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PATRIA SVENSKA AB

Org nr 556419-2226

Räkenskapsåret
2022-01-01 – 2022-12-31

Undertecknad Styrelse för Patria Svenska AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämman den 30 . 06 .2023.

Stämman beslöt tillika godkänna styrelsens förslag på vinstdisposition.

Sigtuna 30 . 06 .2023

Anders Hållbro
Verkställande direktör

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ÅRSREDOVISNING
för

Patria Svenska AB

(556419-2226)

Räkenskapsåret 2022-01-01 - 2022-12-31

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Förvaltningsberättelse

Ägarförhållanden

Patria Svenska AB ägs till 100% av Patria Aviation Oy, org.nr. LY0869036-8, med säte i Jämsä i Finland. Kopior av koncernbokslutet finns tillgängliga på koncernens huvudkontor Patria Oyj, Arkadiankatu 2, 00100 Helsingfors.

Information om verksamheten

Verksamheten innefattar förvaltning av aktierna i det helägda dotterbolag Patria Helicopters AB, org. nr. 556042-7717. Verksamheten i dotterbolaget Patria Helicopters AB är huvudsakligen underhåll och reparationer av helikoptrar samt försäljning av reservdelar och helikopterutrustning.

Resultat och ställning

	2022	2021	2020	2019
Res. efter finansiella poster	-1 969	-1 228	-1 243	-13 148
Balansomslutning	98 454	98 514	98 634	110 734
Soliditet (%)	1,0 %	1,9 %	2,0 %	1,8 %

Framtida utveckling

Arbete pågår inom Patria för att utveckla verksamheten i Sverige ytterligare. Vidare eventuell finansiering av bolaget kommer täckas av kapitaltillskott från aktieägare och därmed bedömer styrelsen att bolaget har förmåga till fortsatt drift.

Förslag till vinstdisposition

Förslag till disposition av bolagets vinst

Till årsstämmans förfogande står följande resultat:	2022
Balanserad resultat	-86 938
Årets vinst	-898 772
	-985 709
Styrelsen föreslår att:	
i ny räkning överförs	-985 709
	-985 709

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Resultaträkning

Ksek	Not	1.1.-31.12.2022	1.1.-31.12.2021
Rörelsens intäkter			
Nettoomsättning		0	0
Rörelsens kostnader			
Övriga externa kostnader		0	0
		0	0
Rörelseresultat		**0**	**0**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	2	0	0
Ränteintäkter och liknande			
Räntekostnader och liknande		-5	-5
Räntekostnader till koncernföretag		-1 964	-1 223
		-1 969	-1 228
Resultat efter finansiella poster		-1 969	-1 228
Bokslutsdispositioner			
Koncernbidrag		1 070	1 130
		1 070	1 130
Resultat före skatt		**-899**	**-98**
Skatt på årets resultat		0	0
Årets resultat		**-899**	**-98**

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Balansräkning

Ksek *TILLGÅNGAR*	Not	31.12.2022	31.12.2021
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andel i koncernföretag	3	95 185	95 185
		95 185	95 185
Summa anläggningstillgångar		**95 185**	**95 185**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		3 269	3 329
		3 269	3 329
Kassa och bank	4	0	0
Summa omsättningstillgångar		**3 269**	**3 329**
SUMMA TILLGÅNGAR		**98 454**	**98 514**

EGET KAPITAL OCH SKULDER	Not	31.12.2022	31.12.2021
Eget kapital	5		
Bundet eget kapital			
Aktiekapital		2 000	2 000
Fritt eget kapital			
Balanserat resultat		-87	11
Årets resultat		-899	-98
		-986	-87
Summa Eget kapital		**1 014**	**1 913**
Kortfristiga skulder			
Skulder till koncernföretag		97 439	96 600
Summa Skulder		**97 439**	**96 600**
SUMMA EGET KAPITAL OCH SKULDER		**98 454**	**98 514**

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Eget kapital

	Aktiekapital	Balanserat resultat	Årets resultat	Summa
Belopp vid årets ingång	2 000	11	-98	1 913
Erhållna aktieägartillskott		0		0
Disposition av 2021 års resultat		-98	98	0
Årets resultat			-899	-899
Belopp per 2022-12-31	**2 000**	**-87**	**-899**	**1 014**

	Aktiekapital	Balanserat resultat	Årets resultat	Summa
Belopp vid årets ingång	2 000	4	7	2 011
Erhållna aktieägartillskott		0		0
Disposition av 2020 års resultat		7	-7	0
Årets resultat			-98	-98
Belopp per 2021-12-31	**2 000**	**11**	**-98**	**1 913**

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Noter

1. Redovisnings- och värderingsprinciper

Patria Svenska AB's årsredovisning och koncernredovisning har upprättats enligt årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Års- och koncernredovisning (K3). Redovisningsprinciperna är oförändrade från förra året.

Koncernförhållanden
Utländskt moderbolag i koncernen är Patria Oyj med säte i Helsingfors, Finland. Adressen till företagets huvudkontor är: Arkadiankatu 2, FIN-00100 Helsingfors, Finland. Patria Svenska AB är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.

Personal
Bolaget har inte haft några anställda. Inga löner eller andra ersättningar har utbetalats.

Intäktsredovisning
Intäkter värderas till verkligt värde av vad som erhållits eller kommer att erhållas.

Utländsk valuta
Fordringar och skulder i utländsk valuta har omräknats till balansdagens kurs.

2. Resultat från andelar i koncernföretag

	2022	2021
Nedskrivningar	0	0

3. Andelar i koncernföretag

Företag	Antal/Kap. andel %	31.12.2022 Redovisat värde	31.12.2021 Redovisat värde
Patria Helicopters Ab	100	95 185	95 185
Organisationsnummer	**Säte**		
556042-7717	Sigtuna		
Ingående anskaffningsvärde		314 485	314 485
Aktieägartillskott		0	0
Utgående ackumulerade anskaffningsvärden		314 485	314 485
Ingående nedskrivningar		-219 300	-219 300
Årets nedskrivingar		0	0
Utgående ackumulerade nedskrivningar		-219 300	-219 300
Utgående redovisat värde		95 185	95 185

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4. Checkräkningskredit

Beviljat belopp på den koncerninterna checkräkningskrediten uppgår till 100 000 tkr.

5. Aktiefördelning

	2022	2021
Registrerat antal aktier	200 000	200 000
Kvotvärde	10 kr	10 kr

6. Väsentliga händelser under och efter årets utgång

Patria Svenska har under 2023 erhållit ett aktieägartillskott på 2,3 MSEK.

Underskrifter

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Sigtuna, den dag som framgår av vår elektroniska underskrift

DocuSigned by:
EC84BEB6E39F40E...
28 June 2023
Jukka Holkeri
Ordförande

DocuSigned by:
056A2CDB1FB740F...
29 June 2023
Sven Anders Östberg Hållbro
Verkställande direktör

DocuSigned by:
0D23B7D2A515432...
27 kesäkuuta 2023
Ville Jaakonsalo

DocuSigned by:
75412BC3BC4C42D...
27 June 2023
Marjut Porkka

Vår revisionsberättelse har lämnats den dag som framgår av min elektroniska underskrift
PricewaterhouseCoopers AB

DocuSigned by:
AC25168FC2134E7...
30 June 2023
Johan Wirén
Auktoriserad revisor

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Revisionsberättelse

Till bolagsstämman i Patria Svenska AB, org.nr 556419-2226

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Patria Svenska AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Patria Svenska ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Patria Svenska AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Patria Svenska AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Patria Svenska AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman behandlar förlusten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot och verkställande direktören ansvarsfrihet för räkenskapsåret.

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Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Patria Svenska AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den dag som framgår av vår elektroniska signatur

PricewaterhouseCoopers AB

Johan Wirén
Auktoriserad revisor

Deltagare

PRICEWATERHOUSECOOPERS AB 556067-4276 Sverige

Signerat med Svenskt BankID	*2023-06-30 10:42:04 UTC*
Namn returnerat från Svenskt BankID: Johan Erik Wirén	Datum

Johan Wirén
Auktoriserad revisor

Leveranskanal: E-post

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Patria Oyj

Financial Statements

2022

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Board of Directors' Report

New orders and order stock

The value of new orders received during the financial period was EUR 794.8 million (EUR 588.7 million in 2021). Commercial agreement with Slovakia on the delivery project for 76 Patria AMV XP 8x8 vehicles had a significant impact on the value of new orders. Defence material and life cycle support accounted for 92% (93%) and civilian products for 8% (7%) of the new orders. At the end of December, the Group's order stock was EUR 1,751.2 million (EUR 1,550.3 million).

Net sales and profitability

The Group's net sales for the financial period totalled EUR 627.1 million (EUR 547.7 million in 2021 and EUR 534.1 million in 2020). Defence material and life cycle support accounted for 90% (92%) and civilian products for 10% (8%) of the net sales. Sales outside Finland for the financial period accounted for 31% (28%) of the net sales.

The Group's operating profit for the financial period was EUR 53.8 million, representing 8.6% of net sales (2021: EUR 61.2 million, 11.2%; 2020: EUR 40.3 million, 7.5%). The consolidated income before taxes for the financial period amounted to EUR 49.7 million (2021: EUR 56.6 million; 2020: EUR 36.7 million). The Group's return on equity for the financial period was 15.8% (2021: 20.1%; 2020: 13.8%).

Patria Group's net sales and profitability were at a planned level and the development of order stock was solid. Patria Group's profitability for the financial year 2022 was at a strong level for the third consecutive year.

During the financial period Patria grew and evolved determinedly in line with its growth strategy launched in January. To support strategic growth, Patria adopted a renewed operational structure as of beginning of 2022. The systematic development of customer-centricity, operational efficiency and new ways of working has continued throughout the financial year.

Financing and ownership

The Group's equity ratio at the end of December was 44.1% (2021: 41.3%; 2020: 38.8%) and net gearing 27.3% (2021: 50.2%; 2020: 72.1%).

Consolidated liquid funds at the end of December amounted to EUR 88.6 million (EUR 68.3 million). The Group's interest-bearing liabilities totalled EUR 170.5 million (EUR 211.0 million) at the end of December. The interest-bearing liabilities included lease liabilities of EUR 89.9 million (EUR 100.9 million).

The shareholders of Patria Oyj are the State of Finland with 50.1% stake and Kongsberg Defence & Aerospace AS with 49.9% stake.

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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 6.7 million (EUR 9.2 million). Capital expenditure was mainly related to facilities and equipment, IT and production. In addition, a total of EUR 10.5 million (EUR 2.6 million) was spent on acquisitions.

In January, Millog Oy signed an agreement to acquire the entire share capital of Hämeen Diesel Oy. The ownership was transferred to Millog Oy on 3 January 2022. Hämeen Diesel Oy's business includes the repair of diesel and gasoline engines and heavy-duty machine transmissions, as well as the sale of factory-new and completely overhauled engines. The company's total sales in the previous financial year was EUR 2.4 million and the company employed 18 people.

In March Patria agreed to acquire 100% of the shares of Nedaero, a leading Dutch specialist in defence and aerospace components and parts. The company name was changed to Patria Netherlands Group, and it is located in Zevenaar and Alphen aan den Rijn in the Netherlands and the company has about 35 employees. Patria Netherlands Group has several decades of experience in manufacturing and MRO business in both the civil and military aviation industry. The transaction was completed on 1 April 2022.

Patria acquired the whole share capital of Svensk Försvarslogistik AB from the co-owner Volvo Defense AB in May 2022.

At the end of August Millog Oy subsidiaries Oy Western Shipyard Ltd, Laivakone Oy and Hämeen Diesel Oy merged to create Millog Marine & Power Oy. The new company provides docking and project services, engine and transmission repairs, and field service to cater to the needs of the maritime cluster, industries, the energy sector, and heavy machinery. The merger enabled Millog Marine & Power Oy to serve its long-term customers in a wider geographical area. The company's offices are located in Teijo, Vantaa, and Hämeenlinna.

At the end of September Senop Oy, supplier of advanced night vision solutions and demanding system integration services, was merged with Virve Tuotteet ja Palvelut Oy, specialist in secure communications for authorities and industries. A part of the Millog Group, the companies continue to operate under the name Senop Oy.

In September Patria acquired 100% of the shares of Kiinteistö Oy Jämsän Komposiittihalli from the City of Jämsä.

Research and development

The Group's expenditure on research and development for the financial period amounted to EUR 12.3 million (EUR 12.4 million), representing 2.0% (2.3%) of the net sales. The most significant research and development areas included new technologies,

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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 3,213 (2021: 3,075; 2020: 3,003) persons. At the end of December, the personnel totalled 3,311 (2021: 3,097; 2020: 2,973) 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 2022, the total amount of salaries and wages paid was EUR 182.5 million (2021: EUR 169.0 million; 2020: EUR 162.4 million).

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. In Patria, special emphasis is given to employee well-being as well as safe and healthy working environment. Employee well-being is measured against e.g. sickness absence rates (2022: 3.2%; 2021: 3.3%) and frequency of work-related accidents (2022: 3.5; 2021: 2).

In accordance with the new growth strategy Patria's operating model and organisation was renewed in the beginning of 2022. Under the new operating model Patria's target is to utilise and combine all Patria capabilities comprehensively. One of the key changes was dismantlement of the former business units (excluding Millog). In the new model the Group is reorganized into three commercial divisions (Global, Finland and Millog), the Portfolio unit responsible for products and services, and the Operations unit responsible for production as a whole. At the same time, the support functions were centralized on Group level. The goal of the new strategy is, besides profitable growth, to have a solidly managed, unified and strongly customer-oriented Patria. In 2022 Patria's culture was assessed and new desired culture traits were defined, being Dynamic, Ambitious, Impactful and Together.

Introduction of the new operating model at the beginning of 2022 meant a completely new or partially changed role for some 300 Patria employees. In change management, the role of line managers was significant. Training and discussion sessions were held for those working in line manager positions to focus on the company's goals, ways of working and culture. The success of the implementation of the transformation was monitored through strategy surveys and quartal pulse surveys. Based on the surveys, the need to implement the strategic reform gained wide support and acceptance among the personnel.

In 2022, the Group-level LEAP management development program was continued in the form of alumni days.

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Change negotiations took place in Patria's vehicle manufacturing operations in the Land Operations unit in Hämeenlinna and Tampere, Finland in August. Negotiations were started due to Patria's vehicle projects' success and increased demand. Outcome of the negotiations was that the vehicle manufacturing in Hämeenlinna was changed to two-shift work.

Key events during year 2022

In January the Finnish Defence Forces signed an agreement with Patria to acquire a pre-series of Patria 6x6 vehicles in relation to the joint 6x6 Common Armoured Vehicle System programme (CAVS programme) between Latvia, Finland, Estonia and Patria. In June Germany signed a statement of intent to join the Finnish-led CAVS programme and Sweden a research and development agreement for the research and product development phase for the CAVS programme. The joint 6x6 vehicle programme proceeds on schedule. Patria has already delivered over ten Patria 6x6 armoured wheeled vehicles to Latvia and pre-series vehicles have been delivered to the Finnish Defence Forces.

The Swedish Defence Materiel Administration (FMV) ordered from Patria an upgrade of Patria XA 202/203 (Patgb 202/203) wheeled armoured vehicles. The contract is worth approximately EUR 28 million. In total 168 vehicles will be refurbished at Patria facilities in Hämeenlinna, Finland. The work started immediately with the first deliveries already in 2022, the entire fleet being upgraded by the end of 2025.

In February Patria and Pratt & Whitney signed a Letter of Intent to deepen their ongoing long-term cooperation related to the F100-PW-220/220E and F100-PW-229 military jet engines operational in the F-16 and F-15 combat aircraft. The aim is to maintain and develop the existing relationship in support of maintenance, repair and overhaul logistics for worldwide F100 customers. In addition to this, there is a joint intention to further work toward Patria becoming a part of Pratt & Whitney's F100 global sustainment network and become the best value logistic support supplier including F100 maintenance, repair and overhaul.

In March Patria Oyj, Millog Oy and Insta Group Oy delivered first aid and hospital supplies to the Ukrainian cooperation partner with a joint procurement valued at around EUR 100,000.

Senop Oy received purchase orders from the Finnish Defence Forces Logistic Command for deliveries of laser sights and image intensifiers in May and December. The order is significant and is a continuation of the procurement contracts made in 2020 and 2021. With this acquisition the Finnish Defence Forces further develops soldiers' capability to fight effectively in demanding environments. The order value is more than EUR 37 million and delivery of the new systems is scheduled for the years 2023 and 2024.

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In July Patria and Qatar Airways signed an agreement for the training of Qatar Airways cadet pilots. Patria's training is based on the Multi-Crew Pilot License (MPL) programme with a duration of 18 months. The first intake of cadets arrived in Finland and started their training at Patria's bases in Finland and Spain.

The European Commission approved the FAMOUS consortium's proposal in July 2022 for the second phase of the project. The defence industry consortium led by Patria, FAMOUS (European Future Highly Mobile Augmented Armoured Systems), is making progress within the budget framework of the European Union's (EU) European Defence Fund (EDF). The EU funding for the FAMOUS 2 project is some EUR 95 million. Nine countries are participating in the consortium implementing the FAMOUS project. Finland will continue to act as the lead state and Patria as the industrial coordinator. The consortium includes 18 leading European defence companies. The second phase of the project will continue the ongoing FAMOUS 1 research, in which the vehicles and systems concepts are developed. FAMOUS 2 starts from architectural design, followed by the designing, building and ends up testing of prototypes.

In August Slovakia and Finland with Patria signed a comprehensive government-to-government (G2G) agreement to purchase armored combat vehicles (ACV) from Patria. The Slovakian Ministry of Defence selected Finland and Patria AMV XP 8x8 as BOV 8x8 programme tender winner in March 2022. Patria AMV XP 8x8 came out as winners after system tests and feasibility study evaluation. The agreed purchase consists of 76 armored combat vehicles, with three vehicle variants.

In September Patria delivered the fourth and last modernized Hamina-Class missile boat to the Finnish Navy. In total four missile boats were modernized between 2018-2022 as a Mid-Life-Upgrade (MLU) project, providing new capabilities to the Finnish Navy.

In November Patria completed the XA-180 armoured personnel vehicle Mid-Life-Upgrade project as the last vehicles were delivered to the Finnish Army. The agreement of Mid-Life-Upgrade (MLU) of XA-180 armoured personnel carriers was signed by Patria and the Finnish Defence Forces in 2013. During the project all XA-series vehicles were modernized and aligned. The implemented modifications included new electrical systems and communications equipment, as well as an updated crew space with improved seating solutions. Also key components, such as engines, power transmission and axles, were inspected and repaired or replaced, if necessary.

In December the Japan Ministry of Defense announced that Patria AMVXP 8x8 was selected for the Japan Ground Self-Defense Force as their next Wheeled Armored Personnel Carrier 8x8 vehicle under the WAPC programme. The selection includes manufacturing licence of the vehicles in Japan, with a solid contribution to the local economy and technology development securing the supply and service in Japan. The Patria AMVXP 8x8 vehicles will replace the Type-96 8x8 Armored Personnel Carrier vehicles which are currently in service by Japan Ground Self-Defense Force. Patria has worked for the WAPC programme since 2018 and it has also established a local subsidiary, Patria Japan Ltd., to support its activities in Japan.

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Administration

In the beginning of the financial period, Panu Routila continued as the Chairman of the Board of Directors of Patria Oyj, and Harald Aarø, Eirik Lie, Päivi Marttila, Jarle Næss, Ari Puheloinen, Gyrid Skalleberg Ingerø and Petri Vihervuori as members of the Board of Directors.

Patria Oyj's Annual General Meeting held in Helsinki on 25 March 2022 adopted the Consolidated Financial Statements for the financial period that ended on 31 December 2021. 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 2021. Furthermore, the Annual General Meeting decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 0.90 per share, totally EUR 25,057,700.10.

Panu Routila, (PhD, Economics) continued as the Chairman of the Board of Directors of Patria Oyj. Eirik Lie, President, Kongsberg Defence & Aerospace AS; Päivi Marttila, Board Professional; Jarle Næss, Senior Vice President, Business Development, Kongsberg Defence & Aerospace AS; Ari Puheloinen, General (ret.) (until 30.6.2022) and Petri Vihervuori, Senior Financial Adviser, the Ownership Steering Department in the Prime Minister's Office, continued as members of the Board of Directors. Mette Toft Bjørgen, Executive Vice President Finance, Kongsberg Defence & Aerospace AS and Iver Christian Olerud, Group EVP Strategy and Business Development, KONGSBERG Group were elected as the new members of the Board of Directors.

The Extraordinary General Meeting of Shareholders held on 9 June 2022 appointed Jukka Juusti, MSc. (Eng.) as a member of the Patria Board of Directors as of the 1 July 2022. He succeeds General Ari Puheloinen who has been in the Patria Board for the last six years. Jukka Juusti has held the position of Permanent Secretary in the Finnish Ministry of Defence from 2016 being retired in the end of 2021.

Patria Oyj's Board has a Nomination and Compensation Committee and an Audit Committee to assist the Board.

The Nomination and Compensation Committee consisted, during the financial period, of Panu Routila, Chairman, Harald Aarø (until 25.3.2022), Jarle Næss, Ari Puheloinen (until 30.6.2022), Iver Christian Olerud (as of 24.5.2022) and Jukka Juusti (as of 1.7.2022). 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.

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The Audit Committee consisted, during the financial period, of Päivi Marttila, Chairman, Eirik Lie, Gyrid Skalleberg Ingerø (until 25.3.2022), Mette Toft Bjørgen (as of 24.5.2022) and Petri Vihervuori. 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.

Jari Myllykoski, Member of Parliament (Left Alliance), continued as the Chairman of Patria Oyj's Consultative Committee and Janne Sankelo, Member of Parliament (National Coalition Party) as the Vice Chairman. Hannu Hoskonen, Member of Parliament (Center Party); Petri Huru, Member of Parliament (Finns Party); Riitta Mäkinen, Member of Parliament (Social Democratic Party); Petri Peltonen, Under-Secretary of State at the Ministry of Economic Affairs and Employment (until 9.12.2022); Deputy Chief of Staff, Major General Vesa Virtanen, Chief of Defence Command; Jussi Karimäki, Mechanic, Patria; Ilkka Kokko, Specialist, Defence & Security, Patria; Juha Kuusi, System Specialist, Patria; and Gösta Sundström, Mechanic, Patria were elected as members of the Consultative Committee.

The Extraordinary General Meeting of Shareholders held on 9 December 2022 appointed Ilona Lundström, Director General, Ministry of Economic Affairs and Employment as a member of the Patria Oyj's Consultative Committee as of the 9 December 2022. She succeeds Petri Peltonen.

PricewaterhouseCoopers Oy, Authorised Public Accountants continued as Auditor with Jukka Karinen, 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

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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.

European security policy was changed in February 2022 as Russia attacked Ukraine forcing Finland and Europe to assess the security situation in a common way. Situation was also changed for the defence industry. 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. Patria's supply capability has been good, and the production capacity has been prepared and developed specifically to meet a growing demand, at the same time taking care of the company's role in ensuring Finland's overall safety.

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 material 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.

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Corporate social responsibility

As from the beginning of 2022, corporate responsibility is directed by an ESG Steering Group, which is coordinated by the Chief Legal Officer and functions based on a revised corporate responsibility management model. Corporate Social Responsibility 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 corporate social responsibility (CSR) report is an integral part of Patria's Annual Report 2022.

In Patria, Group Management Team is responsible for steering of the activities concerning Company Social Responsibility, and this increases transparency and dialogue within the group. Steering and monitoring of ethics and compliance related matters is clearly specified in the Board of Director's Audit Committee's charter. In 2022 the Board of Directors, the Audit Committee and the Group Management Team received regular reports on activities and issues relating to Corporate Social Responsibility.

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 HR, finance and QEHS and a communications representative. Patria also has ESG working groups specialising in the environment, compliance, finance, procurement and well-being at work. As from the beginning of 2022, there is 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.

Every two years, Patria measures its personnel's views on serious misconduct and other unethical conduct with the aid of an anonymous survey (the survey on the potential for serious misconduct at Patria). The next survey will be conducted at the beginning of 2023.

Trade Compliance Project in co-operation with Kongsberg continued.

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. During 2022, Patria launched development work to capture new and enhanced requirements in compliance with the EU Whistleblower directive implementation in the

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countries in which it operates, with the objective of finding ways to ensure timely investigation of cases and adequate whistleblower protection.

The CSR essential themes will be updated in 2023 based on an international stakeholder survey. In 2022 one of the themes was environmental actions against climate change. In 2022 no changes were made to the themes.

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. As an environmentally responsible company, Patria is committed to Finland's carbon neutrality goal by 2035. To achieve the set target, various measures have been engaged, including more efficient use of energy, materials and water. In 2022 Patria joined SBTi and environmental targets and measures to reduce the carbon footprint were defined.

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.

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. During 2022, Patria agreed with Tampere University of Applied Sciences (TAMK) on cooperation called Patria's path regarding the possibility of students completing part of their studies and internships in Patria.

In 2022 Patria donated to the welfare of Ukrainian children and also continued to promote welfare of children and youth with locally selected donations. The group is one of the main sponsors of the Finnish Biathlon Association.

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Events after the financial period

Patria management does not have knowledge of any significant events after the balance sheet date, which would have had an impact on the financial statements.

Outlook

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

Following Finland's decision in December 2021 to acquire F-35 fighter jets, negotiations concerning industrial participation of the selected aircraft took place through 2022 and will continue also in 2023.

The joint programme of the Patria 6x6 vehicle is proceeding as planned. Serial production of Latvian vehicles is ongoing and pre-series deliveries for Finland have been made. The joint programme has raised interest and is open also for other countries to join by mutual consent of the participating countries.

The impact of long-term development of the current geopolitical situation, general economic uncertainty, inflation and increasing costs for the rest of the year are difficult to evaluate reliably. At the same time Patria's delivery capability is expected to stay at a good level. In the mid and long term, Patria and the defence industry in general are likely to see an increase in demand as defence spends are increasing in the majority of European countries.

Board of Directors' proposal for profit distribution

The parent company's non-restricted equity on 31 December 2022 is EUR 186,193,957.35 of which the net profit for the financial period is EUR 4,810,147.58.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.95 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 dividends will be EUR 26,449,794.55. The Board of Directors further proposes that the remaining non-restricted equity, EUR 159,744,162.80 be retained and carried forward.

Annual General Meeting 2023

The Annual General Meeting of Patria Oyj will be held on 27 March 2023 in Helsinki, Finland.

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Consolidated Financial Statements (IFRS)

Consolidated Statement of Financial position

1000 EUR	Note	31.12.2022	31.12.2021
Assets			
Non-current assets			
Intangible assets	11		
Intangible rights		2 403	2 668
Goodwill	8, 11	36 738	28 319
Advance payments		0	53
Tangible assets	11		
Land and water		3 856	3 889
Buildings and constructions		105 789	116 977
Machinery and equipment		21 545	23 474
Other tangible assets		975	774
Advance payments and construction in progress		606	641
Investments in joint ventures	12	234 784	222 172
Other shares	13, 16	189	187
Deferred tax assets	10	17 319	14 090
Other receivables		10 836	11 572
Total Non-current assets		**435 039**	**424 817**
Current assets			
Inventories	14		
Raw materials and supplies		86 265	49 085
Work in progress		49 451	60 171
Finished goods		4 304	2 187
Advance payments		1 944	1 333
Receivables			
Accounts receivable	2	101 534	118 547
Receivables from joint ventures	12	56	37
Other receivables		2 975	2 019
Prepaid expenses and accrued income	14	34 815	37 533
Derivative financial instruments	2	6 341	712
Current tax asset		217	194
Current investments		14 940	3 496
Cash and cash equivalents		73 672	64 825
Total Current assets		**376 513**	**340 138**
Total Assets		**811 552**	**764 954**

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

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1000 EUR	Note	31.12.2022	31.12.2021
Shareholders' equity and liabilities			
Shareholders' equity	18		
Share capital		38 025	38 025
Fair value reserve	17	4 013	373
Invested non-restricted equity fund		164 068	164 068
Translation differences		-4 268	-1 660
Retained earnings		16 930	-1 307
Net income for the period		46 207	53 583
Equity attributable to shareholders of parent company		**264 975**	**253 081**
Non-controlling interests		**34 475**	**31 129**
Total Shareholders' equity		**299 449**	**284 209**
Non-current liabilities			
Deferred tax liability	10	2 620	1 605
Pension provisions	7	4 142	7 087
Provisions	19	8 059	10 559
Interest bearing liabilities	2	154 904	166 230
Other liabilities		1 538	1 523
Total Non-current liabilities		**171 264**	**187 004**
Current liabilities			
Interest bearing liabilities	2	15 591	44 722
Advance payments		146 076	105 831
Accounts payable		70 787	54 022
Other current liabilities		41 435	25 775
Accruals and deferred income	15	66 338	63 300
Derivative financial instruments	2	531	83
Current tax liability		81	8
Total Current liabilities		**340 840**	**293 741**
Total Shareholders' equity and liabilities		**811 552**	**764 954**

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Consolidated Income Statement

1000 EUR	Note	1-12/2022	%	1-12/2021	%
Net sales	4	**627 081**		**547 662**	
Other operating income	5	4 342		4 767	
Share of joint ventures result		31 996		41 440	
Change in inventories of finished goods and work in progress		-8 276		18 240	
Production for own use		118		81	
Raw materials and supplies		-202 406		-156 144	
Change in inventories of raw materials		23 533		-8 649	
Services purchased		-91 962		-82 712	
Employee benefit expenses	7	-222 393		-205 448	
Depreciation, amortization and impairments	8	-27 142		-27 319	
Other operating expenses	5	-81 062		-70 763	
Operating profit		**53 828**	8,6 %	**61 155**	11,2 %
Financial income and expenses	9				
Interest and other financial income		794		740	
Interest and other financial expenses		-4 450		-4 201	
Exchange gains and losses		-515		-1 141	
Income before taxes		**49 657**	7,9 %	**56 553**	10,3 %
Income taxes	10	-3 451		-2 971	
Profit for the period		**46 207**	7,4 %	**53 583**	9,8 %
Net income attributable to non-controlling interests		7 946		8 176	
Net income attributable to equity shareholders		38 261		45 407	
Profit for the period		**46 207**	7,4 %	**53 583**	9,8 %

Consolidated statement of comprehensive income

1000 EUR	1-12/2022	%	1-12/2021	%
Profit for the period	46 207		53 583	
Other comprehensive income				
Items that may be reclassied to profit or loss in subsequent periods				
Cash flow hedges	3 640		101	
Change of translation difference	-2 608		65	
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains/losses on defined benefit plans	2 677		68	
Share of comprehensive income in joint ventures	75		-1 876	
Total comprehensive income	**49 991**	8,0 %	**51 941**	9,5 %
Total comprehensive income attributable to non-controlling interests	8 539		7 709	
Total comprehensive income attributable to equity shareholders	41 452		44 232	
Total comprehensive income	**49 991**	8,0 %	**51 941**	9,5 %

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

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Consolidated Cash flow Statement

1000 EUR	Note	1-12/2022	1-12/2021
Net income for the period		46 207	53 583
Depreciation, amortization and impairments	8	27 142	27 319
Capital gains/losses		-46	-1 103
Other adjustments			
Share of result in joint ventures		-31 996	-41 440
Dividends received from joint ventures		11 014	10 432
Other adjustments		2 854	296
Financing items		3 804	3 597
Taxes	10	3 451	2 971
Change in receivables		16 622	18 609
Change in payables		71 508	43 406
Change in inventories		-27 061	-21 641
Cash flow from operations		**123 498**	**96 027**
Interest received		662	603
Interest paid		-3 797	-2 805
Dividends received		5	1
Other financial items		-387	-1 371
Income taxes paid		-7 080	-6 314
Cash flow from operating activities		**112 901**	**86 141**
Aqcuisitions, net of cash		-10 472	-2 250
Other capital expenditures		-6 694	-9 227
Divested business operations		-4	536
Sale of other fixed assets and other changes		131	142
Other long-term investment, decrease		0	350
Cash flow from investing activities		**-17 039**	**-10 449**
Borrowings of long-term loans		0	50 000
Change in short-term financing		-29 995	-59 973
Change in other loans		-14 725	-14 767
Dividends paid to equity shareholders		-25 058	-16 705
Dividends paid to non-controlling interests		-4 600	-3 863
Change in other loan receivable		692	953
Other changes		-1 873	-545
Cash flow from financing activities		**-75 559**	**-44 902**
Change in liquid funds	2	**20 303**	**30 790**
Change		20 303	30 790
Liquid funds at the beginning of the period		-68 321	37 534
Liquid funds at the end of the period		**88 612**	**68 321**
Exchange rate difference	11	4	

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

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Consolidated Statement of Changes in Equity

1000 EUR	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		38 025	164 068	373	-1 660	52 275	253 080	31 129	284 209
Change in share of comprehensive income in joint ventures						-4 946	-4 946		-4 946
1 Jan 2022 restated opening balance		38 025	164 068	373	-1 660	47 329	248 134	31 129	279 263
Dividends paid						-25 058	-25 058		-25 058
Other comprehensive income	10								
Cash flow hedges				3 640			3 640		3 640
Change of translation difference					-2 608		-2 608		-2 608
Actuarial gains/losses on defined benefit plans						2 677	2 677		2 677
Share of comprehensive income in joint ventures						75	75		75
Non-controlling interests						-7 946	-7 946	3 346	-4 600
Exchange rate difference						-149	-149		-149
Corrections to previous year's bookings*						2	2		2
Net income for the period						46 207	46 207		46 207
31 Dec 2022		**38 025**	**164 068**	**4 013**	**-4 268**	**63 137**	**264 975**	**34 475**	**299 449**

1000 EUR	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		38 025	164 068	271	-1 725	22 428	223 067	26 816	249 883
Dividends paid						-16 705	-16 705		-16 705
Other comprehensive income	10								
Cash flow hedges				101			101		101
Change of translation difference					65		65		65
Actuarial gains/losses on defined benefit plans						68	68		68
Share of comprehensive income in joint ventures						-1 876	-1 876		-1 876
Non-controlling interests						-8 176	-8 176	4 312	-3 863
Exchange rate difference						2 966	2 966		2 966
Corrections to previous year's bookings*						-13	-13		-13
Net income for the period						53 583	53 583		53 583
31 Dec 2021		**38 025**	**164 068**	**373**	**-1 660**	**52 276**	**253 081**	**31 129**	**284 209**

* IAS8 corrections for previous periods.

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

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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.

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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 purchase method of accounting. 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.

For the acquisitions which occurred before 1 January 2010, the accounting principles valid at the time of the acquisition have been applied.

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.

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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 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.

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Category to be measured at amortised cost includes non-current receivables from 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

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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.

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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.

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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 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.

Property, plants and equipment
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:

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.

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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
The group as 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. Impact to profit and loss statement arises from depreciation of right-of-use assets and interest on lease liability.

Patria applies optional exemptions for short-term and low-value leases. Expenses related to these contracts will be recognized on a straight-line basis over the lease term.

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 and unemployment component as a defined benefit plans.

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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.

IFRS 16 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 are 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 on a straight-line basis over the contract period as permitted by IFRS 16.

The group did not have sale and leaseback transactions during the financial year.

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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
Relating to defined benefit pension plans of associated companies the opening balance sheet as 1 January 2022 has been restated by EUR 4 946 thousand, thus information for the comparative period has not been restated.

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.

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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 2022 were in the Swedish krona (SEK), and United States dollar (USD).

IFRS 7 Sensitivity analysis - sensitivity to exchange rate fluctuations 2022

1000 EUR	SEK	USD
Net exposure - Balance sheet items	3 151	-3 925
Euro strengthens / weakens 5 % - Effect on income before taxes	-150 / 166	187 / -207
Net exposure - Derivatives under hedge accounting	2 464	-3 524
Euro strengthens / weakens 5 % - Effect on equity	-116 / 131	168 / -185

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IFRS 7 Sensitivity analysis - sensitivity to exchange rate fluctuations 2021

1000 EUR	SEK	USD
Net exposure - Balance sheet items	674	-7 027
Euro strengthens / weakens 5 % - Effect on income before taxes	-32 / 35	335 / -370
Net exposure - Derivatives under hedge accounting	1 621	-1 784
Euro strengthens / weakens 5 % - Effect on equity	-77 / 85	135 / -149

Consolidating the Group's subsidiaries and joint venture companies 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 2022

	1000 EUR
Forward foreign exchange contracts - EURUSD	**31.12.2022**
Fair Value	-186
Nominal Value	20 339
Expected time for the impact on P&L	January 2023 - March 2024
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	-201
Change in value of hedged item used to determine hedge effectiveness	192
Weighted average hedged rate (including forward points)	1,0620

	1000 EUR
Forward foreign exchange contracts - EURSEK	**31.12.2022**
Fair Value	-15
Nominal Value	2 464
Expected time for the impact on P&L	March 2023 - June 2023
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	-14
Change in value of hedged item used to determine hedge effectiveness	15
Weighted average hedged rate (including forward points)	11,0684

	1000 EUR
Forward foreign exchange contracts designated as cash flow hedges	**31.12.2022**
Derivative financial assets	229
Derivative financial liabilities	-510

Effects of hedge accounting on the financial position 2021

	1000 EUR
Forward foreign exchange contracts - EURUSD	**31.12.2021**
Fair Value	110
Nominal Value	9 513
Expected time for the impact on P&L	January 2022 - June 2023
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	102
Change in value of hedged item used to determine hedge effectiveness	-98
Weighted average hedged rate (including forward points)	1,1577

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Forward foreign exchange contracts - EURSEK	1000 EUR 31.12.2021
Fair Value	6
Nominal Value	-1 583
Expected time for the impact on P&L	January 2022 - December 2022
Hedge Ratio	1:1
Change in spot value of outstanding hedging instruments	5
Change in value of hedged item used to determine hedge effectiveness	-5
Weighted average hedged rate (including forward points)	10,2812

Forward foreign exchange contracts designated as cash flow hedges	1000 EUR 31.12.2021
Derivative financial assets	203
Derivative financial liabilities	-58

Derivative instruments

2022 1000 EUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts	28 029	229	-510	-280
Buy	13 659	63	-455	-392
Sell	14 370	166	-55	112
Interest rate swap	50 000	5 529		5 529
Cash flow hedge	78 029	5 759	-510	5 249
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	33 053	582	-21	561
Buy	4 188	7	-19	-12
Sell	28 865	575	-2	573
Non-hedging	33 053	582	-21	561
Total	**111 082**	**6 341**	**-531**	**5 810**

1000 EUR	2023	2024	2025	2026 -
Derivative financial assets	747	64	0	5 529
Derivative financial liabilities	-531	0	0	0

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2021 1000 EUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Forward foreign exchange contracts	17 420	203	-58	146
Buy	7 703	165	-4	161
Sell	9 717	38	-53	-15
Interest rate swap	50 000	349		349
Cash flow hedge	67 420	553	-58	495
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	33 692	159	-25	134
Buy	1 073	20	0	19
Sell	32 619	140	-25	115
Non-hedging	33 692	159	-25	134
Total	**101 112**	**712**	**-83**	**629**

1000 EUR	2022	2023	2024	2025 -
Derivative financial assets	351	12	0	349
Derivative financial liabilities	-83	0	0	0

Offsetting of financial instruments

2022 1000 EUR	Gross amounts in balance sheet	Financial instruments - Related amounts not set off in the balance sheet	Net amount
Derivative financial assets	6 341	-531	5 810
Derivative financial liabilities	531	-531	0

2021 1000 EUR	Gross amounts in balance sheet	Financial instruments - Related amounts not set off in the balance sheet	Net amount
Derivative financial assets	712	-83	629
Derivative financial liabilities	83	-83	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 2022, the average interest fixing term of the liabilities was 3,3 years (3,6) and that of the receivables 9,18 days (4,18 days).

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Interest fixing periods

1000 EUR	0-6 mths	6-12 mths	12-24 mths	24-36 mths	Later	Total
Lease liablilities	77	629	1 214	2 946	85 079	89 945
Loans from financial institutions	30 000			50 000		80 000
Other interest-bearing liabilities	0	58			492	550
Interest-bearing receivables	-88 612					-88 612
Total 2022	-58 535	687	1 214	52 946	85 571	81 883

1000 EUR	0-6 mths	6-12 mths	12-24 mths	24-36 mths	Later	Total
Lease liablilities	352	257	2 094	620	97 577	100 900
Loans from financial institutions	60 003				50 000	110 003
Other interest-bearing liabilities		14	35			49
Interest-bearing receivables	-68 321					-68 321
Total 2021	-7 966	271	2 129	620	147 577	142 631

On 31 December 2022, Group's interest-bearing liabilities totaled EUR 170.5 million (211.0) out of which EUR 140.5 million (150.7) was fixed rate and EUR 30.0 million (60.3) was floating rate. Interest-bearing receivables were EUR 88.6 million (68.3) out of which EUR 73.7 million (64.8) was floating rate and EUR 14.9 million (3.5) was fixed rate. The Group has open interest derivatives EUR 50.0 million (50.0) on 31 December 2022.

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 2022, would lead to a decrease in annual net interest expenses of EUR 437 thousand. In the previous year the annual net interest expenses would have increased by 45 thousand euro. 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 2022 the average maturity of the Group's interest-bearing liabilities was 3.6 years (3.9). The values on the following maturity distribution table are undiscounted.

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Maturity distribution of financial instruments

1000 EUR	2023	2024	2025	2026	2027	2028 -	Total
Lease liablilities	15 430	14 949	14 311	12 225	10 836	22 195	89 946
Loans from financial institutions	0	80 000	0	0	0	0	80 000
Other interest-bearing liabilities	161	0	0	0	389	0	550
Derivative financial liabilities	531	0	0	0	0	0	531
Derivative financial assets	-747	-64	0	-5 529	0	0	-6 341
Interest payments	383	0	0	0	0	0	383
Total 2022	15 757	94 884	14 311	6 696	11 224	22 195	165 068

1000 EUR	2022	2023	2024	2025	2026	2027 -	Total
Lease liablilities	14 670	14 553	13 871	13 689	11 957	32 160	100 900
Loans from financial institutions	30 003	0	80 000	0	0	0	110 003
Other interest-bearing liabilities	49	0	0	0	0	0	49
Derivative financial liabilities	83	0	0	0	0	0	83
Derivative financial assets	-351	-12	0	0	-349	0	-712
Interest payments	135	0	0	0	0	0	135
Total 2021	44 588	14 541	93 871	13 689	11 608	32 160	210 458

As a part of its liquidity reserves on 31 December 2022, Patria had the following unused financial reserves: committed credit and overdraft facilities totaling EUR 65.5 million (45.5) and commercial paper program totaling EUR 100.0 million (100.0).

Net debt

1000 EUR	2022	2021
Loans from financial institutions	80 000	80 000
Other interest bearing loans	389	0
Lease liabilities	74 516	86 230
Non-current interest-bearing liabilities	154 904	166 230
Loans from financial institutions	0	30 003
Other interest bearing loans	161	49
Lease liabilities	15 430	14 670
Current interest-bearing liabilities	15 591	44 722
Interest-bearing liabilities total	170 495	210 952
Liquid funds	88 612	68 321
Net debt	81 883	142 631

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Change in net debt

1000 EUR	Loans from financial institutions	Commercial papers	Other interest bearing loans	Lease liabilities	Liquid funds	Total
Carrying value, at 1 January 2022	-110 003	0	-49	-100 900	68 321	-142 631
Change in net debt, cash:						
Change in non-current loans						
Change in current liabilities	30 003		-9			29 995
Change in liquid funds					20 303	20 303
Cash flows total	30 003	0	-9	0	20 303	50 298
Change in net debt, non-cash:						
Increases of lease liabilities				-6 458		-6 458
Repayments of lease liabilities				17 486		17 486
Business combinations			-492	-59		-552
Foreign exchange adjustments				-15	-11	-26
Non-cash movements, total	0	0	-492	10 954	-11	10 451
Carrying value, at 31 December 2022	-80 000	0	-550	-89 946	88 612	-81 883

1000 EUR	Loans from financial institutions	Commercial papers	Other interest bearing loans	Lease liabilities	Liquid funds	Total
Carrying value, at 1 January 2021	-110 022	-9 999	0	-97 687	37 534	-180 173
Change in net debt, cash:						
Change in non-current loans	-50 000		-49			-50 049
Change in current liabilities	50 023	9 999				60 022
Change in liquid funds					30 790	30 790
Cash flows total	23	9 999	-49	0	30 790	40 764
Change in net debt, non-cash:						
Increases of lease liabilities				-17 991		-17 991
Repayments of lease liabilities				14 767		14 767
Business combinations	-4					-4
Foreign exchange adjustments				10	-4	6
Non-cash movements, total	-4	0	0	-3 213	-4	-3 222
Carrying value, at 31 December 2021	-110 003	0	-49	-100 900	68 321	-142 631

Related to Lease liabilities Patria has recharge contracts regarding the next 6 years and EUR 5.6 million (6.5) 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.

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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

1000 EUR	**2022**	**2021**
Undue accounts receivables	75 915	97 349
Accounts receivables 1–30 days overdue	8 631	1 619
Accounts receivables 31–60 days overdue	1 249	2 071
Accounts receivables more than 60 days overdue	15 739	17 508
Total	101 534	118 547

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. Some of the Group's financial contracts include an equity ratio covenant.

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.

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3. Acquisitions and divestments

In January, Millog Oy signed an agreement to acquire the entire share capital of Hämeen Diesel Oy. The ownership was transferred to Millog Oy on 3 January 2022. Hämeen Diesel Oy's business includes the repair of diesel and gasoline engines and heavy-duty machine transmissions, as well as the sale of factory-new and completely overhauled engines. The company's total sales in the previous financial year was EUR 2.4 million and the company employed 18 people.

In March Patria agreed to acquire 100% of the shares of Nedaero, a leading Dutch specialist in defence and aerospace components and parts. The company name was changed to Patria Netherlands Group, and it is located in Zevenaar and Alphen aan den Rijn in the Netherlands and the company has about 35 employees. Patria Netherlands Group has several decades of experience in manufacturing and MRO business in both the civil and military aviation industry. The transaction was completed on 1 April 2022.

Patria acquired the whole share capital of Svensk Försvarslogistik AB from the co-owner Volvo Defense AB in May 2022.

In September Patria acquired 100% of the shares of Kiinteistö Oy Jämsän Komposiitti-halli from the City of Jämsä.

In October Millog Oy acquired 100% of the shares of Laivakone Oy. Ownership was transferred to Millog on 1 October 2021. Laivakone's business consists of maintenance services for ships, power plants, and industrial machinery and equipment. Its net sales in the previous financial period was EUR 1.5 million and it has 13 employees.

In February Patria established a subsidiary, called Patria Japan Ltd., in Japan.

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 Hämeen Diesel Oy ja Patria Netherlands Group includes new market share, business and technical expertise as well as expected synergies.

Assets and liabilities

1000 EUR	2022	2021
Acquisition cost transferred	16 559	2 578
Acquisition cost	18 059	2 578
Cash flow from the acquisitions		
Acquisition cost paid in cash	16 559	2 578
Liquid funds of the acquired companies	-6 087	-328
Cash flow from the acquisitions	10 472	2 250

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1000 EUR	2022	2021
Assets and liabilities of the acquired businesses		
Intangible assets	42	0
Tangible assets	3 411	109
Other non-current assets	25	0
Inventories	2 752	62
Accounts receivables and other assets	2 615	378
Liquid funds	6 087	328
Total assets	14 932	877

1000 EUR	2022	2021
Interest-bearing loans	66	4
Other liabilities	5 225	146
Total liabilities	5 291	150
Net assets	9 641	726
Patria's share of net assets	9 641	726
Goodwill	8 418	1 852

4. Disaggregation of revenue

1000 EUR	2022	2021
Products	172 790	136 149
Services	454 292	411 512
Total	627 081	547 662

1000 EUR		
Performance obligation satisfied at a point in time	478 393	420 135
Performance obligation satisfied over time	148 689	127 526
Total	627 081	547 662

5. Other operating income and expenses

Other operating income

1000 EUR	2022	2021
Rental income	1 775	1 574
Capital gain on sale of fixed assets	51	162
Other operating income	1 555	2 651
Grants received	961	380
Total	4 342	4 767

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Other operating expenses

1000 EUR	2022	2021
Research and development	-387	-288
Rents	-16 149	-14 820
Losses on sale of fixed assets	-1	-10
Travel expenses	-8 684	-4 774
Real estate expenses	-22 318	-19 116
Other operating expenses	-33 523	-31 756
Total	-81 062	-70 763

Principal independent auditor's fees and services

1000 EUR	2022	2021
Audit fees	-485	-315
Other audit related fees	-22	-42
Other services	-508	-2 819
Total	-1 016	-3 176

6. Research and development expenses

1000 EUR	2022	2021
Research and development expenses, total	-12 346	-12 351
Research and development costs expensed during financial period	-6 942	-5 463

7. Employee benefit expenses

1000 EUR	2022	2021
Salaries and fees paid to Members of Board, Consultative Committee and President and CEO	-1 112	-962
Other wages and salaries	-181 388	-168 201
Pension and pension insurance expenses	-29 018	-26 244
Other employer costs	-10 874	-10 041
Total	-222 393	-205 448

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Compensation to Board of Directors and attendance at meetings

1000 EUR	**2022**	Attendance at meetings: Board	Audit Committee	Nomination and Compensation Committee
Board members 31 December 2022				
Panu Routila, Chairman	43	12/12		4/4
Mette Toft Bjørgen [1]	0	9/9	3/3	
Aarø Harald [2]	0	3/3		1/1
Gyrid Skalleberg Ingerø [3]	0	3/3	1/1	
Jukka Juusti [4]	14	6/6		3/3
Eirik Lie	0	11/12	4/4	
Päivi Marttila	28	12/12	4/4	
Jarle Næss	27	11/12		4/4
Iver Christian Olerud [5]	0	9/9		3/3
Ari Puheloinen [6]	13	6/6		1/1
Petri Vihervuori	28	12/12	4/4	
Total	152			

[1] Starting 25 March 2022
[2] Until 25 March 2022
[3] Until 25 March 2022
[4] Starting 1 July 2022
[5] Starting 25 March 2022
[6] Until 1 July 2022

1000 EUR	**2021**	Attendance at meetings: Board	Audit Committee	Nomination and Compensation Committee
Board members 31 December 2021				
Panu Routila, Chairman	41	10/10		4/4
Petri Vihervuori	27	10/10	5/5	
Harald Aarø	0	10/10		3/4
Eirik Lie	0	10/10	5/5	
Päivi Marttila	27	10/10	5/5	
Jarle Næss	26	10/10		4/4
Ari Puheloinen	26	10/10		4/4
Gyrid Skalleberg Ingerø	0	10/10	5/5	
Total	148			

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.

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Compensation to Consultative Committee and attendance at meetings

1000 EUR	**2022**	Attendance at meetings
Consultative Committee members 1 January - 31 December 2022		
Jari Myllykoski, Chairman	3	4/4
Janne Sankelo, Vice Chairman	2	4/4
Hannu Hoskonen	2	4/4
Petri Huru	2	4/4
Ilona Lundström [1)]	0	0/0
Riitta Mäkinen	2	4/4
Petri Peltonen [2)]	2	4/4
Eero Pyötsiä [3)]	1	2/2
Vesa Virtanen [4)]	1	2/2
Total	16	

1) Starting 9 December 2022

2) Until 8 December 2022

3) Until 1 July 2022

4) Starting 1 July 2022

Personnel representatives attendance at meetings: Jussi Karimäki (4/4), Juha Kuusi (4/4), Ilkka Kokko (4/4), Jari Metsälä (1/1) and Gösta Sundström (3/3) *). Separate meeting fees were not paid for their participation.
*) Starting 25 March 2022 Gösta Sundström replaced Jari Metsälä as a member of the Consultative Committee.

1000 EUR	**2021**	Attendance at meetings
Consultative Committee members 1 January - 31 December 2021		
Jari Myllykoski, Chairman	2	3/4
Janne Sankelo, Vice Chairman	2	4/4
Hannu Hoskonen	1	2/4
Petri Huru	2	3/4
Riitta Mäkinen	2	4/4
Petri Peltonen	2	4/4
Eero Pyötsiä	2	3/4
Total	13	

Personnel representatives attendance at meetings: Jussi Karimäki (4/4), Juha Kuusi (4/4), Ilkka Kokko (4/4) and Jari Metsälä (3/4). Separate meeting fees were not paid for their participation.

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.

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Compensation to President and CEO and Management

Salaries, fees and benefits paid to the President and CEO Esa Rautalinko during 2022 totalled EUR 942,267.90 (EUR 809,778.30) consisting of

- base salary of EUR 466,200.00 (EUR 461,760.00) (including salary of EUR 465,960.00 (461,520.00) and benefits of EUR 240.00 (240.00)),
- yearly bonus for the earning period 2021 was EUR 279,720.00 (60.0% of base salary of year 2021 and 100.0% of the maximum bonus payout, which is 60.0% of base salary of year 2021) and
- EUR 196,347.90 (EUR 68,298.30) based on years 2019-2021 (2021: 2017-2019 and 2018-2020) long term incentive plans.

The yearly bonus to be paid to the CEO Esa Rautalinko in 2023 for the earning period 2022 is EUR 222,517.26 (47.7% of base salary of year 2022 and 79.6% of the maximum bonus payout, which is 60.0% of base salary of year 2022).

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 8 members excluding January 7 members (9 members excluding June 10 members in 2021). The salaries, fees and benefits paid to the members of the Group management team (excluding the President and CEO) totalled EUR 2,564,648.60 (EUR 2,666,599.83).

The remuneration of the President and CEO and the other members of the Board of Management for 2022 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 four other key personnel have been participants in three-year performance-based Long-Term Incentive Plans for the years 2020-2022. In addition, bonuses were paid based on the 2019-2021 incentive plan during the financial period. Incentive plans have been set up by the Board of Directors in accordance with the respective Finnish State ownership policy.

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The on-going Long-Term Incentive Plans 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 whole three-year period of each program. The outcome of the plan is subject to the Board of Directors' approval.

The remunerations of 2020-2022 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 outcome of the 2019-2021 plan was 72.2% of the highest potential remuneration and was paid to the participants in one instalment in 2022.

The outcome of the 2018-2020 plan was 42.5% of the highest potential remuneration and was paid to the participants in one instalment in 2021. The outcome of the 2017-2019 plan was 38.0% of the highest potential remuneration and second instalment was be paid to the participants in 2021 subject to the terms of the plan.

The Group has made a relating cost provision in the balance sheet totalling EUR 2,022,216 (EUR 1,649,349).

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. Disability and retirement components of the Finnish Statutory Employment Pension Scheme (TyEL) have been accounted for as defined contribution plans and unemployment component as defined benefit plans (termination benefit). In addition, Millog Oy's additional retirement arrangement relating to unemployment component 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.

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Expenses of employment benefits

1000 EUR	2022	2021
Pension expenses - Defined contribution plans	-28 530	-25 640
Pension expenses - Defined benefit plans	-501	-604
Total	-29 030	-26 244

Expense recognised in profit or loss

1000 EUR	2022	2021
Service cost	-501	-604
Net interest	-53	-37
Expense recognised in profit or loss	-554	-641

Statement of financial position

1000 EUR	2022	2021
Defined benefit obligation	14 251	20 331
Fair value of plan assets	-10 108	-13 245
Funded status	4 143	7 087
Liability in the balance sheet	4 143	7 087

Changes in the present value of the defined benefit obligation are as follows: Defined benefit obligation (DBO)

1000 EUR	2022	2021
Opening defined benefit obligation	20 331	20 972
Current service cost	501	604
Interest cost	161	98
Benefits paid	-1 001	-607
Actuarial gain(-) / loss (+)	-5 740	-735
Closing defined benefit obligation	14 251	20 331

Changes in the fair value of plan assets are as follows: Fair value of plan assets

1000 EUR	2022	2021
Opening fair value of plan assets	13 245	13 698
Interest income	108	61
Contribution paid	501	375
Benefits paid	-1 049	-652
Actuarial gain(+) / loss (-)	-2 696	-237
Closing fair value of plan assets	10 108	13 245

Expected contribution paid in the next fiscal period: Expected contribution

	Estimate		
1000 EUR	2023	2022	2021
Expected contribution	0	466	0

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Changes in other comprehensive income

1000 EUR	2022	2021
Recognised remeasurements in other comprehensive income 1.1.	2 187	1 689
Actuarial gain(+) or loss(-) on obligation	5 740	735
Actuarial gain(+) or loss(-) on plan assets	-2 696	-237
Recognised remeasurements in other comprehensive income 31.12.	5 231	2 187

Plan assets

	2022	2021
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 31.12.2022:

Millog Oy

1000 EUR	Change in defined benefit obligation	Change in plan assets	Change in defined benefit obligation, %	Change in plan assets, %
Change in discount rate, +0.5 percent point	-722	-389	-7 %	-6 %
Change in salary increase, +0.5 percent point	24	0	0 %	0 %
Change in mortality, + 1 year in life expectancy	316	153	3 %	2 %
Change in benefit increase, +0.5 percent point	818	0	8 %	0 %
Change in Insurance Company's bonus index, +0.5 percent point	0	465	0 %	7 %

Census data used in this valuation is as follows:	2022	2021
Number of actives	64	68
Number of pensioners	362	329
Number of deferred	521	571
Average age actives (years)	53	52
Average remaining service time	8	9
Average serving time	11	9

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Patria Belgium Engine Center SRL

1000 EUR	Change in defined benefit obligation	Variation
Discount Rate + 0,5%	-93	-5 %
Salary Increase + 0,5%	266	13 %
Inflation + 0,5%	94	5 %

Census data used in this valuation is as follows:	2022	2021
Number of actives	109	100
Number of pensioners	3	5
Number of deferred	43	41
Average age actives (years)	42	44
Average remaining service time	16	15
Average serving time	10	13

8. Depreciation, amortization and impairments

1000 EUR	2022	2021
Intangible rights	-714	-869
Buildings and constructions	-5 089	-5 305
Buildings and constructions, IFRS 16	-12 464	-12 039
Land and water, IFRS 16	-138	-130
Machinery and equipment	-7 569	-7 921
Machinery and equipment, IFRS 16	-1 039	-962
Other tangible assets	-129	-91
Total	-27 142	-27 319

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.

In accordance with the new growth strategy Patria's operating model and organisation was renewed in the beginning of 2022. The former business units were dismantled (excluding Millog) and the Group was reorganised into three commercial divisions (Global, Finland and Millog). As a result of the new reporting structure, the goodwill allocated to the Aviation, Systems and Land business units was reallocated 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

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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 9.73% p.a. in 2022 (10.1%).

In 2022, 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 2022. 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

1000 EUR	2022	2021
Finland	8 630	-
Global	13 369	-
Land	-	8 935
Aviation	-	3 977
Systems	-	1 711
Millog	14 739	13 697
Total	36 738	28 319

1000 EUR	2022	2021
1 Jan	28 319	26 467
Additions	8 418	1 852
31 Dec	36 738	28 319

9. Financial income and expenses

1000 EUR	2022	2021
Interest income		
Deposits and investments	22	102
Other	763	638
Other financial income	9	0
Interest expenses		
Interest bearing liabilities	-1 407	-874
Leases	-2 609	-2 908
Other financial expense	-434	-419
Exchange rate difference		
Foreign exchange derivatives, non-hedge accounted	824	-848
Other	-1 339	-292
Total	-4 171	-4 601

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Aggregate foreign exchange gains and losses included in consolidated income statement

1000 EUR	2022	2021
Net sales	-321	101
Expenses	314	22
Financial income and expenses	-515	-1 141
Total	-522	-1 017

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

1000 EUR	2022	2021
Foreign exchange rate derivative contracts under hedge accounting	-189	39
Non-hedge accounted foreign exchange rate derivative contracts	44	2
Total	-145	41

10. Income taxes

1000 EUR	2022	2021
Income taxes	-6 969	-6 825
Income taxes previous period	-26	5
Change in deferred tax receivable	3 562	3 920
Change in deferred tax liability	-17	-71
Total	-3 451	-2 971

Taxes Related to Other Comprehensive Income

2022 1000 EUR	Before-tax amount	Tax	Net-of-tax amount
Cash flow hedges	4 551	-910	3 640
Change of translation difference	-2 608	-	-2 608
Actuarial gains/losses on defined benefit plans	3 044	-368	2 677
Share of comprehensive income in joint ventures	56	19	75
Total	5 044	-1 259	3 784

2021 1000 EUR	Before-tax amount	Tax	Net-of-tax amount
Cash flow hedges	127	-26	101
Change of translation difference	65	-	65
Actuarial gains/losses on defined benefit plans	498	-430	68
Share of comprehensive income in joint ventures	-2 407	531	-1 876
Total	-1 717	75	-1 641

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Differences between income tax expense calculated at statutory rates compared to the income statement (tax rate in Finland 2022: 20%, 2021: 20%)

1000 EUR	2022	2021
Income tax expense at statutory rate	-9 960	-11 124
Effect of statutory tax rates of foreign companies	-228	-3
Untaxed income	12	39
Non-deductible expenses	-191	43
Utilization of confirmed losses	182	37
Effect of associated company result	6 399	8 288
Returns from previous tax years	-26	5
Other items	362	-256
Income taxes	-3 451	-2 971

Reconciliation of deferred tax receivables

1000 EUR	2022	2021
Fixed assets depreciation differences	426	404
Untaxed reserves	514	1 130
Tax losses carried forward	15 607	12 162
Other temporary differences	772	395
	17 319	**14 090**

1000 EUR	2022	2021
1 Jan	14 090	10 601
Income statement	3 562	3 920
Acquired companies	35	0
Equity	-368	-430
31 Dec	17 319	14 090

Reconciliation of deferred tax liabilities

1000 EUR	2022	2021
Fixed assets depreciation differences	1 616	1 512
Fair value of derivative financial instruments	1 004	93
	2 620	**1 605**

1000 EUR	2022	2021
1 Jan	1 605	1 508
Income statement	17	71
Fair value of derivative financial instruments	910	26
Acquired companies	88	0
31 Dec	2 620	1 605

The tax losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 28.7 million in the year of 2022 (EUR 31.4 million). These losses do not expire.

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11. Intangible and tangible assets

Intangible assets

1000 EUR	Goodwill	Development expenses	Intangible rights	Advance payments	Total
Hankintameno 1.1.2022	40 396	12 261	22 386	53	75 096
Muuntoerot	-186	0	0	0	-186
Uudelleen ryhmittely	0	0	150	-53	97
Yritysostot	8 418	0	77	0	8 495
Lisäykset	0	0	256	0	256
Hankintameno 31.12.2022	48 628	12 261	22 869	0	83 758
Kertyneet poistot ja arvonalentumiset 1.1.2022	-12 077	-12 261	-19 718	0	-44 056
Muuntoerot	186	0	0	0	186
Yritysostot	0	0	-34	0	-34
Tilikauden poisto sis tulos kurssierot	0	0	-714	0	-714
Kertyneet poistot ja arvonalentumiset 31.12.2022	-11 891	-12 261	-20 466	0	-44 618
Tasearvo 31.12.2022	**36 738**	**0**	**2 403**	**0**	**39 141**

1000 EUR	Goodwill	Development expenses	Intangible rights	Advance payments	Total
Acquisition cost 1 Jan 2021	38 595	12 261	21 786	1	72 643
Translation differences	-51	0	0	0	-51
Reclassifications	0	0	44	-7	37
Companies acquired	1 852	0	0	0	1 852
Additions	0	0	556	59	615
Acquisition cost 31 Dec 2021	40 396	12 261	22 386	53	75 096
Accumulated amortization and impairment losses 1 Jan 2021	-12 128	-12 261	-18 854	0	-43 243
Translation differences	51	0	0	0	51
Reclassifications	0	0	5	0	5
Amortization for the period incl. exchange rate diff. in P&L	0	0	-869	0	-869
Accumulated amortization and impairment losses 31 Dec 2021	-12 077	-12 261	-19 718	0	-44 056
Net book value at 31 Dec 2021	**28 319**	**0**	**2 668**	**53**	**31 041**

Tangible assets

1000 EUR	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2022	4 168	245 196	133 970	2 395	641	386 370
Translation differences	-37	-761	-313	0	0	-1 111
Reclassifications	0	-1 806	1 855	2 223	-2 763	-491
Companies acquired	116	732	3 206	50	0	4 104
Scrapping	0	-75	-744	-83	0	-902
Additions	18	5 582	4 439	95	2 728	12 863
Disposals	0	-2 291	-140	0	0	-2 431
Acquisition cost 31 Dec 2022	4 265	246 577	142 273	4 680	606	398 401
Accumulated depreciation and impairment losses 1 Jan 2022	-279	-128 219	-110 496	-1 621	0	-240 616
Translation differences	7	850	299	0	0	1 156
Reclassifications	0	2 649	-160	-1 994	0	495
Companies acquired	0	-323	-2 630	-43	0	-2 996
Scrapping	0	75	726	83	0	884
Disposals	0	1 727	136	0	0	1 863
Depreciation for the period incl. exchange rate diff. in P&L	-136	-17 547	-8 604	-129	0	-26 416
Accumulated depreciation and impairment losses 31 Dec 2022	-409	-140 788	-120 728	-3 705	0	-265 630
Net book value at 31 Dec 2022	**3 856**	**105 789**	**21 545**	**975**	**606**	**132 770**

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1000 EUR	Land and water	Buildings and constructions	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2021	3 568	227 782	126 360	2 085	837	360 632
Translation differences	-10	-204	-78	0	0	-293
Reclassifications	0	442	2 075	212	-2 256	473
Companies acquired	0	0	124	0	0	124
Scrapping	0	-161	0	0	0	-161
Additions	610	20 032	5 810	98	2 350	28 900
Disposals	0	-2 694	-322	0	-290	-3 306
Acquisition cost 31 Dec 2021	4 168	245 196	133 970	2 395	641	386 369
Accumulated depreciation and impairment losses 1 Jan 2021	-151	-111 904	-101 376	-1 557	0	-214 988
Translation differences	1	189	73	0	0	264
Reclassifications	0	3	-557	27	0	-527
Companies acquired	0	0	-15	0	0	-15
Scrapping	0	161	194	0	0	355
Disposals	0	674	67	0	0	741
Depreciation for the period incl. exchange rate diff. in P&L	-130	-17 343	-8 882	-91	0	-26 447
Accumulated depreciation and impairment losses 31 Dec 2021	-279	-128 219	-110 496	-1 621	0	-240 616
Net book value at 31 Dec 2021	**3 889**	**116 977**	**23 474**	**774**	**641**	**145 753**

Tangible assets include capitalized finance leases as follows

1000 EUR	Buildings and constructions	Machinery and equipment	Land and water	Total
Acquisition cost 1 Jan 2022	138 836	4 956	1 679	145 470
Translation differences	-5	-10	-37	-52
Disposals and other changes	-13 928	-27	0	-13 955
Additions	5 385	1 111	18	6 515
Acquisition cost 31 Dec 2022	130 289	6 030	1 660	137 979
Accumulated depreciation and impairment losses 1 Jan 2022	-50 924	-2 836	-279	-54 039
Disposals and other changes	11 300	36	7	11 343
Depreciation for the period	-13 640	-1 038	-136	-14 814
Accumulated depreciation and impairment losses 31 Dec 2022	-53 264	-3 838	-409	-57 511
Net book value at 31 Dec 2022	77 025	2 192	1 251	80 468

1000 EUR	Buildings and constructions	Machinery and equipment	Land and water	Total
Acquisition cost 1 Jan 2021	123 338	3 698	1 079	128 115
Translation differences	3	-1	-10	-8
Disposals	-3 230	-41	0	-3 271
Additions	18 725	1 299	610	20 634
Acquisition cost 31 Dec 2021	138 836	4 956	1 679	145 470
Accumulated depreciation and impairment losses 1 Jan 2021	-38 200	-1 874	-151	-40 224
Disposals and other changes	603	0	1	604
Depreciation for the period	-13 327	-962	-130	-14 419
Accumulated depreciation and impairment losses 31 Dec 2021	-50 924	-2 836	-279	-54 039
Net book value at 31 Dec 2021	87 912	2 119	1 399	91 431

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12. Investments in 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

2021

EUR million	Domicile	Ownership %	Assets	Liabilities	Net sales	Profit/Loss
Nammo AS	Raufoss, Norway	50,0	703,2	384,2	686,5	45,2

Shares in joint ventures

1000 EUR	**2022**	**2021**
1 Jan	222 172	190 132
Share of results in joint ventures	31 996	41 440
Share of comprehensive income in joint ventures	75	-1 876
Share of previous years comprehensive income in joint ventures	-4 946	0
Dividend income	-11 014	-10 432
Exchange rate differences and other changes	-3 498	2 908
31 Dec	234 784	222 172

Business operations with joint ventures

No sales to joint ventures during the financial year (2022 and 2021).

Receivables and liabilities, joint ventures

1000 EUR	**2022**	**2021**
Accounts receivables	56	37

13. Other shares

1000 EUR	**2022**	**2021**
Book value	189	187

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.

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Prepaid expenses and accrued income

1000 EUR	2022	2021
Contract assets	29 811	33 094
Other items	5 003	4 439
Total	34 815	37 533

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

Contract balances

1000 EUR	2022	2021
Trade receivables	101 590	118 583
Contract assets	29 811	33 094
Contract liabilities		
Advances received, other	28 676	39 431
Advances received, over time	117 400	66 400
Revenue recognised in the financial period that was included in the contract liability on 1 January	19 484	8 779
Remaining performance obligations from projects and contracts under execution	643 307	373 721

15. Accruals and deferred income

1000 EUR	2022	2021
Accrued wages, salaries and social security costs	51 434	46 804
Other items	14 904	16 495
Total	66 338	63 300

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

1000 EUR	Shares	Total
1 Jan 2022	187	187
Additions	3	3
31 Dec 2022	189	189

1000 EUR	Shares	Total
1 Jan 2021	187	187
Additions	0	0
31 Dec 2021	187	187

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17. Financial instruments

Fair value reserve including forward contracts

1000 EUR	2022	2021
Fair value	5 017	466
Deferred taxes	-1 004	-93
Fair value reserve 31 Dec	4 013	373
Fair value changes recognized in equity	4 400	158
Fair value changes recognized in income statement	151	-31
Deferred taxes	-910	-26
Change	3 640	101
Fair value	466	339
Deferred taxes	-93	-68
Fair value reserve 1 Jan	373	271

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

2022 1000 EUR	At fair value through income statement Level 2	Measured at amortised cost	Book value	Note
Non-current financial assets				
Other shares	189		**189**	13
Current financial assets				
Accounts receivable		101 534	**101 534**	2
Receivables from joint ventures		56	**56**	12
Derivative financial instruments	6 341		**6 341**	2
Liquid Funds		88 612	**88 612**	
Carrying amount by category	**6 530**	**190 202**	**196 732**	
Non-current financial liabilities				
Interest-bearing liabilities		154 904	**154 904**	2
Current financial liabilities				
Interest-bearing liabilities		15 591	**15 591**	2
Accounts payable		70 787	**70 787**	
Derivative financial instruments	531		**531**	2
Carrying amount by category	**531**	**241 282**	**241 813**	

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2021 1000 EUR	At fair value through income statement Level 2	Measured at amortised cost	Book value	Note
Non-current financial assets				
Other shares	187		**187**	13
Current financial assets				
Accounts receivable		118 547	**118 547**	2
Receivables from joint ventures		37	**37**	12
Derivative financial instruments	712		**712**	2
Liquid Funds		68 321	**68 321**	
Carrying amount by category	**899**	**186 904**	**187 803**	
Non-current financial liabilities				
Interest-bearing liabilities		166 230	**166 230**	2
Current financial liabilities				
Interest-bearing liabilities		44 722	**44 722**	2
Accounts payable		54 022	**54 022**	
Derivative financial instruments	83		**83**	2
Carrying amount by category	**83**	**264 974**	**265 057**	

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 2022 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. There were no changes in invested unrestricted equity reserve in 2022, and the fund stood at EUR 164,1 million on 31 December 2022.

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.

The company has a total of 27,841,889 shares and one series of shares.

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Distributable funds

The parent company's non-restricted equity on 31 December 2022, is EUR 186,193,957.35 of which the net profit for the financial period is EUR 4,810,147.58.

Dividend per share

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.95 (2021: EUR 0.90) 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 dividends will be EUR 26,449,794.55 (2021: EUR 25,057,700.10). The Board of Directors further proposes that the remaining non-restricted equity, EUR 159,744,162.80 (2021: EUR 181,383,809.77) to be retained and carried forward.

The dividends paid for 2022 will be decided at the Annual General Meeting on 27 March 2023. This dividend payable is not reflected in these financial statements.

19. Provisions

1000 EUR	2022	2021
Warranty provision	6 553	7 454
Other provision	1 507	3 105
Total	8 059	10 559

During the warranty period the claimed faults will be corrected at Patria's expense. The warranty provisions amounted to EUR 6.6 million (EUR 7.5 million) at the end of 2022. 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

1000 EUR	2022	2021
Guarantees given on behalf of others	5 609	3 661
Guarantees given on behalf of associate companies	0	15 017
Other own contingent liabilities	3 616	3 633
Total	9 225	22 311

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21. Related party transactions

Patria Oyj's subsidiaries are as follows:

Subsidiaries	Domicile	Ownership %
Patria Aviation Oy	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 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 Services B.V.	Zevenaar, Netherlands	100,0
Patria Land Oy	Helsinki, Finland	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

1000 EUR	**2022**	**2021**
Total	86 844	63 361

The policy of internal transfer pricing is to use market prices.

Information concerning business operations between the Group and its associated companies is 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 2022. Members of the Group management and their immediate circle have not had any essential business relations with the Group companies.

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22. Disputes and litigations

Patria management does not have knowledge of any significant disputes and litigations, which would have had an impact on the financial statements.

23. Events after the balance sheet date

Patria management does not have knowledge of any significant events after the balance sheet date, which would have had an impact on the financial statements.

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Financial Statements of the Parent company (FAS)
Balance Sheet, Parent company

ASSETS

EUR	Note	31.12.2022	31.12.2021
Non-current assets			
Intangible assets	8		
Intangible rights		325 982,87	370 433,55
Goodwill		582 160,00	0,00
Tangible assets	8		
Machinery and equipment		692 686,07	482 085,26
Other tangible assets		28 128,77	28 128,77
Advance payments and construction in progress		0,00	283 923,30
Investments			
Shares in group companies	9	133 422 715,93	122 825 485,76
Receivables from group companies	*10*	*8 250 000,00*	*8 100 000,00*
Shares in associated and joint venture companies	9	191 649 600,00	191 655 387,71
Total Non-current assets		**334 951 273,64**	**323 745 444,35**
Current assets			
Inventories			
Raw materials and supplies		292 300,20	136 801,17
Receivables			
Accounts receivable		18 368,25	0,00
Receivables from group companies	10	103 312 095,04	87 676 607,86
Other receivables		0,00	113 741,99
Prepaid expenses and accrued income	10	8 203 048,68	2 677 969,89
Current investments		14 939 730,93	3 495 717,75
Cash and cash equivalents		64 482 941,29	59 522 611,81
Total Current Assets		**191 248 484,39**	**153 623 450,47**
Total Assets		**526 199 758,03**	**477 368 894,82**

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SHAREHOLDERS' EQUITY AND LIABILITIES

EUR	Note	31.12.2022	31.12.2021
Shareholders' equity	11		
Share capital		38 024 848,00	38 024 848,00
Other funds			
Reserve for invested unrestricted equity		164 067 681,95	164 067 681,95
Fair value reserve		4 273 366,31	279 405,77
Retained earnings		17 316 127,82	36 597 545,62
Net income for the period		4 810 147,58	5 776 282,30
Total Shareholders' equity		**228 492 171,66**	**244 745 763,64**
Non-current liabilities			
Loans from financial institutions	12	80 000 000,00	80 000 000,00
Total Non-current liabilities		**80 000 000,00**	**80 000 000,00**
Current liabilities			
Loans from financial institutions	12	0,00	30 000 000,00
Accounts payable		2 271 422,00	2 898 786,61
Liabilities to group companies	12	202 057 585,00	113 499 080,55
Deferred tax liabilities		1 068 341,58	69 851,44
Other current liabilities		5 397 363,65	231 983,73
Accruals and deferred income	12	6 912 874,14	5 923 428,85
Total Current liabilities		**217 707 586,37**	**152 623 131,18**
Total Shareholders' equity and liabilities		**526 199 758,03**	**477 368 894,82**

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Income Statement, Parent company

EUR	Note	1-12/2022	%	1-12/2021	%
Net sales	2	25 552 202,70		23 348 069,00	
Other operating income	3	2 750 674,75		2 711 841,47	
Materials and services					
Raw materials and supplies					
Purchases during the financial period		-1 330 357,48		-582 073,13	
Change in inventories		155 499,03		34 793,72	
Personnel expenses	4	-13 344 248,80		-10 450 157,99	
Depreciation and value adjustments	5	-609 649,92		-676 766,25	
Other operating expenses	3	-23 672 027,93		-25 196 252,26	
Operating profit		**-10 497 907,65**	-41,1%	**-10 810 545,44**	-46,3 %
Financial income and expenses	6				
Dividend income from group companies		18 442 679,68		16 672 753,96	
Dividend income from associated and joint venture companies		12 500,00		8 750,00	
Interest and other financial income		2 160 218,34		1 046 266,44	
Interest and other financial expenses		-5 460 095,64		-1 106 785,63	
Exchange gains and losses		152 752,85		-34 157,03	
Income before appropriations and taxes		**4 810 147,58**	18,8 %	**5 776 282,30**	24,7 %
Net income		**4 810 147,58**	18,8 %	**5 776 282,30**	24,7 %

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Cash Flow Statement, Parent company

EUR	1-12/2022	1-12/2021
Income before appropriations and taxes	4 810 147,58	5 776 282,30
Depreciation	609 649,92	676 766,25
Financing items	-15 308 055,23	-16 586 827,74
Other changes	5 145 203,53	323 871,10
Change in receivables	-30 276 045,84	3 491 409,66
Change in inventories	-155 499,03	-34 793,72
Change in liabilities	5 819 586,84	-191 177,97
Cash flow from operations before financial items and	**-29 355 012,23**	**-6 544 470,12**
Interests paid	-2 057 408,61	-922 232,97
Other financial items	-157 355,22	-172 239,59
Dividends received	18 455 179,68	16 681 503,96
Interests received	2 159 203,50	1 045 931,43
Paid taxes	0,00	0,00
Cash flow from operating activities	**-10 955 392,88**	**10 088 492,71**
Acquired group companies	-10 591 442,46	0,00
Purchase of tangible and intangible assets	-1 074 036,75	-788 282,37
Granted loans	*-3 150 000,00*	*-2 700 000,00*
Repayments from loans	0,00	846 674,14
Proceeds from sale of tangible and intangible assets	0,00	3 770,00
Cash flow from investing activities	**-14 815 479,21**	**-2 637 838,23**
Change in short-term loans	-30 000 000,00	-59 999 150,07
Proceeds from long-term loans	0,00	50 000 000,00
Change in short-term group receivables and liabilities	97 232 914,85	60 537 023,05
Dividends paid	-25 057 700,10	-16 705 133,40
Cash flow from financing activities	**42 175 214,75**	**33 832 739,58**
Change in liquid funds	16 404 342,66	41 283 394,06
Liquid funds 1 Jan	63 018 329,56	21 734 935,50
Liquid funds 31 Dec	79 422 672,22	63 018 329,56
Change in liquid funds	**16 404 342,66**	**41 283 394,06**

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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.

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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.

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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

EUR 1000	2022	2021
Finland	23 178	23 322
Other Europe	2 372	26
Rest of the World	2	0
Total	25 552	23 348

Net sales by product segment

EUR 1000	2022	2021
Civilian products	25 552	23 348
Total	25 552	23 348

Revenue recognition

EUR 1000	2022	2021
Delivery based net sales	25 552	23 348
Total net sales	25 552	23 348

3. Other operating income and expenses

Other operating income

EUR 1000	2022	2021
Rental Income	1 966	1 904
Other operating income	784	808
Total	2 751	2 712

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Other operating expenses

EUR 1000	2022	2021
Research and development	0	-9
Rents	-2 905	-2 794
Real estate expenses	-2 487	-2 510
Losses on sales of non-current assets	0	-9
Travel expenses	-471	-239
Sales and marketing expenses	-540	-1 343
Other operating expenses	-17 270	-18 293
Total	-23 672	-25 196

Principal independent auditor's fees and services

EUR 1000	2022	2021
Audit fees	-145	-80
Other audit related fees	0	-25
Other services	-459	-2 819
Total	-604	-2 924

4. Employee benefits and average number of personnel

EUR 1000	2022	2021
Salaries and fees paid to members of Board of Directors, Consultative Committee and President and CEO	-1 112	-962
Other wages and salaries	-10 076	-7 829
Pension and pension insurance costs	-1 810	-1 400
Other indirect personnel expenses	-346	-259
Total	-13 344	-10 450

Number of personnel, average	2022	2021
Salaried staff	125	88
Total	125	88

5. Depreciation

EUR 1000	2022	2021
Depreciation on Intangible rights	-165	-224
Depreciation on other long-term expenditures	-146	-19
Depreciation on machinery and equipment	-299	-434
Total	-610	-677

6. Financial income and expenses

EUR 1000	2022	2021
Dividend income, group	18 443	16 673
Dividend income, other	13	9
Interest income, group	1 526	933
Interest income, other	634	113
Total	20 615	17 728

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EUR 1000	2022	2021
Interest expenses, group	-744	-38
Interest expenses, other	-1 559	-896
Impairment on investments from non-current assets	-3 000	0
Other financial expenses, other	-157	-172
Total	-5 460	-1 107

In 2022, due to the weakened financial performance and future outlook an impairment on capital loan receivable from Patria Pilot Training Oy was recognised.

1000 EUR	2022	2021
Exchange rate difference		
Foreign exchange derivatives, non-hedge accounted	1 321	-498
Other	-1 169	464
Total	153	-34

7. Income taxes

EUR 1000	2022	2021
Income tax from continuing operations	0	0
Income tax from appropriations	0	0
Total	0	0

EUR 1000	2022	2021
Income taxes	0	0
Income taxes previous period	0	0
Total	0	0

8. Intangible and tangible assets

Intangible assets

1000 EUR	Intangible rights	Goodwill	Other long-term expenditures	Total
Acquisition cost 1 Jan 2022	7 199	0	154	7 353
Additions	120	728	0	848
Acquisition cost 31 Dec 2022	7 319	728	154	8 201
Accumulated amortization and impairment losses 1 Jan 2022	-6 829	0	-154	-6 982
Amortization for the period incl. exchange rate diff. in P&L	-165	-146	0	-310
Accumulated amortization and impairment losses 31 Dec 2022	-6 993	-146	-154	-7 292
Net book value at 31 Dec 2022	**326**	**582**	**0**	**908**

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1000 EUR	Intangible rights	Goodwill	Other long-term expenditures	Total
Hankintameno 1.1.2021	*6 971*	*0*	*154*	*7 124*
Lisäykset	228	0	0	228
Hankintameno 31.12.2021	7 199	0	154	7 353
Kertyneet poistot ja arvonalentumiset 1.1.2021	-6 605	0	-134	-6 739
Tilikauden poisto sis tulos kurssierot	-224	0	-19	-243
Kertyneet poistot ja arvonalentumiset 31.12.2021	-6 829	0	-154	-6 982
Tasearvo 31.12.2021	**370**	**0**	**0**	**370**

Tangible assets

1000 EUR	Machinery and equipment	Other tangible assets	Advance payments and construction	Total
Acquisition cost 1 Jan 2022	5 011	28	284	5 323
Reclassifications	316	0	-316	0
Additions	193	0	32	226
Acquisition cost 31 Dec 2022	5 521	28	0	5 549
Accumulated depreciation and impairment losses 1 Jan 2022	-4 529	0	0	-4 529
Depreciation for the period incl. exchange rate diff. in P&L	-299	0	0	-299
Accumulated depreciation and impairment losses 31 Dec 2022	-4 828	0	0	-4 828
Net book value at 31 Dec 2022	**693**	**28**	**0**	**721**

1000 EUR	Machinery and equipment	Other tangible assets	Advance payments and construction	Total
Acquisition cost 1 Jan 2021	4 913	28	29	4 970
Reclassifications	290	0	-290	0
Additions	15	0	545	560
Disposals	-207	0	0	-207
Acquisition cost 31 Dec 2021	5 011	28	284	5 323
Accumulated depreciation and impairment losses 1 Jan 2021	-4 289	0	0	-4 289
Scrapping	194	0	0	194
Depreciation for the period incl. exchange rate diff. in P&L	-434	0	0	-434
Accumulated depreciation and impairment losses 31 Dec 2021	-4 529	0	0	-4 529
Net book value at 31 Dec 2021	**482**	**28**	**284**	**794**

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9. Investments

Shares in subsidiaries

1000 EUR	2022	2021
1.1.	122 825	122 825
Additions	10 597	0
Total 31.12.	133 423	122 825

Shares in joint ventures

1000 EUR	2022	2021
1.1.	191 655	191 655
Disposals	-6	0
Total 31.12.	191 650	191 655

10. Non-current and current receivables

Non-current receivables from group companies

EUR 1000	2022	2021
Loan receivable	8 250	8 100
Total	8 250	8 100

Current receivables from group companies

EUR 1000	2022	2021
Accounts receivable	24 985	710
Other receivables	77 590	86 802
Derivative financial receivables	538	79
Accruals and deferred income	199	86
Total	103 312	87 677

Current receivables from associated companies

No receivables from associated companies during the financial year (2022 and 2021).

Prepaid expenses and accrued income

EUR 1000	2022	2021
Derivative financial receivables	6 341	712
Other receivables	1 862	1 966
Total	8 203	2 678

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11. Shareholders' equity

Changes in Shareholders' Equity

EUR 1000	2022	2021
Share capital 1 Jan	38 025	38 025
Share capital 31 Dec	38 025	38 025
Invested non-restricted equity fund 1 Jan	164 068	164 068
Invested non-restricted equity fund 31 Dec	164 068	164 068
Fair value reserve 1 Jan	279	0
Change	3 994	279
Fair value reserve 31 Dec	4 273	279
Retained earnings 1 Jan	42 374	53 303
Distribution of dividends	*-25 058*	*-16 705*
Retained earnings 31 Dec	17 316	36 598
Net income	4 810	5 776
Total shareholders' equity 31 Dec	**228 492**	**244 746**

Distributable funds

EUR 1000	2022	2021
Invested non-restricted equity fund 31 Dec	164 068	164 068
Retained earnings 31 Dec	17 316	36 598
Net income	4 810	5 776
Distributable funds	186 194	206 442

12. Current liabilities

Maturity of interest-bearing liabilities

EUR 1000	2023	2024	2025	2026	2027-	Total
Loans from financial institutions	0	80 000	0	0	0	80 000
Liabilities, group account	200 519	0	0	0	0	200 519
Total 2022	200 519	80 000	0	0	0	280 519

EUR 1000	2022	2023	2024	2025	2026-	Total
Loans from financial institutions	30 000	0	80 000	0	0	110 000
Liabilities, group account	112 498	0	0	0	0	112 498
Total 2021	142 498	0	80 000	0	0	222 498

Interest bearing liabilities

EUR 1000	2022	2021
Loans from financial institutions	80 000	110 000
Total	80 000	110 000

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Current liabilities to group companies

EUR 1000	2022	2021
Accounts payable	1 246	740
Other liabilities	200 519	112 498
Derivative financial liabilties	293	262
Total	202 058	113 499

Accruals and deferred income

EUR 1000	2022	2021
Accruals related to wages and salaries	5 012	4 336
Derivative financial liabilties	531	83
Other liabilities	1 370	1 504
Total	6 913	5 923

13. Financial instruments and derivative contracts

Derivative instruments

2022 1000 EUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Interest rate swap	50 000	5 529	0	5 529
Cash flow hedge	**50 000**	**5 529**	**0**	**5 529**
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	106 912	1 350	-824	526
Buy	44 513	119	-710	-591
Sell	62 398	1 231	-114	1 117
Non-hedging	106 912	1 350	-824	526
Total	**156 912**	**6 879**	**-824**	**6 055**

1000 EUR	2023	2024	2025	2026
Derivative financial assets	1 285	64	0	5 529
Derivative financial liabilities	-760	-64	0	0

2021 1000 EUR	Nominal value	Positive fair values	Negative fair values	Net fair value
Derivative financial instruments designated as cash flow hedges				
Interest rate swap	50 000	349	0	349
Cash flow hedge	**50 000**	**349**	**0**	**349**
Non-hedge accounting derivative financial instruments				
Forward foreign exchange contracts	84 213	441	-345	96
Buy	33 536	241	-118	123
Sell	50 677	201	-227	-27
Non-hedging	84 213	441	-345	96
Total	**134 213**	**791**	**-345**	**446**

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1000 EUR	2022	2023	2024	2025
Derivative financial assets	430	12	0	349
Derivative financial liabilities	-333	-12	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

2022 1000 EUR	At fair value through income statement Level 2	Measured at amortized cost	Book value
Non-current financial assets			
Long-term receivables from group companies		8 250	8 250
Current financial assets			
Accounts receivable		18	18
Accounts receivables from group companies		24 985	24 985
Other receivables from group companies	538	77 590	78 128
Derivative financial instruments	6 341		6 341
Current investments		14 940	14 940
Cash and cash equivalents		64 483	64 483
Carrying amount by category	**6 879**	**190 266**	**197 145**
Non-current financial liabilities			
Interest-bearing liabilities		80 000	80 000
Current financial liabilities			
Accounts payable		2 271	2 271
Accounts payable to group companies		1 246	1 246
Other current liabilities to group companies	293	200 519	200 812
Other current liabilities		5 397	5 397
Derivative financial instruments	531		531
Carrying amount by category	**824**	**289 433**	**290 257**

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”.

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2021 1000 EUR	At fair value through income statement Level 2	Measured at amortized cost	Book value
Non-current financial assets			
Long-term receivables from group companies		8 100	8 100
Current financial assets			
Accounts receivables from group companies		710	710
Other receivables		114	114
Other receivables from group companies	79	86 802	86 881
Derivative financial instruments	712		712
Current investments		3 496	3 496
Cash and cash equivalents		59 523	59 523
Carrying amount by category	**791**	**158 744**	**159 535**
Non-current financial liabilities			
Interest-bearing liabilities		80 000	80 000
Current financial liabilities			
Interest-bearing liabilities		30 000	30 000
Accounts payable		2 899	2 899
Accounts payable to group companies		740	740
Other current liabilities to group companies	262	112 498	112 759
Other current liabilities		232	232
Derivative financial instruments	83		83
Carrying amount by category	**345**	**226 368**	**226 713**

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.

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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 2022 were in the Swedish krona (SEK).

IFRS 7 Sensitivity analysis - sensitivity to exchange rate fluctuations 2022

1000 EUR	SEK
Net exposure - Balance sheet items	68
Euro strengthens / weakens 5 % - Effect on income before taxes	-3 / 4
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 2021

1000 EUR	SEK
Net exposure - Balance sheet items	150
Euro strengthens / weakens 5 % - Effect on income before taxes	-7 / 8
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 2022, the average interest fixing term of the liabilities was 2.4 (2.3) years and that of the receivables 10.12 days (5.14 days).

On 31 December 2022, company's interest-bearing liabilities totalled EUR 280.5 million (222.5) out of which EUR 230.5 million (172.5) was floating rate and EUR 50.0 million (50.0) was fixed rate. EUR 200.5 million (112.5) of the floating rate liabilities were from group account. Interest-bearing receivables were EUR 157.0 million (149.8) out of which EUR 142.1 million (146.3) were floating rate and EUR 14.9 million (3.5) was fixed rate. EUR 77.6 million (86.8) 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 2022.

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14. Commitments and contingent liabilities

Commitments and contingent liabilities

1000 EUR	2022	2021
Guarantees given on behalf of group companies	43 674	53 269
Guarantees given on behalf of others	855	89
Other own contingent liabilities	515	487
Total	45 044	53 845

Leasing commitments

1000 EUR	2022	2021
Payments due next year	3 501	3 391
1 - 5 years	8 801	11 598
Payments due in thereafter	4 594	5 147
Total	16 896	20 137

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Board of Directors' proposal for profit distribution

The parent company's non-restricted equity on 31 December 2022 is EUR 186,193,957.35 of which the net profit for the financial period is EUR 4,810,147.58.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.95 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 dividends will be EUR 26,449,794.55. The Board of Directors further proposes that the remaining non-restricted equity, EUR 159,744,162.80 be retained and carried forward.

Helsinki, 9 March 2023

Panu Routila
Chairman

Mette Toft Bjørgen

Jukka Juusti

Eirik Lie

Päivi Marttila

Jarle Næss

Iver Christian Olerud

Petri Vihervuori

Esa Rautalinko
President and CEO

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Auditor's Statement

A report has been given today on the audit performed.

Helsinki, 9 March 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Karinen
Authorised Public Accountant

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List of accounting and document types

The company's general ledger accounting system was V10 and the fixed assets ledger Kasperi during the financial year. Cash management system was Nomentia and travel expense system was M2. In addition, the consolidation system was HFM.

Financial Statements		bound
Notes of accounts journals		electronic archive
General ledger		electronic archive
AP and AR ledger specification		electronic archive
	Journal type	
Cash management journals	80	electronic archive
Treasury journals	82	electronic archive
Accounts payable	30-39	electronic archive
Accounts receivable	10-19	electronic archive
Payroll accounting journals	20	documents on paper/electronic
Travel expenses journals	23	electronic archive
Memorandum and fixed assets journals	40-44	electronic archive

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custodial	huoltaja/edunvalvoja	förvaltare	foresatte/verge	frihedsberøvende

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Tilintarkastuskertomus

Patria Oyj:n yhtiökokoukselle

Tilinpäätöksen tilintarkastus

Lausunto

Lausuntonamme esitämme, että

- konsernitilinpäätös antaa oikean ja riittävän kuvan konsernin taloudellisesta asemasta sekä sen toiminnan tuloksesta ja rahavirroista EU:ssa käyttöön hyväksyttyjen kansainvälisten tilinpäätösstandardien (IFRS) mukaisesti

- tilinpäätös antaa oikean ja riittävän kuvan emoyhtiön toiminnan tuloksesta ja taloudellisesta asemasta Suomessa voimassa olevien tilinpäätöksen laatimista koskevien säännösten mukaisesti ja täyttää lakisääteiset vaatimukset.

Tilintarkastuksen kohde

Olemme tilintarkastaneet Patria Oyj:n (y-tunnus 2334159-6) tilinpäätöksen tilikaudelta 1.1.–31.12.2022. Tilinpäätös sisältää:

- konsernin taseen, tuloslaskelman, laajan tuloslaskelman, laskelman oman pääoman muutoksista, rahavirtalaskelman ja liitetiedot, mukaan lukien yhteenveto merkittävistä tilinpäätöksen laatimisperiaatteista

- emoyhtiön taseen, tuloslaskelman, rahoituslaskelman ja liitetiedot.

Lausunnon perustelut

Olemme suorittaneet tilintarkastuksen Suomessa noudatettavan hyvän tilintarkastustavan mukaisesti. Hyvän tilintarkastustavan mukaisia velvollisuuksiamme kuvataan tarkemmin kohdassa Tilintarkastajan velvollisuudet tilinpäätöksen tilintarkastuksessa.

Käsityksemme mukaan olemme hankkineet lausuntomme perustaksi tarpeellisen määrän tarkoitukseen soveltuvaa tilintarkastusevidenssiä.

Riippumattomuus

Olemme riippumattomia emoyhtiöstä ja konserniyrityksistä niiden Suomessa noudatettavien eettisten vaatimusten mukaisesti, jotka koskevat suorittamaamme tilintarkastusta ja olemme täyttäneet muut näiden vaatimusten mukaiset eettiset velvollisuutemme.

Tilinpäätöstä koskevat hallituksen ja toimitusjohtajan velvollisuudet

Hallitus ja toimitusjohtaja vastaavat tilinpäätöksen laatimisesta siten, että konsernitilinpäätös antaa oikean ja riittävän kuvan EU:ssa käyttöön hyväksyttyjen kansainvälisten tilinpäätösstandardien (IFRS) mukaisesti ja siten, että tilinpäätös antaa oikean ja riittävän kuvan Suomessa voimassa olevien tilinpäätöksen laatimista koskevien säännösten mukaisesti ja täyttää lakisääteiset vaatimukset. Hallitus ja toimitusjohtaja vastaavat myös sellaisesta sisäisestä valvonnasta, jonka ne katsovat tarpeelliseksi voidakseen laatia tilinpäätöksen, jossa ei ole väärinkäytöksestä tai virheestä johtuvaa olennaista virheellisyyttä.

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Puh. 020 787 7000, www.pwc.fi
Kotipaikka Helsinki, Y-tunnus 0486406-8

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Hallitus ja toimitusjohtaja ovat tilinpäätöstä laatiessaan velvollisia arvioimaan emoyhtiön ja konsernin kykyä jatkaa toimintaansa ja soveltuvissa tapauksissa esittämään seikat, jotka liittyvät toiminnan jatkuvuuteen ja siihen, että tilinpäätös on laadittu toiminnan jatkuvuuteen perustuen. Tilinpäätös laaditaan toiminnan jatkuvuuteen perustuen, paitsi jos emoyhtiö tai konserni aiotaan purkaa tai toiminta lakkauttaa tai ei ole muuta realistista vaihtoehtoa kuin tehdä niin.

Tilintarkastajan velvollisuudet tilinpäätöksen tilintarkastuksessa

Tavoitteenamme on hankkia kohtuullinen varmuus siitä, onko tilinpäätöksessä kokonaisuutena väärinkäytöksestä tai virheestä johtuvaa olennaista virheellisyyttä, sekä antaa tilintarkastuskertomus, joka sisältää lausuntomme. Kohtuullinen varmuus on korkea varmuustaso, mutta se ei ole tae siitä, että olennainen virheellisyys aina havaitaan hyvän tilintarkastustavan mukaisesti suoritettavassa tilintarkastuksessa. Virheellisyyksiä voi aiheutua väärinkäytöksestä tai virheestä, ja niiden katsotaan olevan olennaisia, jos niiden yksin tai yhdessä voisi kohtuudella odottaa vaikuttavan taloudellisiin päätöksiin, joita käyttäjät tekevät tilinpäätöksen perusteella.

Hyvän tilintarkastustavan mukaiseen tilintarkastukseen kuuluu, että käytämme ammatillista harkintaa ja säilytämme ammatillisen skeptisyyden koko tilintarkastuksen ajan. Lisäksi:

- tunnistamme ja arvioimme väärinkäytöksestä tai virheestä johtuvat tilinpäätöksen olennaisen virheellisyyden riskit, suunnittelemme ja suoritamme näihin riskeihin vastaavia tilintarkastustoimenpiteitä ja hankimme lausuntomme perustaksi tarpeellisen määrän tarkoitukseen soveltuvaa tilintarkastusevidenssiä. Riski siitä, että väärinkäytöksestä johtuva olennainen virheellisyys jää havaitsematta, on suurempi kuin riski siitä, että virheestä johtuva olennainen virheellisyys jää havaitsematta, sillä väärinkäytökseen voi liittyä yhteistoimintaa, väärentämistä, tietojen tahallista esittämättä jättämistä tai virheellisten tietojen esittämistä taikka sisäisen valvonnan sivuuttamista.

- muodostamme käsityksen tilintarkastuksen kannalta relevantista sisäisestä valvonnasta pystyäksemme suunnittelemaan olosuhteisiin nähden asianmukaiset tilintarkastustoimenpiteet mutta emme siinä tarkoituksessa, että pystyisimme antamaan lausunnon emoyhtiön tai konsernin sisäisen valvonnan tehokkuudesta.

- arvioimme sovellettujen tilinpäätöksen laatimisperiaatteiden asianmukaisuutta sekä johdon tekemien kirjanpidollisten arvioiden ja niistä esitettävien tietojen kohtuullisuutta.

- teemme johtopäätöksen siitä, onko hallituksen ja toimitusjohtajan ollut asianmukaista laatia tilinpäätös perustuen oletukseen toiminnan jatkuvuudesta, ja teemme hankkimamme tilintarkastusevidenssin perusteella johtopäätöksen siitä, esiintyykö sellaista tapahtumiin tai olosuhteisiin liittyvää olennaista epävarmuutta, joka voi antaa merkittävää aihetta epäillä emoyhtiön tai konsernin kykyä jatkaa toimintaansa. Jos johtopäätöksemme on, että olennaista epävarmuutta esiintyy, meidän täytyy kiinnittää tilintarkastuskertomuksessamme lukijan huomiota epävarmuutta koskeviin tilinpäätöksessä esitettäviin tietoihin tai, jos epävarmuutta koskevat tiedot eivät ole riittäviä, mukauttaa lausuntomme. Johtopäätöksemme perustuvat tilintarkastuskertomuksen antamispäivään mennessä hankittuun tilintarkastusevidenssiin. Vastaiset tapahtumat tai olosuhteet voivat kuitenkin johtaa siihen, ettei emoyhtiö tai konserni pysty jatkamaan toimintaansa.

- arvioimme tilinpäätöksen, kaikki tilinpäätöksessä esitettävät tiedot mukaan lukien, yleistä esittämistapaa, rakennetta ja sisältöä ja sitä, kuvastaako tilinpäätös sen perustana olevia liiketoimia ja tapahtumia siten, että se antaa oikean ja riittävän kuvan.

- hankimme tarpeellisen määrän tarkoitukseen soveltuvaa tilintarkastusevidenssiä konserniin kuuluvia yhteisöjä tai liiketoimintoja koskevasta taloudellisesta informaatiosta pystyäksemme antamaan lausunnon konsernitilinpäätöksestä. Vastaamme konsernin tilintarkastuksen ohjauksesta, valvonnasta ja suorittamisesta. Vastaamme tilintarkastuslausunnosta yksin.

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Kommunikoimme hallintoelinten kanssa muun muassa tilintarkastuksen suunnitellusta laajuudesta ja ajoituksesta sekä merkittävistä tilintarkastushavainnoista, mukaan lukien mahdolliset sisäisen valvonnan merkittävät puutteellisuudet, jotka tunnistamme tilintarkastuksen aikana.

Muut raportointivelvoitteet

Muu informaatio

Hallitus ja toimitusjohtaja vastaavat muusta informaatiosta. Muu informaatio käsittää toimintakertomuksen ja vuosikertomukseen sisältyvän informaation, mutta se ei sisällä tilinpäätöstä eikä sitä koskevaa tilintarkastuskertomustamme. Olemme saaneet toimintakertomuksen käyttöömme ennen tämän tilintarkastuskertomuksen antamispäivää ja odotamme saavamme vuosikertomuksen käyttöömme kyseisen päivän jälkeen.

Tilinpäätöstä koskeva lausuntomme ei kata muuta informaatiota.

Velvollisuutenamme on lukea muu informaatio tilinpäätöksen tilintarkastuksen yhteydessä ja tätä tehdessämme arvioida, onko muu informaatio olennaisesti ristiriidassa tilinpäätöksen tai tilintarkastusta suoritettaessa hankkimamme tietämyksen kanssa tai vaikuttaako se muutoin olevan olennaisesti virheellistä. Toimintakertomuksen osalta velvollisuutenamme on lisäksi arvioida, onko toimintakertomus laadittu sen laatimiseen sovellettavien säännösten mukaisesti.

Lausuntonamme esitämme, että toimintakertomuksen ja tilinpäätöksen tiedot ovat yhdenmukaisia ja että toimintakertomus on laadittu toimintakertomuksen laatimiseen sovellettavien säännösten mukaisesti.

Jos teemme ennen tilintarkastuskertomuksen antamispäivää käyttöömme saamaamme muuhun informaatioon kohdistamamme työn perusteella johtopäätöksen, että kyseisessä muussa informaatiossa on olennainen virheellisyys, meidän on raportoitava tästä seikasta. Meillä ei ole tämän asian suhteen raportoitavaa.

Muut lausumat

Puollamme tilinpäätöksen vahvistamista. Hallituksen esitys taseen osoittaman voiton käyttämisestä on osakeyhtiölain mukainen. Puollamme vastuuvapauden myöntämistä emoyhtiön hallituksen jäsenille sekä toimitusjohtajalle tarkastamaltamme tilikaudelta.

Helsingissä 9.3.2023

PricewaterhouseCoopers Oy
Tilintarkastusyhteisö

Jukka Karinen
KHT

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The following documents were signed Thursday, March 9, 2023

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Signatures

3/9/2023 2:46:01 PM (CET)

Jukka Karinen, PricewaterhouseCoopers Oy

jukka.karinen@pwc.com
Signed with electronic ID (Finnish Trust Network)

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Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Patria Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Patria Oyj (business identity code 2334159-6) for the year ended 31 December 2022. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies

- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they

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determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Statements

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 9 March 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Karinen
Authorised Public Accountant (KHT)