



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	977 040 329
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	WÄRTSILÄ VALMARINE AS
Forretningsadresse:	Ingeniør Rybergs gate 99 3027 DRAMMEN

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Morselskap i konsern:	Nei
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Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ulrikke Iversen Hetland
Dato for fastsettelse av årsregnskapet:	05.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 10.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	172 153 000	188 361 000
Sum inntekter		172 153 000	188 361 000
Kostnader			
Varekostnad		76 709 000	94 143 000
Lønnskostnad	3	52 074 000	60 121 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5,6,7	5 305 000	5 608 000
Annen driftskostnad	4	34 002 000	35 994 000
Sum kostnader		168 090 000	195 866 000
Driftsresultat		4 063 000	-7 505 000
Finansinntekter og finanskostnader			
Annen finansinntekt	8	1 999 000	1 319 000
Sum finansinntekter		1 999 000	1 319 000
Annen finanskostnad	8	501 000	564 000
Sum finanskostnader		501 000	564 000
Netto finans		1 498 000	755 000
Ordinært resultat før skattekostnad		5 561 000	-6 750 000
Skattekostnad på ordinært resultat	9	1 239 000	-1 292 000
Ordinært resultat etter skattekostnad		4 322 000	-5 458 000
Årsresultat		4 322 000	-5 458 000
Andre resultatkomponenter for IFRS-foretak	10	-801 000	3 317 000
Sum resultatkomponenter for IFRS-foretak		-801 000	3 317 000
Totalresultat		3 521 000	-2 141 000
Overføringer og disponeringer			
Ordinært utbytte	10	2 000 000	0
Overføringer til/fra annen egenkapital	10	1 521 000	-2 141 000



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Sum overføringer og disponeringer		3 521 000	-2 141 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	7	0	3 000
Utsatt skattefordel	9	674 000	0
Sum immaterielle eiendeler		674 000	3 000
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	658 000	826 000
Right of use assets	6	16 338 000	21 513 000
Sum varige driftsmidler		16 996 000	22 339 000
Sum anleggsmidler		17 670 000	22 342 000
Omløpsmidler			
Varer			
Varer	11	47 080 000	35 905 000
Sum varer		47 080 000	35 905 000
Fordringer			
Kundefordringer	12	57 799 000	44 800 000
Andre fordringer	13	18 183 000	35 528 000
Konsernfordringer	15	42 133 000	46 211 000
Sum fordringer		118 115 000	126 539 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	16	2 465 000	2 338 000
Sum bankinnskudd, kontanter og lignende		2 465 000	2 338 000
Sum omløpsmidler		167 660 000	164 782 000
SUM EIENDELER		185 330 000	187 124 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2022	2021
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	7 000 000	7 000 000
Annen innskutt egenkapital	10	30 224 000	30 224 000
Sum innskutt egenkapital		37 224 000	37 224 000
Opptjent egenkapital			
Udekket tap	10	3 332 000	4 853 000
Sum opptjent egenkapital		-3 332 000	-4 853 000
Sum egenkapital		33 892 000	32 371 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	0	4 185 000
Warranty		12 725 000	13 948 000
Provisions		4 986 000	4 986 000
Sum avsetninger for forpliktelser		17 711 000	23 119 000
Annen langsiktig gjeld			
Lease liability (non-current)	6	11 105 000	16 047 000
Sum annen langsiktig gjeld		11 105 000	16 047 000
Sum langsiktig gjeld		28 816 000	39 166 000
Kortsiktig gjeld			
Leverandørgjeld	17	14 376 000	12 959 000
Betalbar skatt	9	5 858 000	0
Skyldige offentlige avgifter		3 915 000	3 564 000
Kortsiktig konserngjeld	15,17	10 841 000	11 305 000
Annen kortsiktig gjeld	18	82 322 000	79 301 000
Lease liability (current)	6	5 310 000	5 458 000
Sum kortsiktig gjeld		122 622 000	112 587 000
Sum gjeld		151 438 000	151 753 000
SUM EGENKAPITAL OG GJELD		185 330 000	184 124 000



Skatteetaten

Vår dato 25.04.2019	Din/Deres dato 11.04.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Ulrikke iversen Hetland	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5861901	Postadresse Postboks 9200 Grønland 0134 OSLO

WÄRTSILÄ VALMARINE AS
Postboks 881
3007 DRAMMEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Wärtsilä Valmarine Holdings AS, org.nr. 986 552 706

Vi viser til deres brev av 11. april 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Wärtsilä Valmarine Holdings AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Wärtsilä Valmarine Holdings AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden gjengis:

Wärtsilä Marine Holdings AS norsk aksjeselskap med hovedkontor i Drammen. Selskapet er heleid datterselskap av Wärtsilä Technology Oy, igjen eid av Wärtsilä Finland Oy, begge hjemmehørende i Finland, og notert på Helsinki Børs.

Wärtsilä Finland Oy utarbeider konsernregnskap for alle selskaper i gruppen. Konsernregnskapet omfatter også Wärtsilä Marine Holdings AS. Konsernregnskapet utarbeides på engelsk.

Våre kunder strekker seg alt fra lokale rederiselskaper, til store internasjonale konsernselskaper— ofte involvert i olje- og gassvirksomhet, samt shippingvirksomhet. Kommunikasjonen med våre kunder og samarbeidspartnere foregår på engelsk.

Selskapet har virksomhet som strekker seg internasjonalt. Vi leverer mye til Italia, samt at vi har serviceteknikere som reiser world-wide for å utføre serviceoppdrag for kunder.

Som presentert over er brukerne av vårt regnskap i stor grad utenlandske selskaper og personer.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er et datterselskap til et utenlandsk selskap. Selskapets virksomhet er internasjonal. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



To the General Meeting of Wärtsilä Valmarine AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Wärtsilä Valmarine AS (the Company), which comprise the balance sheet as at 31 December 2022, the profit and loss and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

PricewaterhouseCoopers AS, Strømsø Torg 9, Postboks 2078 Strømsø, NO-3003 Drammen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: <https://revisorforeningen.no/revisjonsberetninger>

Drammen, 5 June 2023
PricewaterhouseCoopers AS

Paal Ødegård
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning 2022

Signers:

Name	Method	Date
Ødegård, Paal	BANKID	2023-06-07 12:27

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Wärtsilä Valmarine AS

Financial Statements 2022



Wärtsilä Valmarine AS

Financial Statements 2022

Profit and Loss

NOK '000	Note	2022	2021
REVENUE			
Sales Revenue	2	172 153	188 361
Other Operational Income		-	-
Total Revenues		172 153	188 361
OPERATING COST			
Raw materials and consumables used		76 709	94 143
Payroll expense	3	52 074	60 121
Other operating expenses	4	34 001	35 994
Depreciation and amortisation	5,6,7	5 305	5 609
Total operating expenses		168 090	195 866
Operating profit		4 063	(7 505)
FINANCIAL ITEMS			
Other financial income	8	1 479	1 318
Other financial expenses	8	(500)	(490)
Exchange gains (loss)	8	(520)	73
Net financial items		1 499	756
PROFIT BEFORE TAX		5 562	(6 750)
Tax on ordinary result	9	1 239	(1 292)
PROFIT (LOSS)		4 322	(5 458)
OTHER INCOME/ COST			
Changes in fair value of hedging instruments with cash flow hedges	10	(1 027)	4 248
Tax on other comprehensive income	10	226	(931)
Total other income and expenses		(801)	3 317
TOTAL RESULT		3 521	(2 141)
ALLOCATIONS			
Group Contribution received	10		-
Group Contribution given	10		-
Dividend payment	10	2 000	-
Allocated to Other Equity	10	1 521	-
Transferred from Other Equity	10	-	(2 141)
Total allocated		3 521	(2 141)



Wärtsilä Valmarine AS

Financial Statements 2022

Balance

NOK '000	Note	2022	2021
ASSETS			
Non current assets			
Intangible assets			
Deferred tax asset		674	-
Development	7	-	3
Fixed assets			
Property, plant & equipment	5	658	826
Right-to-use assets	6	16 338	21 513
		<u>17 670</u>	<u>22 342</u>
Current assets			
Inventories	11	47 080	35 905
Debtors			
Accounts receivables	12	57 799	44 800
Other short term receivables	13	18 183	32 528
Receivables from group companies	15	42 133	46 211
Cash	16	2 465	2 338
Total current assets		<u>167 660</u>	<u>161 783</u>
Total Assets		<u>185 330</u>	<u>184 124</u>



Wärtsilä Valmarine AS Financial Statements 2022

Balance

NOK '000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	10	7 000	7 000
Share premium	10	-	-
Other paid in capital	10	30 224	30 224
Total paid in capital		37 224	37 224
Retained earnings	10	(3 332)	(4 853)
Total equity attributable to equity holders of the Company		33 892	32 371
Liabilities			
Other provisions		12 725	13 948
Provisions		4 986	4 986
Non-current liabilities			
Deferred tax liabilities	9	-	4 185
Lease liabilities (non-current)	6	11 105	16 047
Other long term liabilities		-	-
Loans & borrowings		-	-
		11 105	20 231
Current liabilities			
Lease liabilities (current)	6	5 310	5 458
Liabilities to group companies	15,17	10 841	11 305
Trade payables	17	14 376	12 959
Tax payable	9	5 858	-
Public duties payable		3 915	3 564
Other current liabilities	18	82 322	79 301
		122 622	112 587
Total Equity and Liabilities		185 330	184 124

Drammen, 05.06.2023

Han Schaminée

Han Schaminée (Jun 7, 2023 08:58 GMT+2)

Johannes Gerardus Maria Schaminée
Chairman of the Board

Thomas Heldarskard

Thomas Heldarskard-Winnerskjold (Jun 5, 2023 17:21 GMT+1)

Thomas Heldarskard - Winnerskjold
Board Member

Geir Ove Sele

Geir Ove Sele (Jun 5, 2023 19:21 GMT+2)

Geir Ove Sele
Board Member

Ulrikke Iversen Hetland

Ulrikke Iversen Hetland (Jun 5, 2023 16:06 GMT+2)

Ulrikke Iversen Hetland
Board Member

Konstanse A Løkken

Konstanse A Løkken (Jun 5, 2023 16:13 GMT+2)

Konstanse Løkken
Board Member

Jørn Engen

Jørn Engen
Board Member

Atle Ormevik

Atle Ormevik
Managing Director



Wärtsilä Valmarine AS

Financial Statements 2022

Cash - flow statement

NOK '000	2022	2021
Cash flows from operating activities		
Operating profit	4 063	-7 505
Adjustments for:		
Depreciation & Amortisation	5 305	5 609
Loss/gain on sale of fixed assets	0	0
Net cash generated from operations	9 368	-1 897
Change in short term receivables	1 945	-7 999
Change in inventory	-11 175	8 780
Change in other short term liabilities	4 325	-680
Change in trade and other liabilities	-3 974	2 357
Differences in expensed pensions and payments	0	0
	-8 879	2 458
Financial expense	520	-490
Financial income	1 479	1 319
Exchange gains (loss)	-500	-73
Taxes paid	0	-1 093
	1 499	-337
Net cash used in operating activities	1 988	224
Cash flows from investing activities		
Net cash flow from buying and selling intangibles	0	0
Net cash flow from purchasing and sales of fixed assets	0	-840
Net cash flow from purchase and sales of shares	0	0
Net cash flows from long-term interest bearing receivables	0	0
Net cash used in investing activities	0	-840
Cash flows from financing activities		
Changes in short-term debt	-5 338	-18 245
Changes in long-term debt	0	0
Shareholder Contribution	0	0
Received Group Contribution	0	38 775
Net cash from financing activities	-5 338	20 530
Net increase in cash and cash equivalents	-3 350	19 913
Cash and cash equivalents at 1 January	29 084	9 171
Cash and cash equivalents at 31 December	25 734	29 084
<i>Cash and cash equivalents at 31 December</i>		
Restricted bank deposits	2 465	2 338
Balance in Group Account	23 267	26 746
	25 732	29 084



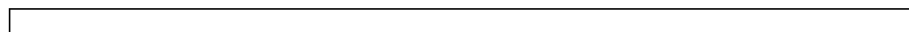
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Wärtsilä Valmarine AS
Financial Statements 2022

Notes



Note 1 General info and summary of significant accounting principles

Wärtsilä Valmarine AS is domiciled in Drammen Kommune, Norway.

The Company is engaged in the development, sales, production and service of navigation systems as well as electrical- and automation systems for the marine, oil and gas industry.

The Financial Statements includes the following:

- Income Statement
- Balance sheet
- Cash Flow analysis
- Notes

The financial statements are prepared by The Board of Management and should be read in context with the Report from The Board of Management.

1.1 The Basis of preparation

The Financial Statements are prepared in accordance with the Norwegian Legislation and the International Financial Reporting Standards (IFRS). Interpretations are adopted by the International Accounting Standard Board (IASB) as approved by the European Union (EU).

The accounts are prepared on a historical cost basis, except for certain financial instruments, measured at fair value.

1.2 Simplified IFRS

The Company has applied the following simplifications to the recognition and valuation rules in IFRS:

- IAS 16 no. 43 departs so that the same assessment of depreciation unit (decomposition) in company accounts are the same as in the consolidated accounts.
- IFRS 9.4.3.3-4.3.7 departs so that it is not considered whether there are embedded derivatives to be separated from the host contract for contracts entered into between group companies.

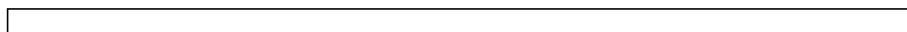
Exemption from simplified IFRS

The Company has elected to record proposed dividend in the balance sheet per year end



Wärtsilä Valmarine AS
Financial Statements 2022

Notes



1.3 Classification and valuation of balance sheet items

Current assets and liabilities include items due for payment within one year, and entries related to goods circulation. Other items are classified as fixed assets/ liabilities.

Current assets are valued at the lower of cost and net realizable value. Current liabilities are recognized at their nominal value at the time.

Assets are only recognized if they meet the definition of an asset, it is probably that future economic benefits associated with the asset will flow to The Company and the cost or fair value can be measured reliably.

Assets intended for long- term ownership or use, are classified as non-current. By long- term ownership it is normally mentioned assets held for more than 12 months.

1.4 Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates available at the dates of the transactions. All currency changes raising from the difference in spot rates between Group Treasury and the closing spot, whether unrealized or realized, are continuously booked to profit and loss.

1.5 Use of estimates

The Management uses estimates and assumptions that affect assets, liabilities, revenues, expenses and information on potential liabilities. This especially concern depreciations of fixed assets and assumptions made in relation to write down of shares.

Future events may cause the estimates to change. Estimates and assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period the change occurs. If the change also apply to future periods, the effect of the current and future periods are accrued over the different periods.

1.6 Recognition of revenue

General: Revenue from sale of services is recognized when it is possible that transactions will generate future economic benefits, and the amount can be reliably measured. Revenues are shown as the net value excluding VAT and discounts.



Wärtsilä Valmarine AS
Financial Statements 2022

Notes

Revenue recognised over time is measured in accordance with the input method (percentage of completion method based on costs incurred) when the outcome of the contract can be estimated reliably. If revenue for goods and services is recognised at a point in time, it is when control is transferred to the customer. The transfer of control is based mainly on transferring risks and rewards according to the delivery terms.

The Company implemented IFRS 15 effective from 1 January 2019 using the full retrospective method. IFRS 15 is based on the principle that revenue is recognized when control of a good or service is transferred to a customer. The Company is reporting under the new standard using the full retrospective method. The standard was investigated in 2017 and The practical expedient according to IFRS 15.63 concerning significant financing components arising from contracts with customers and the practical expedient stated in IFRS 15.94 according to which an entity can recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less have been applied. Company found that this did not have any significant impact due to most of the projects being short term orders.

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 Company expects to be entitled in exchange for those goods and services.

A major share of The Company's contracts are defined as goods in process and are valued at production cost. The revenue are recognised over time. A contract with a customer can internally be divided between several sub-projects related to various deliveries.

Both business areas Marine Solutions and Services do normally use the percentage-of-completion-method on their projects. The basis for this assessment is that the businesses are the driver of the construction and installation of the main project.

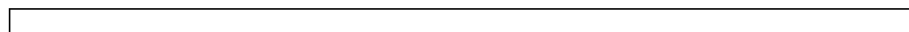
The valuation includes the cost of raw materials, direct salaries and related social costs for employees in manufacturing, engineering and project management, as well as indirect costs. Direct labour including project management is valued at standard hourly cost rates based on an estimated, normal activity level of the business.

Contract balances consist of customer-related assets. When control over goods or services is transferred to a customer before the customer pays the consideration, the receivable is recognised as a contract asset. The contract asset represents the right to future consideration.



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1.7 Assets

Fixed assets excluding investment properties are measured at acquisition costs deducted accumulated depreciations and impairments. When an asset is sold or scrapped, the carrying amount is derecognized and profit or loss booked to income statement.

Acquisition costs for fixed assets are the purchasing price including taxes and costs related to installation to the asset. Maintenance costs are booked to income statement, while other expenses leading to future earnings, will be booked to the balance sheet.

Land is not depreciated. Other fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Additions and movements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/ improvements is calculated in proportion to the asset's condition at the acquisition date.

Impairment test are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cash flows can be identified

Intangible assets acquired separately are capitalized at cost. The cost of intangible assets acquired through acquisitions are recognized at fair value in the opening balance of The Company. Capitalized intangible assets are carried at cost less depreciation and impairment.

Software:

Expenses related to the purchase of new software are capitalized as an intangible asset if these costs are not part of the hardware acquisition costs. Software is depreciated over three years. Maintenance costs are directly charged unless the change in the software increases the future economic benefit.

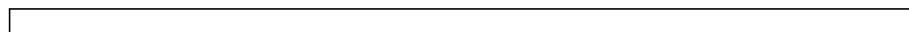
1.8 Cash and cash equivalents

The statement of cash flow is presented in accordance with the indirect method.



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Cash and cash equivalents include cash, bank deposits and other short term highly liquid investments that can easily be converted into known amounts of cash, and with maturity date less than three months from acquisition.

1.9 Taxation

The tax expense in the period consists of taxes payable and changes in deferred taxes. Deferred tax assets are recognized when there is a probability that The Company will have a future taxable income. Deferred taxes are based on expected future tax rates where the temporary differences are calculated.

Deferred tax liabilities and assets are measured based on anticipated future tax relating to items on which the temporary difference has arisen. Deferred tax liabilities and assets are recognized at nominal value and are classified as financial assets (non-current liabilities) in the balance sheet. Current and deferred taxes are recognized directly in equity if the tax items relate to equity transactions.

1.10 Inventory

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price for ordinary operations deducted estimated costs of completion, marketing and distribution. Cost is determined using the FIFO method and includes expenses incurred in acquiring the inventories and bringing them to their present location. Manufactured goods include variable and fixed costs that can be allocated based on normal capacity utilization.

1.11 Derivatives and hedge accounting

Derivatives are measured at fair value. Gains and losses from fair value measurement are treated as determined by the purpose of the derivatives. The effects on results of changes in the value of derivatives that are eligible for hedge accounting and that are effective hedging instruments are presented consistently with the hedged item. The effective portion of the change in the fair value is deferred into the cash flow reserve through OCI and will be recognised in profit or loss when the hedged item affects profit or loss. Impact from ineffective hedging instruments is recognised in financial income and expenses immediately.

For derivatives eligible for hedge accounting, The Company documents the relationship between each hedging instrument and the hedged asset upon entering into a hedging arrangement, along



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with the risk management objective and the strategy applied. Through this process, the hedging instrument is linked to the relevant assets and liabilities, projected business transactions or binding contracts. The Company also documents its ongoing assessment of the effectiveness of the hedge regarding the relationship between a change in the derivative's fair value and a change in the value of the hedged cash flows or transactions.

Wärtsilä hedges its sales and purchases in foreign currencies with foreign exchange derivatives or currency options. Certain foreign exchange derivatives are eligible for hedge accounting. Changes in the fair value of derivative contracts designated to hedge future cash flows are recognised in other comprehensive income and presented in the fair value reserve in equity, provided that the hedging is effective. The ineffective portion is immediately recognised in the financial items in the statement of income for the financial period. Changes in fair value due to interest rate differences are recognised in the statement of income. Any gain or loss in the fair value reserve accumulated through other comprehensive income is reported as an adjustment to net sales or material and services in the same period as any transactions relating to the hedged obligations or estimates. Currency forwards are measured at forward rates at the end of the financial period and currency options at their market value at the end of the financial period.

Before a hedging transaction is carried out, The Company assesses whether a derivative is used to:

- a) Hedge the fair value of a recognized asset, liability or a firm commitment
- b) Hedge future cash-flows of a recognized asset or liability, an identified highly probable forecasted transaction or, in the case of currency risk, a firm commitment
- c) Hedge of a net investment in a foreign operation.

In order for The Company to apply hedge accounting, certain conditions need to be met:

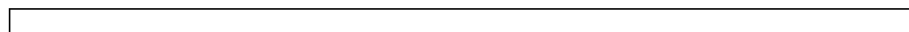
- 1) The hedge is expected to be highly effective in offsetting changes in fair value or cash flows from an identified object. Hedge effectiveness must be expected to be between 80-125%
- 2) Effectiveness of the hedge can be reliably measured,
- 3) There is adequate documentation at its inception including that the hedge is effective,
- 4) For cash flow hedges, the preceding transaction must be probable, and

The Company mainly use cash flow hedges (forward contracts) to hedge against currency rate movements. As long as the hedge meet the qualifications, changes in fair value are booked to income statement. When a hedge matures, changes in fair value remain in equity until the object or commitment is cost/revenue recognized.



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1.12 Financial assets and liabilities

The Company's financial assets at amortised cost includes trade receivables and other receivables. Financial assets recognised at fair value through other comprehensive income include derivatives eligible for hedge accounting.

Financial liabilities recognised at amortised cost include trade and other payables, loans and borrowings. Realised and unrealised gains and losses from changes in fair values of derivatives are recognised in the statement of income in the period in which they have arisen.

All accounting principles and estimates were reviewed as part of the transition from NGAAP to IFRS light. The only change in OCI due to the transition to IFRS light was the inclusion of fx hedge as liability per 01.01.2019. Implementation of IFRS 15 did not give raise to any change in OCI per 01.01.2018.

1.13 Accruals

A provision is recognized when The Company has an obligation (legal or constructive) as a result of a past event. An accrual should be considered if it is probable that there will be a financial settlement as a result of this obligation and the amount can be reliably measured. If the effect is significant, provision is determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments.

A provision for warranties is recognized when the underlying products or services will be sold. The provision is based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Provisions for restructuring are recognized when The Company has approved a detailed and formal restructuring plan and restructuring has either started or been publicly announced.

Provisions for onerous contracts are recognized when the group's expected income from a contract is lower than unavoidable costs of meeting the obligations under the contract.

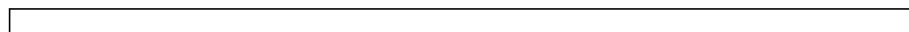
1.14 Investments in other companies

The cost method is applied to investments in other companies.



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1.15 Leasing

Operating leases: Leases where substantially all the risk and rewards of ownership of the asset are not transferred are classified as operating leases. In 2019, The Company implemented IFRS 16 that changes the accounting for operating leases by requiring companies to recognise lease assets and lease liabilities in the balance sheet, initially measured at the present value of unavoidable future lease payments, and to depreciate those assets and interest on lease liabilities in the statement of income over the lease term.

The Company does not hold any financial leases.

1.16 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost.

1.17 Employee Benefits

Pensions

Defined contribution pension plan is recorded for all employees of The Company (previously defined benefit plan). The Company's pension scheme meets the requirements of the Law on Occupational Pensions. The premium is expensed as incurred through operations. Employer's taxes are expensed based on actual paid pension.

Share-based remuneration

Agreements that gives employees (only relevant for two employees) the right to a cash compensation based on share price development in the parent company are treated as compensation expenses in the period of the cash consideration.

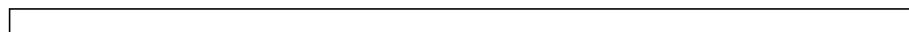
1.18 Government Grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and The Company will comply with all attached conditions.



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1.19 Contingent liabilities and assets

Contingent liabilities and assets are not recognized in the financial statement. Information is provided about material contingent liabilities except for contingent liabilities where the probability of the liability is low.

1.20 Equity

Financial instruments are classified as liabilities or equity in accordance with the underlying financial asset.

Interest, dividends, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income.

A contingent asset is not recognized in the financial statements but disclosed in the notes if there is a certain probability that a benefit will be addressed to The Company.

1.21 Subsequent events

New information after the balance sheet date about The Company's financial position are included in the accounts. Subsequent events that do not affect The Company's financial position at the reporting date, but will affect The Company's future financial position are reported if they are considered significant.



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Note 2 Sales Revenue

Business area	2022	2021
Service *)	92 264	62 395
New build **)	79 889	125 966
Total Sales Revenue	172 153	188 361

*) Revenues related to retrofits and services related to reconditioning of equipment, routine maintenance on equipment and installation of equipment.

**) Revenues related to the sale of navigation and automation systems

Provisions for warranty liabilities, ref other short term liabilities, on products delivered, amounts to 12,7 MNOK per 31.12.2022 (12,8 MNOK per 31.12.2021).

Geographical distribution	2022		Total	in % av total
	External	Internal		
Africa				0,0 %
America	13 361	14 577	27 938	16,2 %
Asia	7 607	1 451	9 058	5,3 %
Europe	111 463	23 694	135 157	78,5 %
Total Sales Revenue	132 431	39 722	172 153	100,0 %

Geographical distribution	2021		Total	in % av total
	External	Internal		
Africa				0,0 %
America	9 732	4 528	14 260	8,3 %
Asia	3 227	800	4 027	2,3 %
Europe	144 985	25 089	170 074	98,8 %
Total Sales Revenue	157 944	30 417	188 361	109,4 %



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Note 3 - Wages, number of employees, benefits and loans to employees

Salaries	2022	2021
Wages and salaries	44 083	50 258
Social security cost	5 375	9 130
Pension cost	2 617	733
Other personnel cost	0	0
Total	52 074	60 121

Average number of employees during the fiscal year 42 55

Salary (incl bonus) for Managing Director 1 464 -
Other remuneration 296 -

Bonus schemes

Senior executives are participating in the bonus scheme entitling bonuses from 16 % upto 36 % of annual salary based on the achievement of specified objectives related to the company and personal goals.

In 2021, other employees was incorporated in Local variable pay which entitles to payment of up to one month's salary based on the achievement of performance goals related to Wärtsilä Corporation.

Accrued bonuses per 31.12.2022 amount to MNOK 0,35

Composition of total pensions

The Company's pension plan is a defined contribution plan, and satisfies the requirements in "Lov om obligatorisk tjenstepensjon".

In 2018 The Company chose to change the pension scheme from defined benefit-plan to defined contribution-plan.

In addition to the above, The Company also participates in "AFP- ordning" through "tariffavtale". At the end of 2022, 44 persons are included in this "AFP"- agreement.

With effect from 01.01.2011 The Company was introduced to a new scheme of contractual pensions. The new scheme is a multi-employer-plan and is administered by LO/NHO. In the absence of sufficient information to calculate the required provisions under the new scheme, this is not done per 31.12.2022.

Pension cost	2022	2021
Defined contribution plans	2 617	733
Total pension cost recognized in the net income	2 617	733

Audit fees from Auditors	2022	2021
Fees for audit and audit related services, excl VAT	207	211
Tax advisor fees	0	0
Other fees	21	92
Total	228	303



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Note 4 Other Operating Expenses

Other operating expenses	2022	2021
Other operating expenses	32 000	35 768
Office cost	94	236
Rental cost	2 028	956
Losses on claims and change in provision for bad debts	-121	-966
Total other operating expenses	34 001	35 994



Note 6 Leases

	Land and buildings	Machinery & equipment	2022 Total
<i>Carrying amount, Right-of-use assets</i>			
At 1. January 2022	21 394	119	21 513
Additions	(40)	-	(40)
Depreciations and impairment	(5 100)	(35)	(5 135)
Decreases and reclassifications	-	-	-
At 31. December 2022	16 254	84	16 338
<i>Carrying amount, Lease liabilities</i>			
At 1. January 2022	21 385	119	21 504
Additions	(40)	-	(40)
Interest expense	286	1	287
Payments	(5 302)	(36)	(5 338)
Other adjustments	-	-	-
At 31. December 2022	16 329	84	16 413
<i>Total lease liabilities</i>			
			11 105
Non-current			
Current			5 310
<i>Amounts recognised in profit and loss</i>			
			5 135
Depreciation and impairment of right-of-use assets			
Interest expense			287
Expense - short-term leases			87
Expense - low-value assets			363
Expense - variable lease payments			1 578
			<u>7 450</u>

	Land and buildings	Machinery & equipment	2021 Total
<i>Carrying amount, Right-of-use assets</i>			
At 1. January 2021	23 732		23 732
Additions	3 193	136	3 329
Depreciations and impairment	(5 531)	(17)	(5 548)
Decreases and reclassifications	-	-	-
At 31. December 2021	21 394	119	21 513
<i>Carrying amount, Lease liabilities</i>			
At 1. January 2021	23 607		23 607
Additions	3 193	136	3 329
Interest expense	312	1	313
Payments	(5 727)	(18)	(5 745)
Other adjustments	-	-	-
At 31. December 2021	21 385	119	21 504
<i>Total lease liabilities</i>			
			16 047
Non-current			
Current			5 458
<i>Amounts recognised in profit and loss</i>			
			5 548
Depreciation and impairment of right-of-use assets			
Interest expense			313
Expense - short-term leases			993
Expense - low-value assets			381
Expense - variable lease payments			(418)
			<u>6 817</u>



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Note 7 Intangible Assets

	Research and Development	2022 Total
Cost		
At 1. January 2022	2 992	2 992
Additions and transfers		
Disposals at cost/ retirement		-
Cost at 31 December 2022	2 992	2 992
Accumulated depreciation and impairment losses at 01.01 2022	2 989	2 989
This years depreciation	3	3
Disposal of depreciation		-
Cost at 31 December 2022	2 992	2 992
Carrying amount 31. December 2022	-	-

	Research and Development	2021 Total
Cost		
At 1. January 2021	2 992	2 992
Additions and transfers		
Disposals at cost/ retirement		-
Cost at 31 December 2021	2 992	2 992
Accumulated depreciation and impairment losses at 01.01 2021	2 943	2 943
This years depreciation	46	46
Disposal of depreciation		-
Cost at 31 December 2021	2 989	2 989
Carrying amount 31. December 2021	3	3
Expected economic life	Up to 15 years	
Depreciation schedule	Linear	



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Note 8 Financial Items

Financial items	2022	2021
Interest income from Group Companies	373	62
Other interest income	4	7
Other financial income from Group Companies	1 102	1 250
Total Other financial income	1 479	1 319
Interest Expense to other Group Companies	123	62
Other interest expense	297	322
Other financial expense to Group Companies	41	3
Other financial expense	38	102
Total Other financial expense	500	490
Currency Gains	1 678	757
Currency Loss	1 158	830
Exchange gains (loss)	520	-73



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Note 9 - Tax

	31.12.2022	31.12.2021	Change
Deferred Tax			
Fixed assets	(10)	(25)	(14)
Inventories	(15 014)	(9 518)	5 496
Receivables	(354)	(664)	(310)
Projects	34 714	55 757	21 043
Leasing	(75)	9	84
Guarantees and other accruals	(20 377)	(18 934)	1 443
Profit- and loss account	449	561	112
Total temporary differences	(668)	27 185	27 853
Tax loss carry forward	-	(6 797)	(6 797)
Net temporary differences	(668)	20 389	21 057
Basis for deferred tax	(668)	20 389	21 057
Deferred tax 22%	(147)	4 485	(4 632)
Temporary differences in equity	(2 395)	(1 368)	(1 027)
Net deferred tax recognized in equity	(527)	(301)	(226)
Total deferred tax	(674)	4 185	(4 858)

	2022	2021
Payable tax		
Profit before tax	5 562	(6 750)
Non- deductible expenses	7	2
Received/ paid Group Contribution with tax effect	-	-
This year's change in temporary differences	27 853	(47)
Tax on income/ expenses recognized directly in equity	-	-
Applied carryforwards	(6 797)	6 797
Additional tax on interest	-	-
Taxable income	26 624	0
Tax payable 22	5 858	0
Income tax expense	2022	2021
Payable tax for the year	5 858	-
Settlement tax in prior years	-	-
Withholding tax	13	193
Tax on Group Contribution with tax effect	-	-
Additional tax on interest	-	-
Change in deferred tax liabilities/ assets	(4 858)	(550)
Tax on income/ expenses recognized directly in equity	226	(935)
Total income tax expense	1 239	(1 292)

Why the tax cost does not correspond to 22%

	2022	2021
22% on profit before tax	1 224	(1 485)
Permanent differences 22%	2	-
Effect of change in tax rate as of 31.12.2018	-	-
Additional tax on interest	-	-
Deviations on deferred taxes in previous years	-	-
Withholding tax	13	193
Settlement tax payable previous years	-	-
Calculated tax cost	1 239	(1 292)
Effective tax ***)	22,3 %	19,1 %

**) Includes non-deductible expenses such as representation.

***) Tax cost in relation to profit before tax.



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Note 10 Equity and shareholders information

Equity	Share premium account and other paid in capital		Retained earnings	Total
	Share capital			
Equity per 01.01.2022	7 000	30 224	-4 853	32 371
Annual result			4 322	4 322
Group contribution				0
Dividends			-2 000	-2 000
	7 000	30 224	-2 531	34 693
Hedging gains and losses 2022			-801	-801
Effects of first time adoption of IFRS				0
Equity per 31.12.2022	7 000	30 224	-3 332	33 892

Other income and expenses in the income statement related to the change in fair value of the hedging instrument in a cash flow hedge

Share Capital in Wärtsilä Valmarine AS per 31.12.2022	No of shares	Nominal value	Carrying amount
Sum	100	70	7 000

Shareholders information

Wärtsilä Technology Oy, holds 100% of the shares in the Company. Wärtsilä Valmarine AS is included in the consolidated financial statement for Wärtsilä Corporation, Finland. The consolidated financial statements are available at www.wartsila.com. The consolidated financial statements are presented in other currency, EUR, than the company accounts.



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Note 11 Inventory

Stock of goods for production and spare parts are valued at acquiring cost deducted obsolescence. Obsolescence is determined by the item's age.

Finished goods are valued by using the lowest value method of manufacturing cost and net realizable value.

Finished goods are defined as goods intended for direct resale or sub-components of these goods.

Goods are valued at manufacturing costs. The valuation includes cost of raw materials, direct salaries and social securities, engineering and project management, as well as indirect cost.

Inventory	31.12.2022	31.12.2021	Change
Inventories of goods for production and spare parts	39 699	34 243	5 456
Obsolete Provision goods for production and spare parts	-15 014	-9 518	-5 496
Finished Goods			0
Devaluation Finished Goods			0
Work in progress - accrued cost	22 395	11 180	11 216
Inventory	47 080	35 905	11 176

Note 12 Trade and other receivables

Accounts Receivable	31.12.2022	31.12.2021	Change
Trade receivables external	57 799	44 800	12 999
Trade receivables group	11 560	11 251	309
Total Accounts Receivable	69 359	56 051	13 308

Accounts receivable are valued at nominal value less provision for bad debts.

Accounts receivable- provision for bad debts

Provision for bad debts amount to MNOK 0,4 at 31.12.2022 (2021: 0,7MNOK). Change in provision for uncollectable accounts receivable are classified as other operating expences in the income statement.

Bad debts	2022	2021
New accruals	232	180
Realized losses	197	0
Reversal of previous provisions	-550	-1 146
Bad debts in income statement	-121	-966

Contract Balances

Contract assets primarily relate to the Group's right to consideration for transferred goods or services, but which is not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract assets arise from long-term service agreements and projects recognised over time

Unbilled revenue, ref accounts receivable, is the net amount of accumulated operating revenue, reduced accumulated invoices for all current contracts, where accumulated operating revenues exceed accumulated invoicing.

Advances from customers, ref other payables, is the net amount of accumulated operating revenue minus the invoiced amount for all ongoing contracts where the accumulated invoices exceed the accumulated operating revenue.

	2022	2021
Work in progress - accrued cost	131 713	188 153
Estimated margin on work in progress	34 714	55 757
Total value of work in progress	166 427	243 910



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Note 13 Receivables

	<u>31.12.2022</u>	<u>31.12.2021</u>
Trade receivables	57 799	44 800
Advances paid on inventory		
Prepaid expenses and other receivables	17 733	30 394
Receivables Group Contribution	-	-
Accounts receivable VAT/ taxes	450	2 134
Total trade and other receivables	<u>75 982</u>	<u>77 328</u>



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Note 14 Pledges and guarantees

Guarantees that are not recognized	31.12.2022	31.12.2021
Guarantee for payment of tax per 31.12		
Parent Company guarantee	3 311	3 311
Guarantees prepayments from customers	16 940	23 477
Total	20 251	26 788

The Company has no assets as security for long-term or short-term debt as of 31.12.2022

The Company did not pledge collateral or guarantees in favour of group companies per 31.12.2022

Note 15 Balances with group companies

	31.12.2022	31.12.2021
Trade receivable	42 133	46 211
Other receivable/ Group Contribution	-	-
Trade Payables	10 841	11 305
Other short term debt	38 736	38 736

*) Other short term debt per 31.12.2021

	Amount	Interest	Due Date
Loan from Wärtsilä Corporation, Group Treasury	0		

Note 16 Cash and cash equivalents

	31.12.2022	31.12.2021
Restricted bank deposits	2 465	2 338
Bank deposits		
Balance in Group Account	23 267	26 746
Total	25 732	29 084

The Company participates in the cash pool arrangement with the parent company in Finland. The amount on the consolidated account are presented as bank deposits.

Note 17 Trade payables

Accounts Payable	31.12.2022	31.12.2021	Change
Accounts payables external	14 376	12 959	1 417
Amount due to Group Companies	10 841	11 305	-464
Total Accounts Payable	25 217	24 264	953

Note 18 Current liabilities

	31.12.2022	31.12.2021
Provision accrued project-cost	10 496	4 590
Provision Wages and Holiday Pay	5 386	6 548
Other accruals	1 716	17 528
Payable Group Contribution	-	-
Other short term and borrowings	38 735	38 735
Advances received	13 958	
Payable Dividends	2 000	-
Deferred income	10 031	11 900
Taxes	-	-
Total other current liabilities	82 322	79 301



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Note 19 Financial Risk Management

Financial risk Factors

The Company is exposed to a variety of financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk through the operational business. The Wärtsilä Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on both the Group's and also the Company's financial performance.

To reduce and manage these risks, certain procedures for risk-management are adopted by the Company and undertaken by a Central Finance-department in co-operation with the individual operating units.

The main financial risks the Company is exposed to are interest rate risk, liquidity risk, currency risk and credit risk. The Company's management team has an ongoing assessment of the risks and has established guidelines for how they should be handled.

The Company uses financial instruments to hedge risks associated with changes in foreign currency.

(i) Credit risk

The Company is exposed to credit risk through its trade receivables. The Company mainly trades with creditworthy third-parties which has been pre-approved to reduce this risk. Exposure to bad debt is steady at a relatively low level due to differences in the credit risk in the customer group.

(ii) Cash flow and fair value Interest rate risk

The Company's exposure to the risk of moving market interest rates are mainly related to the Company's short term obligations with floating interest rates. Borrowings issued at variable rates expose the Company to fair value interest rate risk. The Company has currently no external debt.

(iii) Liquidity risk

The Company's strategy to cope with liquidity risk is always to have cash in hand. This is controlled by regularly cash/currency calculations and funds can be arranged via short term-loans from Corporate.

(iv) Market Risk

Foreign exchange risk: The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to NOK, USD, and EURO.

Foreign exchange risk arises when future commercial transactions recognised as assets or liabilities are denominated in a currency that is not the Company's functional currency. The Company aims to achieve a natural hedge between cash inflows and cash outflows while the remaining exposure is hedged mainly using forward contracts.

The Company's risk management policy is to hedge anticipated transactions in each major currency.

Price risk: The Company is exposed to commodity price risk at two main levels:

The demand for new builds is sensitive to oil price development, fluctuations in production levels and general activity within the oil industry.

The cost of construction of future units is sensitive to changes in market prices of the input factors.

(v) Other

Fair value of derivatives are recognized directly in equity to avoid fluctuations in profit and loss.

Hedge- activities- cash flow hedges

All contracts are recognised at fair value and net unrealized gains on cash flow hedges are accrued in equity.

For contracts accrued for by the complete-contract method, unrealized gain/ loss is fully booked to equity. These accruals are reversed via income statement when delivery takes place. For projects which are recorded under the percentage-of-completion method, unrealized gains and losses are reversed according to the percentage calculated by revenue recognition.

	31.12.2022	31.12.2021	Change
The fair value of forward contracts recognized in equity (in KNOK)	-2 395	-1 368	-1 027



Wärtsilä Valmarine AS Financial Statements 2022

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Note 20 Transactions with related parties

Wärtsilä Group is a global leader in complete energy solutions for the marine and energy market. Our solutions support our customers throughout the product lifecycle. By emphasizing technological innovation and total efficiency, Wärtsilä maximizes the environmental and economic results of client's vessels and power plants.

In 2022 Wärtsilä Group had a net sale of EUR 5,842 Million and nearly 18,000 employees.
The Group has operations in over 200 locations in 80 countries around the world.
Wärtsilä is listed on Nasdaq OMX Helsinki, Finland.

Wärtsilä Valmarine AS has two different business areas: New build and Services.

New build contribute to the Group's strategy of engineering, research and development of navigation-systems for the marine and cruise market

Services perform a wide range of services to existing facilities

By the end of 2022 the Company had 41 employees.

Total net sales to other Group Companies amounted to MNOK 30 in 2022 (MNOK 30 in 2021).

The most significant sales- transactions with related parties are (in KNOK):

Wärtsilä North America Inc	14 547
Wärtsilä APSS Srl	8 244
Sam Electronics GMBH	3 520

Total procurement of goods and services from other Group companies amounts to 42 MNOK in 2022 (MNOK 47 in 2021).

The most significant acquisitions from related parties are (KNOK)

Wärtsilä Corporation Oy	14 902
Wärtsilä Finland Oy	8 267
Wärtsilä North America Inc	5 394

Marine Voyage in Norway buys equipment from other affiliates in those cases where they have contract with a 3rd party. Purchases related to Wärtsilä Corporation are basically Management and IM fee offered by the headquarter.



Wärtsilä Valmarine AS

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Note 21 Subsequent events

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. By the reporting in 2021 the war in Ukraine and the suspensions against Russia is heavily impacting the market. By the end of 2022 there are still indirect consequences from the war in the form of high oil prices, high raw material prices, fluctuations in interests, and increasing inflation.

In February it was announced to transfer the company from the Marine Power business to the Portfolio business. This is indicating that the company will be put for sale. Indications shows that nothing will happen during 2023, so business continue as it is. The financial impact will be insignificant in Valmarine



Report from the Board of Directors 2022

Business Concept

Wärtsilä Valmarine AS's main office is located in Drammen. The Company also has a branch office in Bergen.

Wärtsilä Valmarine AS's (*The Company*) principal activities are delivery of navigation and automation systems for the marine, oil and gas industry. The service business covers lifecycle support and technical support to service agreements and condition-based maintenance.

The ultimate parent company is Wärtsilä Corporation which is listed on the Large Cap list of Nasdaq Helsinki.

In 2022, Wärtsilä Corporation's net sales totalled EUR 5.8 billion with approximately 18 000 employees. The Corporation has operations in over 200 locations in more than 80 countries around the world. The Group's Annual Report 2022 is available on web page www.wartsila.com

2022 In Short

During 2022 The Company reported net sales of 172 MNOK which is slightly lower than 2021. Result before tax for the same period was a surplus of 5,6 MNOK.

The Company had been affected by lower new build sales, but the business started to show improvements and the Company has been very busy handling the obligations.

In accordance with the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption, on which the financial statements have been prepared, is appropriate.

The equity and liquidity of The Company is considered to be sound. By the end of 2022, The Company had cash and cash equivalents equal to 26 MNOK. It was decided to pay 2MNOK in dividend to the group.

The New build market is still challenging but with a positive development. There are limited demands for new-build vessels even though high oil prices is expected to drive the market forward. On other segments such as Specials, Cruise and Merchant we see a slightly positive increase in demand for new vessels. The Navy business is showing positive signs and The Company landed several contracts in 2022. Even if the Covid-19 situation improved during the year, the Russian invasion of Ukraine increased the overall uncertainty in the global business environment and led to accelerating cost inflation and global supply chain challenges. Decarbonisation remained the main underlying trend for



all market segments, and our customers are focusing even more on cleaner energy sources for their businesses.

The Service market outlook continues the positive trend with growth opportunities in selected regions and customer segments. Offshore is still suffering from overcapacity, but other segments such as Specials, Cruise and Merchant show healthy improvements.

Financial risk

The Company is exposed to operational financial risk by the nature of the business. Freight rates, currency exchange rates and interest rates may impact the value of The Company's assets, liabilities and future cash flows. To reduce and manage these risk factors, management regularly reviews and reassesses the main market risks. Whenever a major risk factor is identified, actions to reduce the specific threat are considered. The Company is exposed to interest rate risk both through financing and contracts with clients. The Company's hedging strategy is to secure all cash flows with contract amount of more than 40 KEUR, but due to a considerable amount of minor contracts, The Company has decided also to hedge these as the total amount is significant.

The Company's liquidity is considered good. To secure sufficient liquidity towards our vendors, The Group is providing necessary funding in case cash is short for a period of time. In respect to sales to external customers, The Company use prepayment as a payment term, and also bank-guarantees. The sales-invoices are mainly in EURO, USD or NOK, which is hedged primarily with forward exchange contracts.

Directors and officers liability insurance

The Company has in connection with The Group signed a directors and officers liability insurance from XL insurance Company. The limit of the liability is up to 10MEUR for all financial loss covered in the insurance agreement. This is also including defence costs and investigation costs. The insurance is valid all over the world.

Norwegian transparency act reporting

The Norwegian Transparency Act is a new act relating to companies' transparency and responsibility in the supply chain and its purpose is to promote companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services.

Wärtsilä Corporation has global processes and instructions for all subsidiaries related to Transparency, Sustainability and how to act as a Responsible business. The extensive information and reporting can be found on the web site: [Wartsila.com/sustainability](https://www.wartsila.com/sustainability). The latest Sustainability report is available from the [Wärtsilä Corporation annual report 2022 pages 31-90](#). (Ref.web site: www.wartsila.com/investors/financial-materials/annual-reports/wartsila-annual-report-2022.)



Health, Safety, Environmental and Quality

In 2022, Wärtsilä Valmarine AS continued the process of implementing the business management system in compliance with recognized industry standards for HSE and Quality Management. Wärtsilä Valmarine AS has a working environment that is considered to be satisfactory.

The Company's sick leave was at the same level as last year on 5,8%, but the trend was decreasing by the end of the year. The sick leave is mainly due to long term sick leave. The need for continuous effort to reduce absence due to sickness, continues. The Company has an IA agreement, which will be continued also in 2023.

Safety awareness helps us to reduce risk. The Company is committed to achieve the highest standards of safety and accident prevention, through systematic risk assessment and continuous improvement processes. The Company had no Lost Time injuries during 2022.

The Company ended up with a total of 53 reported WeCares. The system for proper reporting is continuously improved to find measures to reduce accidents from occurring.

Wärtsilä Valmarine AS is proactive in relation to climate challenges. The company policy is to reduce all feasible emissions to air, land and sea.

The Company reports under §29 of the Pollution Control Act. This includes similar requirements for emissions to air and water, as well as noise limits in previous permits. The requirements of this new law is compiled within 2019.

Social Responsibility

Wärtsilä Valmarine AS takes a proactive role to safeguard and integrate the consideration of human rights, labour rights and social conditions.

Regardless of gender, background, religion, nationality or disability, all employees in Wartsila Valmarine has the same rights and possibilities. The Company promotes freedom from discrimination based on race, ethnic or national origin, colour, gender, family status, sexual orientation, creed, disability, age or political beliefs, or other characteristics protected by law. Wartsila Valmarine fosters equal opportunities and employees are selected and treated on the basis of their abilities and merits. The Company continues to employ fair employment practices, and these are in the essence of Wärtsilä's code of conduct. Recruitment & resourcing policies and practices support the actions that encourage the hiring of more females in senior and technical roles.

By the end of 2022, Wartsila Valmarine AS had a total of 43 employees, 3 females and 40 males. A full equality and diversity report for all Wartsila Valmarine AS can be found as an attachment to the financial statements.



WARTSILA VALMARINE AS



Wartsila Valmarine's management group consists of 2 females and 4 males while The Board of Directors consists of 4 males and 2 female. Both the Board and management are familiar with the social expectation for measures to promote gender equality, both within The Company and the Board.

On the Board of Wärtsilä Valmarine AS – Drammen 05.06.2023

Han Schaminée

Han Schaminée (Jun 7, 2023 08:57 GMT+2)

Johannes Gerardus Maria Schaminee
Chairman of the Board

: Geir Ove Sele

Geir Ove Sele (Jun 5, 2023 19:23 GMT+2)

Geir Ove Sele
Board Member

Ulrikke Iversen Hetland

Ulrikke Iversen Hetland (Jun 5, 2023 16:08 GMT+2)

Ulrikke Iversen Hetland
Board Member

Thomas Heldarskard-Winnerskjold

Thomas Heldarskard-Winnerskjold (Jun 9, 2023 13:22 GMT+2)

Thomas Heldarskard-Winnerskjold
Board Member

Konstanse A Løkken

Konstanse A Løkken (Jun 5, 2023 16:14 GMT+2)

Konstanse Løkken
Board Member

Jørn Engen

Jørn Engen
Board Member

Atle Ormevik

Atle Ormevik
Managing Director