income taxes previous period	0.0	0.0
Total	0.0	0.0

9. Intangible and tangible assets

Intangible assets

2024 MEUR	Intangible rights	Goodwill	Other long-term expenditures	Total
Acquisition cost 1 Jan 2024	7.4	0.7	0.2	8.3
Additions	0.4	0.7	0.0	1.1
Acquisition cost 31 Dec 2024	7.8	1.4	0.2	9.4
Accumulated amortization and impairment losses 1 Jan 2024	-7.2	-0.3	-0.2	-7.6
Amortization for the period incl. exchange rate differences	-0.2	-0.4	0.0	-0.5
Accumulated amortization and impairment losses 31 Dec 2024	-7.3	-0.7	-0.2	-8.1
Net book value at 31 Dec 2024	**0.5**	**0.7**	**0.0**	**1.2**

2023 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 differences	-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**

Tangible assets

2024 MEUR	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2024	5.8	0.0	0.0	5.8
Additions	0.1	0.0	0.0	0.1
Acquisition cost 31 Dec 2024	5.8	0.0	0.0	5.8
Accumulated depreciation and impairment losses 1 Jan 2024	-5.1	0.0	0.0	-5.1
Depreciation for the period incl. exchange rate differences	-0.3	0.0	0.0	-0.3
Accumulated depreciation and impairment losses 31 Dec 2024	-5.4	0.0	0.0	-5.4
Net book value at 31 Dec 2024	**0.4**	**0.0**	**0.0**	**0.4**

2023 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 differences	-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**

10. Investments

Shares in subsidiaries

MEUR	2024	2023
1 Jan	129.4	133.4
Additions	13.7	0.0
Write-downs	0	-4.0
Total 31 Dec	143.1	129.4

Shares in associated companies and joint ventures

MEUR	2024	2023
1 Jan	191.6	191.6
Total 31 Dec	191.6	191.6

11. Non-current and current receivables

Non-current receivables from group companies

MEUR	2024	2023
Loan receivable	11.8	9.0
Total	11.8	9.0

Current receivables from group companies

MEUR	2024	2023
Accounts receivable	15.7	37.9
Other receivables	158.8	97.7
Derivative financial receivables	0.7	0.3
Accruals and deferred income	0.2	0.0
Total	175.4	135.9

Current receivables from associated companies and joint ventures

No receivables from associated companies and joint ventures during the financial year (2024 and 2023).

Prepaid expenses and accrued income

MEUR	2024	2023
Derivative financial receivables	3.0	4.1
Other receivables	4.1	2.1
Total	7.1	6.2

12. Shareholders' equity

Changes in Shareholders' Equity

MEUR	2024	2023
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
Capital repayment	-27.8	0.0
Invested non-restricted equity fund 31 Dec	136.2	164.1
Fair value reserve 1 Jan	2.6	4.3
Change	-1.2	-1.7
Fair value reserve 31 Dec	1.4	2.6
Retained earnings 1 Jan	0.3	22.1
Distribution of dividends	0.0	-26.4
Retained earnings 31 Dec	0.3	-4.3
Net income	-1.2	4.7
Total shareholders' equity 31 Dec	**174.8**	**205.0**

Distributable funds

MEUR	2024	2023
Invested non-restricted equity fund 31 Dec	136.2	164.1
Retained earnings 31 Dec	0.3	-4.3
Net income	-1.2	4.7
Distributable funds	135.4	164.4

13. Current liabilities

Maturity of interest-bearing liabilities

MEUR	2025	2026	2027	2028	2029-	Total
Loans from financial institutions	65.0	50.0	50.0	0.0	0.0	165.0
Liabilities, group account	58.4	0.0	0.0	0.0	0.0	58.4
Other interest-bearing liabilities	135.8	0.0	0.0	0.0	0.0	135.8
Total 2024	259.2	50.0	50.0	0.0	0.0	359.2

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

Interest-bearing liabilities

MEUR	2024	2023
Loans from financial institutions	165.0	84.8
Other loans	135.8	93.1
Total	300.8	177.9

Current liabilities to group companies

MEUR	2024	2023
Accounts payable	0.8	1.2
Other liabilities	58.4	105.0
Derivative financial liabilities	0.8	0.4
Accruals and deferred income	0.3	0.0
Total	60.3	106.7

Accruals and deferred income

MEUR	2024	2023
Accruals related to wages and salaries	6.8	5.9
Derivative financial liabilities	0.8	1.2
Other liabilities	1.7	1.9
Total	9.2	9.0

14. Financial instruments and derivative contracts

Derivative instruments

2024 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	2.1	0.0	2.1
Cash flow hedge	50.0	2.1	0.0	2.1
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	164.7	1.6	-1.5	0.0
Buy	72.8	1.4	-0.1	1.2
Sell	91.9	0.2	-1.4	-1.2
Non-hedging	164.7	1.6	-1.5	0.0
Total	**214.7**	**3.7**	**-1.5**	**2.1**

MEUR	2025	2026	2027	2028
Derivative financial assets	1.3	2.4	0.0	0.0
Derivative financial liabilities	-1.3	-0.3	-0.0	0.0

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

Offsetting of financial instruments

The company has not netted financial instruments in its balance sheet.

Carrying amounts of financial assets and liabilities by measurement categories and fair value hierarchy

2024 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		11.8	11.8
Current financial assets			
Accounts receivable		0.0	0.0
Accounts receivable from group companies		15.7	15.7
Other receivables		0.0	0.0
Other receivables from group companies	0.7	158.8	159.5
Derivative financial instruments	3.0		3.0
Cash and cash equivalents		21.9	21.9
Carrying amount by category	**3.7**	**208.2**	**211.9**
Non-current financial liabilities			
Interest-bearing liabilities		100.0	100.0
Current financial liabilities			
Interest-bearing liabilities		200.8	200.8
Accounts payable		3.9	3.9
Accounts payable to group companies		0.8	0.8
Other current liabilities to group companies	0.8	58.4	59.2
Other current liabilities		3.4	3.4
Derivative financial instruments	0.8		0.8
Carrying amount by category	**1.5**	**367.4**	**368.9**

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 receivable 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**

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".

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 2024 were in the Swedish krona (SEK).

IFRS 7 Sensitivity analysis – sensitivity to exchange rate fluctuations 2024

1,000 EUR	SEK
Net exposure – Balance sheet items	-29
Euro strengthens / weakens 5% – Effect on income before taxes	1 / -2
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 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

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 2024, the average interest fixing term of the liabilities was 0.36 (0.35) years and that of the receivables 3 days (3 days).

On 31 December 2024, company's interest-bearing liabilities totalled EUR 359.2 million (282.9) out of which EUR 250.8 million (139.8) was floating rate and EUR 108.4 million (143.1) was fixed rate. EUR 58.4 million (105.0) of the floating rate liabilities were from group account. Interest-bearing receivables were EUR 182.4 million which were floating rate. (2023: Interest-bearing receivables were EUR 126.0 million out of which EUR 126.0 million were floating rate.) EUR 158.5 million (94.5) 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 2024.

15. Commitments and contingent liabilities

Commitments and contingent liabilities

MEUR	2024	2023
Guarantees given on behalf of group companies	82.1	60.0
Guarantees given on behalf of others	3.5	2.3
Other own contingent liabilities	0.4	0.3
Total	86.0	62.7

Leasing commitments

MEUR	2024	2023
Payments due next year	3.9	3.7
1–5 years	2.0	6.1
Payments due in thereafter	0.0	4.1
Total	5.9	13.9

Patria

Board of Directors' proposal for profit distribution

The parent company's non-restricted equity on 31 December 2024 is EUR 135,407,409.50 of which the net loss for the financial period is EUR 1,158,469.29.

The Board of Directors proposes to the Annual General Meeting that a capital repayment EUR 1.15 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 32,018,172.35. 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 103,389,237.15 be retained and carried forward.

Helsinki, 20 March 2025

Panu Routila Chairman	Outi Henriksson
Eirik Tord Jensen	Jukka Juusti
Signe Bjarttun Jørgensen	Eirik Lie
Ilpo Nuutinen	Morten Tiller
Esa Rautalinko President and CEO	

Auditor's Statement

A report has been given today on the audit performed.

Helsinki, 20 March 2025

Ernst & Young Oy
Authorised Public Accountants

Juha Hilmola
Authorised Public Accountant

Governance

Partner on critical operations on land, sea, air and networks

When if is not an option.

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.

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 11 members during the financial year and convened four times in 2024.

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 13 times in 2024.

Patria

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 five times during 2024.

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 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 six times during 2024.

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, F-35, and Chief Human Resources Officer. In addition, the Group management meets in other combinations as and when necessary for management purposes.

Sustainability 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 ESG, HR, finance, communications and QEHS. Patria also has ESG working groups specialising in the environmental sustainability, governance, social sustainability, procurement and finance. Sustainability governance is described in more detail in the 'General information' section of the sustainability report.

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.

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.

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 have continued in 2023 and 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.

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 and Sweden joining the organisation, 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

Patria

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 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.

Patria

Board of Directors 2024

Panu Routila
Chairman of the Board of Directors
Doctor of Business Administration
Board member as of 4 February 2020

Outi Henriksson
Board Professional / Non-Executive Director
Board member as of 27 March, 2023

Eirik Tord Jensen
Senior Vice President Special Programs, Kongsberg Defence & Aerospace AS
Board member as of 15 April 2024

Jukka Juusti
MSc. (Eng.)
Board member as of 1 July 2022

Signe Bjarttun Jørgensen
Executive Vice President Finance, Kongsberg Defence & Aerospace AS
Board member as of 15 April 2024

Eirik Lie
Executive Vice President, Kongsberg Gruppen ASA and President, Kongsberg Defence & Aerospace AS
Board member as of 2017

Ilpo Nuutinen
Senior Government Counsellor
LL.Lic.; M.Sc. Economics
Board member as of 1 September 2024

Morten Tiller
M.Poli.Sci.
Board member as of 1 September 2024

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 2024

Mikko Savola
Chairman
Member of Parliament
Member since September 2024

Atte Kaleva
Vice Chairman
Member of Parliament
Member since August 2023

Riitta Mäkinen
Member
Member of Parliament
Member since October 2019

Vesa Virtanen
Member
Major General, (Chief of Defence Command as of 1 July 2022), Finland
Member since March 2022

Petri Huru
Member
Member of Parliament
Member since October 2019

Petri Peltonen
Member
Under-Secretary, Ministry of Economic Affairs and Employment
Member since February 2024

Mari Kaunistola
Member
Member of Parliament
Member since August 2023

Jari Halonen
Member
Tooling Controller, Patria
Member since May 2024

Juha Heikkilä
Member
Equipment Assembler, Patria
Member since March 2023

Juha Kuusi
Member
System Specialist, Patria
Member since 2011

Ilkka Kokko
Member
Specialist, Defence & Security, Patria
Member since 2019

Patria

Group Management Team

Esa Rautalinko
President and CEO
Master of Economic Sciences
Employed by Patria since 2019

Jukka Holkeri
Executive Vice President, Global
Master of Science (Eng.)
Employed by Patria since 1988

Petri Hepola
Chief Program Officer, F-35
PhD (Eng.)
Employed by Patria since 2002

Ville Jaakonsalo
Chief Financial Officer
LL.M./MBA
Employed by Patria in 2010 – 11/2024

Jussi Järvinen
Executive Vice President, Finland
M.Sc. (Econ.)
Employed by Patria since 2013

Leena Orpo
Chief Human Resources Officer (CHRO)
Master of Science (Econ.)
Employed by Patria since 2017

Ara Haikarainen
Chief Legal Officer
LL.M./Master of Administrative Sciences
Employed by Patria since 2021

Mikko Leino
Executive Vice President, Operations
Master of Science (Eng.)
Employed by Patria since 8 April, 2024

Kari Renko
Executive Vice President, Strategic Programs
Master of Science (Eng.), Major General (Eng. Ret.)
Employed by Patria since 2023

Pekka Ruutu
Executive Vice President, Portfolio
Master of Science (Eng.)
Employed by Patria since 2022

Manu Skyttä
Executive Vice President, Operations
Master of Science (Eng.)
Employed by Patria in 2022 - 03/2024

Patria

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