



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 940 193 575
Organisasjonsform: Aksjeselskap
Foretaksnavn: WÄRTSILÄ NORWAY AS
Forretningsadresse: Wichmannvegen 3
5420 RUBBESTADNESET

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Morselskap i konsern: Nei

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: Hans Petter Nesse
Dato for fastsettelse av årsregnskapet: 22.06.2023

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, 05.07.2024



Resultatregnskap

| Beløp i: NOK | Note | 2022 | 2021 |
|---|------|----------------------|----------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Revenue | | 1 604 454 300 | 1 618 707 580 |
| Other income | | 326 461 159 | 105 413 521 |
| Sum inntekter | | 1 930 915 460 | 1 724 121 101 |
| Kostnader | | | |
| Raw materials and consumables used | | 1 073 642 060 | 932 174 872 |
| Payroll expense | | 499 584 334 | 475 669 218 |
| Depreciation | | 25 201 025 | 28 187 975 |
| Other operating expenses | | 255 921 557 | 207 384 788 |
| Sum kostnader | | 1 854 348 976 | 1 643 416 853 |
| Driftsresultat | | 76 566 484 | 80 704 248 |
| Finansinntekter og finanskostnader | | | |
| Annen renteinntekt | | 7 193 157 | 3 998 555 |
| Other financial income | | 1 310 077 | 264 565 |
| Sum finansinntekter | | 8 503 235 | 4 263 119 |
| Annen rentekostnad | | 3 647 164 | 1 477 467 |
| Other financial expenses | | 5 995 251 | 5 634 025 |
| Sum finanskostnader | | 9 642 415 | 7 111 493 |
| Netto finans | | -1 139 181 | -2 848 373 |
| Ordinært resultat før skattekostnad | | 75 427 303 | 77 855 875 |
| Income tax expense | | 19 822 077 | 16 757 740 |
| Ordinært resultat etter skattekostnad | | 55 605 226 | 61 098 135 |
| Årsresultat | | 55 605 226 | 61 098 135 |
| Årsresultat etter minoritetsinteresser | | 55 605 226 | 61 098 135 |
| Cash flow hedges | | -8 873 363 | 15 604 045 |
| Income tax relating to components of OCI | | 1 952 139 | -3 432 890 |



Resultatregnskap

| Beløp i: NOK | Note | 2022 | 2021 |
|--|-------------|-------------------|-------------------|
| Sum resultatkomponenter for IFRS-foretak | | -6 921 224 | 12 171 155 |
| Totalresultat | | 48 684 002 | 73 269 290 |
| Overføringer og disponeringer | | | |
| Ordinært utbytte | | 59 000 000 | 57 000 000 |
| Other equity | | | 16 269 290 |
| Transferred from other equity | | -10 315 998 | |
| Sum overføringer og disponeringer | | 48 684 002 | 73 269 290 |



Balanse

| Beløp i: NOK | Note | 2022 | 2021 |
|--------------------------------------|------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Development | | 5 740 548 | 8 013 988 |
| Utsatt skattefordel | | 18 773 858 | 26 024 001 |
| Goodwill | | 184 543 069 | 184 543 069 |
| Sum immaterielle eiendeler | | 209 057 475 | 218 581 058 |
| Varige driftsmidler | | | |
| Machinery and equipment | | 29 800 269 | 33 381 448 |
| Right-of-use assets | | 95 997 231 | 127 799 100 |
| Sum varige driftsmidler | | 125 797 500 | 161 180 548 |
| Finansielle anleggsmidler | | | |
| Investments in shares | | 1 576 000 | 1 576 000 |
| Sum finansielle anleggsmidler | | 1 576 000 | 1 576 000 |
| Sum anleggsmidler | | 336 430 975 | 381 337 606 |
| Omløpsmidler | | | |
| Varer | | | |
| Sum varer | | 225 296 914 | 193 900 527 |
| Fordringer | | | |
| Accounts receivables | | 200 722 798 | 181 675 762 |
| Other short-term receivables | | 83 602 720 | 78 544 718 |
| Konsernfordringer | | 481 893 259 | 323 495 358 |
| Sum fordringer | | 766 218 776 | 583 715 838 |
| Cash and cash equivalents | | | |
| Sum omløpsmidler | | 991 515 690 | 777 616 366 |
| SUM EIENDELER | | 1 327 946 666 | 1 158 953 972 |

BALANSE - EGENKAPITAL OG GJELD



Balanse

| Beløp i: NOK | Note | 2022 | 2021 |
|--|------|----------------------|----------------------|
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Share capital | | 60 000 000 | 60 000 000 |
| Overkurs | | 22 325 000 | 22 325 000 |
| Annen innskutt egenkapital | | 168 770 390 | 168 770 390 |
| Sum innskutt egenkapital | | 251 095 390 | 251 095 390 |
| Opptjent egenkapital | | | |
| Other equity | | 104 951 395 | 142 567 392 |
| Sum opptjent egenkapital | | 104 951 395 | 142 567 392 |
| Sum egenkapital | | 356 046 785 | 393 662 782 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Other provisions | | 38 493 593 | 52 004 322 |
| Sum avsetninger for forpliktelser | | 38 493 593 | 52 004 322 |
| Annen langsiktig gjeld | | | |
| Obligasjonslån | | 87 343 771 | 116 536 197 |
| Sum annen langsiktig gjeld | | 87 343 771 | 116 536 197 |
| Sum langsiktig gjeld | | 125 837 364 | 168 540 519 |
| Kortsiktig gjeld | | | |
| Sertifikatlån | | 15 025 233 | 16 673 316 |
| Liabilities to group companies | | 301 067 280 | 160 479 447 |
| Leverandørgjeld | | 73 038 111 | 60 132 455 |
| Tax payable | | 14 985 | 4 553 494 |
| Public duties payable | | 30 706 468 | 26 884 093 |
| Utbytte | | 59 000 000 | 57 000 000 |
| Other current liabilities | | 367 210 439 | 271 027 866 |
| Sum kortsiktig gjeld | | 846 062 516 | 596 750 671 |
| Sum gjeld | | 971 899 881 | 765 291 190 |
| SUM EGENKAPITAL OG GJELD | | 1 327 946 666 | 1 158 953 972 |



Skattedirektoratet

| | | |
|--|--|------------------------------|
| Saksbehandler Torstein Kinden Helleland | Deres dato 26.02.2016 | Vår dato 29.02.2016 |
| Telefon 22078139 | Deres referanse Rita Viste Bratland | Vår referanse 2016/179268 |

WARTSILA NORWAY AS
Wichmannvegen 1
5420 RUBBESTADNESET

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Wärtsilä Norway AS, org. nr. 940 193 575

Vi viser til deres brev av 26. februar 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Wärtsilä Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Wärtsilä Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at 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

Wärtsilä Norway AS er heleid av Wärtsilä Technology Oy Ab, hjemmehørende i Finland. Dette selskapet er i sin tur heleid datterselskap av Wärtsilä Finland Oy, også hjemmehørende i Finland, og notert på Helsinki Børs. Selskapets arbeidsspråk er engelsk. Kundene er alt fra lokale rederiselskaper, til store internasjonale selskaper innen olje- og gassvirksomhet, samt shippingvirksomhet. En stor del av selskapets omsetning skjer i tillegg mot andre Wärtsilä-selskaper, hjemmehørende i utlandet. Selskapets virksomhet er internasjonal. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

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 m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



”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 eid av et utenlandsk selskap. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. 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 henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Wärtsilä Norway AS

Financial Statements 2022



Wärtsilä Norway AS

Financial Statements 2022

Profit and Loss

| NOK '000 | Note | 2022 | 2021 |
|--|-------|--------------------|--------------------|
| REVENUE | | | |
| Sales Revenue | 2,3 | 1 604 454 | 1 618 708 |
| Other Operational Income | 4 | 326 461 | 105 414 |
| Total Revenues | | 1 930 915 | 1 724 121 |
| OPERATING COST | | | |
| Raw materials and consumables used | 3 | (1 073 642) | (932 175) |
| Payroll expense | 5 | (499 586) | (475 669) |
| Depreciation and amortisation | 6,7,8 | (25 201) | (28 188) |
| Other operating expenses | 9 | (255 920) | (207 385) |
| Total operating expenses | | (1 854 349) | (1 643 417) |
| Operating profit | | 76 566 | 80 704 |
| FINANCIAL ITEMS | | | |
| Other interest income | 10 | 7 193 | 3 999 |
| Other financial income | 10 | 11 586 | 12 232 |
| Other interest expenses | 10 | (5 995) | (5 634) |
| Other financial expenses | 10 | (13 923) | (13 445) |
| Net financial items | | (1 139) | (2 848) |
| PROFIT BEFORE TAX | | 75 427 | 77 856 |
| Tax on ordinary result | 11 | 19 822 | 16 757 |
| PROFIT (LOSS) | | 55 605 | 61 098 |
| OTHER COMPREHENSIVE INCOME/ COST | | | |
| Changes in fair value of hedging instruments with cash flow hedges | 12 | (8 873) | 15 604 |
| Tax on other comprehensive income | 11 | 1 952 | (3 433) |
| Total other comprehensive income and expenses | | (6 921) | 12 171 |
| TOTAL RESULT | | 48 684 | 73 269 |
| ALLOCATIONS | | | |
| Group Contribution given | 13 | 27 300 | - |
| Dividend payment | 13 | 59 000 | 57 000 |
| Allocated to/from Other Equity | 13 | (37 616) | 16 269 |
| Total allocated | | 48 684 | 73 269 |



Wärtsilä Norway AS

Financial Statements 2022

Balance sheet

| NOK '000 | Note | 2022 | 2021 |
|------------------------------------|-------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| Development | 8 | 5 741 | 8 014 |
| Deferred tax asset | 11 | 18 774 | 26 024 |
| Goodwill | 8 | 184 543 | 184 543 |
| Total intangible assets | | 209 057 | 218 581 |
| Fixed assets | | | |
| Right-to-use assets | 7 | 95 997 | 127 799 |
| Property, plant & equipment | 6 | 29 800 | 33 381 |
| Total fixed assets | | 125 798 | 161 181 |
| Financial fixed assets | | | |
| Investments | | 1 576 | 1 576 |
| Total financial fixed asset | | 1 576 | 1 576 |
| Total non-current assets | | 336 431 | 381 338 |
| Current assets | | | |
| Inventories | 14 | 225 297 | 193 901 |
| Debtors | | | |
| Accounts receivables | 15 | 200 723 | 181 676 |
| Other short term receivables | 15,16 | 83 603 | 78 545 |
| Receivables from group companies | 15,17 | 481 893 | 323 495 |
| Total current assets | | 766 219 | 777 615 |
| Total Assets | | 1 327 947 | 1 158 954 |




Wärtsilä Norway AS
Financial Statements 2022

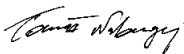
Balance sheet

| NOK '000 | Note | 2022 | 2021 |
|---|-------|------------------|------------------|
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 13 | 60 000 | 60 000 |
| Share premium | 13 | 22 325 | 22 325 |
| Other paid-in capital | 13 | 168 770 | 168 770 |
| Total paid-in capital | | 251 095 | 251 095 |
| Retained earnings | 13 | 104 951 | 142 567 |
| Total equity attributable to equity holders of the Company | | 356 047 | 393 663 |
| Liabilities | | | |
| Other provisions | | 38 494 | 52 004 |
| Other non-current liabilities | | | |
| Lease liabilities (non-current) | 7 | 87 344 | 116 536 |
| Total non-current liabilities and provisions | | 125 838 | 168 541 |
| Current liabilities | | | |
| Lease liabilities (current) | 7 | 15 025 | 16 673 |
| Liabilities to group companies | 15,18 | 392 132 | 209 483 |
| Trade payables | | 56 458 | 40 501 |
| Tax payable | 11 | 15 | 4 553 |
| Public duties payable | | 30 706 | 26 884 |
| Dividends | 13 | 59 000 | 57 000 |
| Other current liabilities | 15,19 | 292 726 | 241 656 |
| Total current liabilities | | 846 063 | 596 750 |
| Total liabilities | | 1 010 394 | 765 290 |
| Total Equity and Liabilities | | 1 327 947 | 1 158 954 |

Bømlo, 22.06.2023


Paul Kohle (Jun 22, 2023 09:45 GMT+1)


Paul Kohle
Chairman of the Board



Tomaz Nabergoj
Board Member


Jarle Havn (Jun 22, 2023 09:42 GMT+2)

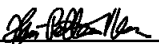
Jarle Havn
Board Member


Walter Reggente (Jun 22, 2023 09:35 GMT+2)

Walter Reggente
Board Member



Tor Olav Berg
Board Member


Hans Petter Nesse (Jun 23, 2023 07:32 GMT+2)

Hans Petter Nesse
Managing Director



Wartsila Norway AS
Financial Statements 2022

Notes

| |
|--|
| |
|--|

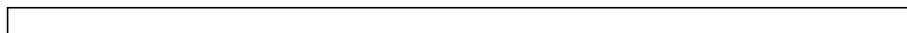
Contents

| | | |
|------|--|----|
| 1.1 | The Basis of preparation | 2 |
| 1.2 | Simplified IFRS..... | 2 |
| 1.3 | Classification and valuation of balance sheet items..... | 2 |
| 1.4 | Foreign currency | 3 |
| 1.5 | Use of estimates | 3 |
| 1.6 | Recognition of revenue..... | 3 |
| 1.7 | Property, plant and equipment | 4 |
| 1.8 | Intangible assets | 5 |
| 1.9 | Cash and cash equivalents..... | 5 |
| 1.10 | Taxation..... | 5 |
| 1.11 | Inventory..... | 6 |
| 1.12 | Contract assets..... | 6 |
| 1.13 | Derivatives and hedge accounting..... | 6 |
| 1.14 | Financial assets and liabilities | 7 |
| 1.15 | Accruals..... | 8 |
| 1.16 | Investments in other companies | 8 |
| 1.17 | Leasing | 8 |
| 1.18 | Trade receivables | 9 |
| 1.19 | Employee Benefits | 9 |
| 1.20 | Government Grants | 10 |
| 1.21 | Contingent liabilities and assets | 10 |
| 1.22 | Equity | 10 |
| 1.23 | Subsequent events..... | 10 |
| 1.24 | New Standards..... | 10 |



Wartsila Norway AS
Financial Statements 2022

Notes



Note 1 General info and summary of significant accounting principles

Wartsila Norway AS is domiciled in Bømlo Kommune, Norway.

The Company is engaged in the development, sales, production and service of propulsion 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

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

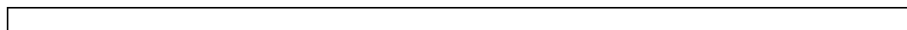
1.3 Classification and valuation of balance sheet items

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.



Wartsila Norway AS
Financial Statements 2022

Notes



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 arising 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

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.

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 product has transferred to the customer, in general upon delivery of the goods. Product sale contracts generally include one performance obligation.



Wartsila Norway AS
Financial Statements 2022

Notes

Goods and services-type of revenue involves short-term field service jobs, which include the delivery of a combination of service and equipment. The revenue is recognised at a point in time when the service is rendered. Goods and service-type contracts generally include one performance obligation.

Projects contain short- and long-term projects. Depending on the contract terms and the duration of the project, the revenue is recognised at a point in time or over time. Project contracts generally represent one performance obligation but can under certain circumstances contain multiple performance obligations in the Marine business, when a contract contains multiple units of delivery.

Long-term agreements contain long-term operating and maintenance agreements for which the revenue is recognised over time.

Contracts with customers often include warranties in line with Wärtsilä's General terms and conditions, which are regarded as part of the promise to the customer.

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 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.

1.7 Property, plant and equipment

Property, plant and equipment (excluding investment properties) acquired are measured at cost less accumulated depreciations and impairment losses. When an asset is sold or scrapped, the carrying amount is derecognized and profit or loss booked to income statement.

The cost of an asset includes costs directly attributed to preparing an asset for its intended use. Maintenance costs are booked to income statement, while other expenses leading to future earnings, will be booked to the balance sheet.

Depreciation is expensed on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated, as its useful life is considered as infinite. The estimated useful lives and the residual values are reviewed at least at the end of each financial period, and if they differ significantly from previous estimates, depreciation periods are adjusted accordingly. Depreciation of property, plant and equipment is stopped when an item is classified as held for sale. A gain or loss arising from the



Wartsila Norway AS
Financial Statements 2022

Notes

sale of property, plant and equipment is recognised in other operating income or other operating expenses in the statement of income.

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 the assets at which independent cash flows can be identified.

1.8 Intangible assets

Goodwill is the difference between the aggregate of the acquisition-date fair value of the consideration transferred, and the acquirer's share of the company's net identifiable assets and liabilities measured at fair value on the acquisition date.

Other 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.

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.

An impairment loss is recorded when the carrying amount of an asset is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

1.9 Cash and cash equivalents

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

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. The Company participates in the cash pool arrangement with the parent company in Finland and is included in trade and other receivables.

1.10 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



Wartsila Norway AS
Financial Statements 2022

Notes

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.

1.11 Inventory

Inventories are stated at the lower of cost and net realizable value. Materials and consumables are valued weighted average cost. Finished products are valued at direct purchasing and manufacturing costs and allocated purchasing and manufacturing overhead costs. Work in progress includes costs for direct labour and material costs and allocated overhead costs related to manufacturing and purchasing when control has not yet transferred to the customer. 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.

The devaluation of inventory due to obsolete and excess stock, is performed based on the management's best estimate on the balance sheet date. Analysis of inventory aging, turn over and composition compared to anticipated future use is the basis for the estimates.

1.12 Contract assets

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.

1.13 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



Wartsila Norway AS
Financial Statements 2022

Notes

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 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.

Wartsila 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.

1.14 Financial assets and liabilities

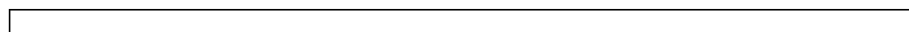
The Company's financial assets at amortised cost includes trade receivables, other receivables and investments in commercial papers that are recognised at their anticipated realisable value, which is the original invoiced amount less an estimated valuation allowance for impairment. Financial assets at fair value through profit or loss include derivatives not included in hedge accounting, other financial investments and cash. 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. Financial liabilities recognised at fair value through the statement of income include derivatives that are not eligible for hedge accounting. 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



Wartsila Norway AS
Financial Statements 2022

Notes



1.15 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 Company's expected income from a contract is lower than unavoidable costs of meeting the obligations under the contract.

1.16 Investments in other companies

The cost method is applied to investments in other companies.

1.17 Leasing

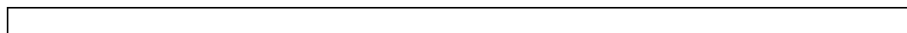
The Company's capitalised lease agreements consist mainly of office premises, production machinery and equipment lease agreements. Wartsila recognises a right-of-use (ROU) asset and a lease liability at the commencement of the lease. Whether a contract contains a lease is determined based on whether Wartsila has the right to control the use of an identified asset for a period of time. At the commencement date, a right-of-use asset as defined by IFRS 16 is measured at cost.

The nominal lease liability is initially measured at the present value of the lease payments over the lease term. The lease payments include fixed payments, amounts to be expected to be paid under residual value guarantees, the exercise price of reasonably certain extension options, and payments of penalties for terminating a lease in case this reflects the lease term. The lease payments are discounted using the interest rate implicit in the lease, if this rate can be readily determined. Otherwise the lessee's incremental borrowing rate is used. The incremental borrowing rates used are the sum of relevant interbank rates and average margin of group loan portfolio and are currency specific.



Wartsila Norway AS
Financial Statements 2022

Notes



The initial measurement of the lease payments does not include possible variable elements. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the statement of income.

The lease term is the non-cancellable period of the lease plus period covered by an option to extend or option to terminate if the lessee is reasonably certain to exercise the extension option. Management judgment based on realistic estimates is used when determining the lease term, especially concerning lease agreements containing termination and purchase options and lease agreements with indefinite lease terms.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated and interest on lease liabilities recognised in the statement of income over the lease term. The lease liabilities are subsequently measured at initial recognition less occurring lease payments that are allocated to the principal.

Lease payments are presented as repayments of liabilities and related interest expenses. Modifications to lease agreements may result in adjustments to existing right-of-use assets and lease liabilities. A gain or loss arising from a modification and a termination of a lease agreement is recognised in other operating income or other operating expenses in the statement of income.

The Company applies the two available exemptions, which relate to either short-term contracts, in which the lease term is less than 12 months, or low-value assets, which are expensed to other operating expenses.

1.18 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.

1.19 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.



Wartsila Norway AS
Financial Statements 2022

Notes

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.

1.20 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.

1.21 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.

1.22 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.

1.23 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.

1.24 New Standards

No new standards with significant effect implemented in 2022.



Wärtsilä Norway AS Financial Statements 2022

Cash-flow statement

| NOK '000 | 2022 | 2021 |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Profit before tax | 75 426 | 77 856 |
| Income tax paid | -7 458 | -13 029 |
| Loss/gain on sale of fixed assets | 0 | 0 |
| Depreciation & Amortisation | 25 201 | 28 188 |
| Change in inventory | -31 396 | -14 050 |
| Change in receivables including Bank deposits with Group Treasury | -177 444 | 13 111 |
| Change in accounts payable | 61 494 | 18 576 |
| Change in working capital and provisions | 127 914 | -25 049 |
| Net cash from operating activities | 73 737 | 85 603 |
| 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 | -2 750 | -1 391 |
| Net cash flow from purchase and sales of shares | 0 | 0 |
| Net cash flows from long-term interest bearing receivables | 0 | 0 |
| Net cash from in investing activities | -2 750 | -1 391 |
| Cash flows from financing activities | | |
| Changes in short-term debt | 0 | 0 |
| Changes in long-term debt | -13 987 | -15 438 |
| Paid dividend | -57 000 | -30 000 |
| Paid/received Group Contribution | 0 | -38 775 |
| Net cash from financing activities | -70 987 | -84 213 |
| Net increase in cash and cash equivalents | 0 | 0 |
| Cash and cash equivalents at 1 January | 0 | 0 |
| Cash and cash equivalents at 31 December | 0 | 0 |



Wärtsilä Norway AS

Financial Statements 2022

Notes

NOK '000

Note 2 Sales Revenue

| Business area | 2022 | 2021 |
|----------------------------|------------------|------------------|
| Service *) | 1 444 990 | 1 346 384 |
| Marine Solutions **) | 159 464 | 272 324 |
| Total Sales Revenue | 1 604 454 | 1 618 708 |

*) Revenues related to the sale of spare parts and commission income from the sale of spare parts in other Group Companies, and services related to reconditioning of equipment, routine maintenance on equipment and installation of equipment.

***) Revenues related to the sale of propulsion systems, electrical and automation systems (E&A) and ship design for the marine-, oil- and gas industry and the sale of engineering services related to these types of products.

Provisions for warranty liabilities, ref other short term liabilities, on products delivered, amounts to 34,3 MNOK per 31.12.2022 (decrease from 37,2 MNOK per 31.12.2021).

Other operational income is mainly related to intragroup fees, in addition to government grants (ref note 4)

| Geographical distribution | 2022 | | | |
|----------------------------|------------------|----------------|------------------|----------------|
| | External | Internal | Total | in % av total |
| Africa | 555 | 3 766 | 4 321 | 0,3 % |
| America | 9 585 | 56 734 | 66 319 | 4,1 % |
| Asia | 106 921 | 8 263 | 115 184 | 7,2 % |
| Australia | - | - | - | 0,0 % |
| Europe | 1 166 001 | 252 629 | 1 418 630 | 88,4 % |
| Total Sales Revenue | 1 283 062 | 321 392 | 1 604 454 | 100,0 % |

| Geographical distribution | 2021 | | | |
|----------------------------|------------------|----------------|------------------|----------------|
| | External | Internal | Total | in % av total |
| Africa | -47 | - | -47 | 0,0 % |
| America | 7 623 | 78 617 | 86 240 | 5,3 % |
| Asia | 29 155 | 7 385 | 36 540 | 2,3 % |
| Australia | - | - | - | 0,0 % |
| Europe | 1 130 473 | 365 502 | 1 495 975 | 92,4 % |
| Total Sales Revenue | 1 167 204 | 451 504 | 1 618 708 | 100,0 % |



Wärtsilä Norway

AS

Financial Statements 2022

Notes

Note 3 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 more than 80 countries around the world. Wärtsilä is listed on Nasdaq OMX Helsinki, Finland.

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

New build contribute to the Group's strategy of engineering, research and development of propulsion-systems for the marine market, as well as production, development and marketing of electrical and automation systems.

Services perform a wide range of services to existing facilities and the sale of spare parts.

By the end of 2022 the Company had 487 employees.

Total net sales to other Group Companies amounted to 321 MNOK in 2022 (MNOK 451 in 2021).

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

| | |
|---------------------------|---------|
| Wärtsilä Finland Oy | 113 873 |
| Wärtsilä Switzerland ZGLS | 72 176 |
| Wärtsilä North America | 35 928 |

Total procurement of goods and services from other Group companies amounts to 990 MNOK in 2022 (MNOK 595 in 2021).

The most significant acquisitions from related parties are (KNOK)

| | |
|------------------------------------|---------|
| Wärtsilä Services Switzerland Ltd. | 481 595 |
| Wärtsilä Finland Oy | 253 119 |
| Wärtsilä Corporation | 55 454 |

The service business trades spare parts and offer services to and from other Group companies. New build in Norway buys equipment from other affiliates in those cases where they have contract with a 3rd party. All sale of equipment in Norway is offered to other Group Companies. This applies both to complete gear- and propeller-equipment, as well as electrical- and automation



deliveries. Purchases related to Wärtsilä Corporation are basically Management and IM fee offered by the headquarter.

Note 4 Government grants

Government grants recognized in 2022 amounts to MNOK 55,7 (MNOK 43,6 in 2021) ref Other Operating Income.

The most significant amounts are related to Norwegian Research Council (Norges Forskningsråd) and Innovation Norway.

Government grants are not deducted from investments in 2022.



Wärtsilä Norway AS Financial Statements 2022

Notes

NOK '000

Note 5 - Wages, number of employees, benefits and loans to employees

| Salaries | 2022 | 2021 |
|----------------------|----------------|----------------|
| Wages and salaries | 406 638 | 389 480 |
| Social security cost | 62 421 | 58 703 |
| Pension cost | 26 972 | 24 378 |
| Other personnel cost | 3 554 | 3 108 |
| Total | 499 586 | 475 669 |

Average number of employees during the fiscal year

| | | |
|--|-----|-----|
| | 462 | 460 |
|--|-----|-----|

| | | |
|---|-------|-------|
| Salary (incl bonus) for Managing Director | 1 695 | 1 611 |
| Other remuneration | 190 | 169 |

Bonus schemes

Managing Director participates in a bonus scheme which entitles to a bonus of up to 32% of annual salary, based on the achievements of pre-defined goals.

Bonus paid in 2022 amounted to KNOK 208

The Managing Director is in connection with his resignation not entitled to any special compensation.

Other 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.

Other employees participate 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 13,8 (MNOK 17,6 in 2021.)

Composition of total pensions

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

In July 2011 The Company chose to change the pension scheme from defined benefit-plan to defined contribution-plan. At the date of the transfer, employees could choose whether they wanted to stay in the defined benefit-scheme or transfer to the defined contribution plan. Defined benefit plan was until 31.12.2013 covered by insurance company. From this point, all employees were transferred to the Defined Contribution Plan.

In addition to the above, The Company also participates in "AFP- ordning" through "tariffavtale". At the end of 2021, 469 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 | 26 972 | 24 378 |
| Total pension cost recognized in the net income | 26 972 | 24 378 |

Audit fees from Auditors

| | | |
|---|-------|-------|
| Fees for audit and audit related services, excl VAT | 1 216 | 1 216 |
| Tax advisor fees | 69 | 96 |
| Other fees | 0 | 0 |



Wärtsilä Norway AS Financial Statements 2022

Notes

NOK '000

Note 6 Property, plant and equipment

| | Land | Buildings | Machinery & Equipment | Asset under construction | 2022 Total |
|---|--------------|----------------|-----------------------|--------------------------|----------------|
| Cost | | | | | |
| At 1. January 2022 | 3 203 | 94 518 | 92 531 | 873 | 191 125 |
| Additions and transfers | | | 655 | 2 095 | 2 750 |
| Disposals at cost/ retirement | | | | | - |
| Cost at 31 December 2022 | 3 203 | 94 518 | 93 186 | 2 967 | 193 875 |
| Accumulated depreciation and impairment losses at 01.01.2022 | | | | | |
| This years depreciation | | 2 666 | 3 661 | | 6 327 |
| Impairment losses | | | | | - |
| Disposal of depreciation | | | | | - |
| Per 31. December 2022 | - | 77 878 | 86 196 | - | 164 074 |
| Carrying amounts at 31. December 2022 | 3 203 | 16 641 | 6 990 | 2 967 | 29 800 |
| Economic life cycle | no dep | until 20 years | until 10 years | no dep | |
| Depreciation plan | | linear | linear | | |

| | Land and buildings | Buildings | Machinery & equipment | Asset under construction | 2021 Total |
|---|--------------------|----------------|-----------------------|--------------------------|----------------|
| NOK '000 | | | | | |
| Cost | | | | | |
| At 1. January 2021 | 3 203 | 94 017 | 91 507 | 1 008 | 189 735 |
| Additions and transfers | | 501 | 1 024 | (134) | 1 391 |
| Disposals at cost/ retirement | | | | | - |
| Cost at 31 December 2021 | 3 203 | 94 518 | 92 531 | 873 | 191 126 |
| Accumulated depreciation and impairment losses at 01.01.2021 | | | | | |
| This years depreciation | | 3 124 | 4 396 | | 7 520 |
| Impairment losses | | | | | - |
| Disposal of depreciation | | | | | - |
| Per 31. December 2021 | - | 75 211 | 82 535 | - | 157 746 |
| Carrying amounts at 31. December 2021 | 3 203 | 19 308 | 9 996 | 873 | 33 381 |
| Economic life cycle | no dep | until 20 years | until 10 years | no dep | |
| Depreciation plan | | linear | linear | | |

Note 7 Leases

| | Land and buildings | Machinery & equipment | 2022 Total |
|--|--------------------|-----------------------|----------------|
| Carrying amount, Right-of-use assets | | | |
| At 1. January 2022 | 127 124 | 675 | 127 799 |
| Additions | | - | - |
| Depreciations and impairment | (16 195) | (402) | (16 597) |
| Decreases and reclassifications | (15 205) | - | (15 205) |
| At 31 December 2022 | 95 724 | 273 | 95 997 |
| Carrying amount, Lease liabilities | | | |
| At 1. January 2022 | 132 508 | 701 | 133 209 |
| Additions/impairment | (15 205) | - | (15 205) |
| Interest expense | 3 403 | 11 | 3 414 |
| Payments | (18 630) | (419) | (19 049) |
| Other adjustments | | | - |
| At 31. December 2022 | 102 076 | 293 | 102 369 |
| Total lease liabilities | | | |
| Non-current | | | 87 344 |
| Current | | | 15 025 |
| Amounts recognised in profit and loss | | | |
| Depreciation and impairment of right-of-use assets | | | 16 597 |
| Interest expense | | | 3 414 |
| Expense - short-term leases | | | 5 759 |
| Expense - low-value assets | | | 4 484 |
| Expense - variable lease payments | | | 1 545 |
| | | | 31 799 |



| | Land and buildings | Machinery & equipment | 2021 Total |
|--|--|--------------------------|----------------|
| <i>Carrying amount, Right-of use assets</i> | | | |
| At 1. January 2021 | 111 066 | 1 273 | 112 339 |
| Additions | 33 854 | - | 33 854 |
| Depreciations and impairment | (17 796) | (598) | (18 394) |
| Decreases and reclassifications | - | - | - |
| At 31 December 2021 | 127 124 | 675 | 127 799 |
| <i>Carrying amount, Lease liabilities</i> | | | |
| At 1. January 2021 | 115 141 | 1 310 | 116 451 |
| Additions | 33 854 | - | 33 854 |
| Interest expense | 3 697 | 22 | 3 719 |
| Payments | (20 184) | (631) | (20 815) |
| Other adjustments | - | - | - |
| At 31. December 2021 | 132 508 | 701 | 133 209 |
| <i>Total lease liabilities</i> | | | |
| | Non-current | | 116 536 |
| | Current | | 16 673 |
| <i>Amounts recognised in profit and loss</i> | | | |
| | Depreciation and impairment of right-of-use assets | | 18 394 |
| | Interest expense | | 3 719 |
| | Expense - short-term leases | | 2 471 |
| | Expense - low-value assets | | 3 128 |
| | Expense - variable lease payments | | 805 |
| | | | <u>28 517</u> |



Wärtsilä Norway AS Financial Statements 2022

Notes

NOK '000

Note 8 Intangible Assets

| | Development | Goodwill | 2022 Total |
|--|----------------|----------------|----------------|
| Cost | | | |
| At 1. January 2022 | 118 517 | 187 263 | 305 779 |
| Additions merger | | | - |
| Additions and transfers | | | - |
| Disposals at cost/ retirement | | | - |
| Cost at 31 December 2022 | 118 518 | 187 263 | 305 779 |
| Accumulated depreciation and impairment losses at 01.01 2022 | 110 503 | 2 720 | 113 223 |
| Additions merger | | | - |
| This years depreciation | 2 274 | | 2 274 |
| Disposal of depreciation | | | - |
| Cost at 31 December 2022 | 112 777 | 2 720 | 115 497 |
| Carrying amount 31. December 2022 | 5 741 | 184 543 | 190 283 |

| | Development | Goodwill | 2021 Total |
|--|----------------|----------------|----------------|
| Cost | | | |
| At 1. January 2021 | 118 517 | 187 263 | 305 779 |
| Additions merger | | | - |
| Additions and transfers | | | - |
| Disposals at cost/ retirement | | | - |
| Cost at 31 December 2021 | 118 518 | 187 263 | 305 779 |
| Accumulated depreciation and impairment losses at 01.01 2021 | 108 230 | 2 720 | 110 950 |
| Additions merger | | | - |
| This years depreciation | 2 273 | | 2 273 |
| Disposal of depreciation | | | - |
| Cost at 31 December 2021 | 110 503 | 2 720 | 113 223 |
| Carrying amount 31. December 2021 | 8 015 | 184 543 | 192 557 |

| | | |
|------------------------|----------------|--------------|
| Expected economic life | Up to 15 years | No |
| Depreciation schedule | Linear | depreciation |

Goodwill

Goodwill is entirely related to synergies by acquisitions. The Company will perform an annual impairment test of goodwill.

Goodwill is specified against the following acquisitions

| | | |
|-------------------------------|------|----------------|
| John Crane Lips Norway | 2000 | 20 976 |
| Wärtsilä Propulsion Norway AS | 2002 | 89 348 |
| Wärtsilä Automation Norway AS | 2006 | 66 754 |
| Maritim Service AS (Ålesund) | 2008 | 7 465 |
| Total | | 184 543 |

The Company's capitalized development costs are mainly related to proprietary drives for low and medium power, and proprietary control -panel for controlling gears and propulsion- systems.



Wärtsilä Norway AS
Financial Statements 2022

Notes

NOK '000

Note 9 Other operating expenses

| Other operating expenses | 2022 | 2021 |
|--|----------------|----------------|
| Other operating expenses | 239 692 | 198 404 |
| Office cost | 4 648 | 4 110 |
| Rental cost | 11 789 | 6 404 |
| Losses on claims and change in provision for bad debts | -207 | -1 533 |
| Total other operating expenses | 255 920 | 207 385 |



Wärtsilä Norway AS

Financial Statements 2022

Notes

NOK '000

Note 10 Financial items

| Other Interest Income | 2022 | 2021 |
|--------------------------------------|--------------|--------------|
| Interest income from Group Companies | 7 003 | 3 847 |
| Other interest income | 189 | 151 |
| Total Other Interest Income | 7 193 | 3 999 |

| Other Financial Income | | |
|-------------------------------------|---------------|---------------|
| Realized exchange gain | 6 970 | 6 039 |
| Unrealized exchange gain | 4 616 | 6 193 |
| Total Other Financial Income | 11 586 | 12 232 |

| Other Interest Expense | | |
|-------------------------------------|--------------|--------------|
| Interest expense to Group Companies | 1 520 | 800 |
| Other interest expense | 411 | 417 |
| Interest on leasing | 3 414 | 3 718 |
| Other financial fees | 650 | 699 |
| Total Other Interest Expense | 5 995 | 5 634 |

| Other Financial Expenses | | |
|---------------------------------------|---------------|---------------|
| Realized exchange loss | 9 563 | 4 387 |
| Unrealized exchange loss | 4 349 | 9 053 |
| Other financial expenses | 12 | 5 |
| Total Other Financial Expenses | 13 923 | 13 445 |



Wärtsilä Norway AS
Financial Statements 2022

Notes

Note 12 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, PLN 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) | -4 128 | 4 745 | -8 873 |



Wärtsilä Norway AS Financial Statements 2022

Notes

NOK '000

Note 13 Equity and shareholders information

| Equity | Share capital | Share premium account and other paid-in capital | Retained earnings | Total |
|--|---------------|---|-------------------|---------|
| Equity per 01.01.2022 | 60 000 | 191 095 | 142 567 | 393 663 |
| Change in equity: | | | | 0 |
| Annual result | | | 48 684 | 48 684 |
| Group Contribution given (net after tax) | | | -27 300 | -27 300 |
| Dividends | | | -59 000 | -59 000 |
| Equity per 31.12.2022 | 60 000 | 191 095 | 104 951 | 356 047 |

Other income and expenses in the income statement related to the change in fair value of the hedging instrument in a cash flow hedge are items that may be reclassified to profit or loss in subsequent periods.

| Share Capital in Wärtsilä Norway AS per 31.12.2022 | No of shares | Nominal value | Carrying amount |
|--|--------------|---------------|-----------------|
| A-shares | 1 | 60 000 | 60 000 |

Shareholders information

Wärtsilä Technology Oy AB, Finland, holds 100% of the shares in the Company. Wärtsilä Norway 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.



Wärtsilä Norway AS

Financial Statements 2022

Notes

NOK '000

Note 14 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 | 90 353 | 86 708 | 3 645 |
| Obsolete Provision goods for production and spare parts | -15 602 | -14 031 | -1 571 |
| Finished Goods | 1 497 | 10 429 | -8 932 |
| Devaluation Finished Goods | -49 | -54 | 5 |
| Goods in process | 149 097 | 110 849 | 38 248 |
| Inventory | 225 297 | 193 901 | 31 395 |



Wärtsilä Norway AS Financial Statements 2022

Notes

NOK '000

Note 15 Trade and other receivables

| Accounts Receivable | 2022 | 2021 | Change |
|---------------------------------------|----------------|----------------|---------------|
| Trade receivables | 194 392 | 178 173 | 16 219 |
| Accrued accounts receivables/bad debt | -3 406 | -1 032 | -2 374 |
| Sold receivables | 9 736 | 4 535 | |
| Total Accounts Receivable | 200 723 | 181 676 | 13 845 |

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

Accounts receivable- provision for bad debt

Provision for bad debt amount to MNOK 3,3 at 31.12.2022 (2021: 0,5 MNOK). Change in provision for uncollectable accounts receivable are classified as other operating expences in the income statement.

Contract Balances

Contract assets primarily relate to the Company'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 | 286 567 | 461 363 |
| + estimated margin on work in progress | 34 570 | 30 931 |
| Total value of work in progress | 321 136 | 492 294 |
| Billed revenue related to work in progress per 31.12 | -323 282 | -439 345 |
| Contract asset | 47 957 | 116 389 |
| Contract liabilities | -50 103 | -62 378 |
| Net | -2 145 | 54 011 |

The Company have accrued for loss on work in progress amounting to MNOK 2,2 (MNOK 12,9 in 2021)



Note 16 Other short term receivables

| | 2022 | 2021 |
|--|---------------|---------------|
| Contract assets - external | 5 908 | 24 283 |
| Accrued income - external | 25 072 | 18 158 |
| Advances paid on inventory | 11 231 | |
| Prepaid expenses and other receivables | 10 719 | 7 872 |
| Personnel receivables | 2 498 | 397 |
| Accounts receivable VAT/ taxes | 28 174 | 27 834 |
| Total other receivables | 83 603 | 78 545 |

Note 17 Receivables from group companies

| | 2022 | 2021 |
|---|----------------|----------------|
| Trade receivables - intragroup | 151 788 | 80 596 |
| Advances paid on inventories - intragroup | 37 340 | 16 957 |
| Contract assets - intragroup | 42 049 | 92 105 |
| Accrued income - intragroup | 2 545 | 11 685 |
| Prepaid expenses - intragroup | 106 067 | 2 948 |
| Group cash pool arrangement *) | 142 105 | 119 204 |
| Total receivables from group companies | 481 893 | 323 495 |

*) The Company participates in a cash pool arrangement with the parent company in Finland. The amount on the consc bank deposits.



Wärtsilä Norway AS

Financial Statements 2022

Notes

NOK '000

Note 18 Liabilities to group companies

| | 2022 | 2021 |
|---|----------------|----------------|
| Trade Payables | 266 067 | 158 389 |
| Group Contribution | 35 000 | - |
| Contract liabilities - over time projects | 45 438 | 46 297 |
| Deferred income | 4 711 | 795 |
| Accrued expenses | 40 915 | 4 001 |
| Total liabilities to group | 392 132 | 209 483 |

Note 19 Other current liabilities

| | 2022 | 2021 |
|---|----------------|----------------|
| Accrued project cost | 29 897 | 54 181 |
| Contract liabilities - over time projects | 4 666 | 16 081 |
| Deferred income | 61 883 | 28 351 |
| Provision Wages and Holiday Pay | 68 256 | 69 610 |
| Other accruals | 13 364 | 17 206 |
| Prepayments from customer | 114 385 | 50 276 |
| VAT tax payable | 275 | 5 949 |
| Total other current liabilities | 292 726 | 241 656 |



Wärtsilä Norway AS
Financial Statements 2022

Notes

NOK '000

Note 20 Pledges and guarantees

| Guarantees that are not recognized | 31.12.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Guarantee for payment of tax per 31.12 | 35 000 | 35 000 |
| Guarantee for payment of customs credit | 0 | 0 |
| Guarantees prepayments from customers | 7 690 | 25 290 |
| Total | 42 690 | 60 290 |



Wärtsilä Norway AS
Financial Statements 2022

Notes

| |
|--|
| |
|--|

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 authorized for issue.

As for the reporting of 2022, no subsequent events have occurred after the balance sheet day.



Report from the Board of Directors 2022

Business Concept

Wartsila Norway AS's main office is located at Rubbestadneset, Bømlo. The Company also has branch offices at Stord, Asker and Trondheim.

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 is listed on Nasdaq Helsinki. The Group's Annual Report 2022 is available on web page www.wartsila.com

Wartsila Norway AS's (*The Company*) principal activities are Development, New build sales, and Services of Wartsila delivered equipment such as e.g. engines, propulsion systems and electrical and automation systems for the marine, oil and gas industry.

The Service business covers lifecycle support with the span from basic support with spare parts, field service and technical support to service agreements and condition-based maintenance.

Engineering, research- and development of Propulsion systems are located at Rubbestadneset, and similar at Stord for the Ship Electrification Solutions (e.g. Hybrid Systems). The systems are sold worldwide but The Company mainly acts as a sub supplier to our sister companies when selling total integrated solutions to our end customers.

2022 In Short

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. Despite outbreak of the war and the workload and activity level in 2022 was at a high level. During 2022 The Company reported net sales of 1 604 MNOK which is at the same level as 2021. Result before tax for the same period was a profit of 75 MNOK.

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, and the year ended without any loan position against The Group. The Company's liquidity is considered good and the cash pool agreement held a balance of 142MNOK by the end of the year. It was decided a pay-out of dividends of 59MNOK to our shareholders. A group contribution of 35MNOK to Wärtsilä Gas Solutions was also needed for tax optimization.

The Company's investments during 2022 was total 2,7 MNOK (1,4 MNOK in 2021). This is mainly related to investment in machinery and equipment.

The Annual Accounts for 2022 have been prepared in accordance with Accounting Act §3-9 and regulations regarding simplified IFRS issued by the Ministry of Finance. This means that recognition and measurement complies with IFRS (International Financial Reporting Standards) and presentation and disclosures in accordance with the Norwegian Accounting Act and accounting practice.

For 2022 our new build business received governmental funding (amounting to gross 55,7 MNOK), engaging in several development projects. One of which is Demo2000, developing engines running on Ammonia.

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. A significant portion of the Company's sales are sales to other Wärtsilä companies. These include payment terms established by the Group's internal payment- routines. In respect to sales to external customers, The Company use prepayment as a payment term, and bank-guarantees. The sales-invoices are mainly in EURO 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.

Wärtsilä complies with local legislation, regulations and agreements concerning human and labour rights. The **Code of Conduct** defines Wärtsilä's approach to responsible business practices and governs all our business operations and relations with our stakeholders. The Code of Conducts is extended to business partners, sub-contractors and suppliers with the **Wärtsilä Supplier Requirements**.

Contractor **EHS requirements** is also linking to our Code of Conduct, Safety Handbook and Supplier Handbook.

The extensive information and reporting can be found on the web site: <https://www.wartsila.com/sustainability>

Health, Safety, Environmental and Quality

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

We continue to invest in employees' competencies through external and internal training programmes both to be an interesting place to work and not least to stay competitive as a global technology business.

The Company's sick leave was lower than the previous year, 4,8% against 5,2% in 2021. The sick leave has previously been mainly due to long term sick leave, but for 2022, Covid also had an impact. 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 achieving the highest standards of safety and accident prevention, through systematic risk assessment and continuous improvement processes. The Company had 4 Lost Time injuries during 2022.

The Company had a target of reporting 1000 WeCare reports but ended up with a total of 970. The system for proper reporting is continuously improved to find measures to reduce accidents from occurring.



Wartsila Norway 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 requirement of this new law is compiled within 2018.

Social Responsibility

The Wärtsilä purpose, **Enable Sustainable Societies through innovation in technology and services**, address the challenges articulated by the last IMO Green House Gas strategy; **“Achieve zero CO2 emissions as soon as the development of new fuels and propulsion systems will allow it”**.

To meet this important task the industry, need to collaborate on building cross industry partnership for disruptive technology innovation for a sustainable ocean development and new green business.

Wartsila Norway realised early that the company could not capture the potential in our new vision alone and encouraged people from a variety of arenas to share, connect and bring insight in how we could start to make the changes in the ecosystem of shipping through new cross industry partnerships.

Since 2019 the ZEEDS initiative, spearheaded by Wärtsilä, has worked together to meet these challenges, in different work packages, where supply, storage and distribution of clean alternative fuels, as well as testing of ammonia for combustion engines has been cored to unlock the potential both for green energy productions in shipping, but also in off grid power supply in the North Sea, and Svalbard. The ZEEDS partners, Equinor, Aker Solutions, Grieg, DFDS and Wartsila's common goal, **To explore the fastest routes towards zero emissions shipping**, have resulted in a various of different concrete development projects, Nordic research and EU-funding and business opportunities as: MS Green Ammonia, Demo2000, Apollo, the Svalbard clean energy power plant, and the Berlevåg green ammonia production project: Green Ammonia Berlevåg.

During 2022 the partners have continued their close cooperation and worked further on concrete piloting the different parts of the concepts as; building the first Green ammonia onshore supply chain to Svalbard, started working on concrete plans for the first Offshore Hub production unit for hydrogen/ammonia with Aker Solutions / Equinor, and received the AIP for the vessel design of the Energy providing vessel (MS Green ammonia) with shipowner Grieg.



The ZEEDS initiative have received massive positive attention and interest from the maritime sector, both in Norway, the Nordic but also worldwide. ZEEDS has entered a new phase in 2022 where the target is to fulfil the demonstrations of concrete projects supporting the route towards Zero Emission shipping.

Equality statement

Wärtsilä is committed to embrace an inclusive corporate culture where everyone is appreciated regardless of gender, age, sexual orientation, ethnicity, social background or disability.

We recognise that diversity is important for many different reasons in today's world.

Status gender equality

| | 86 | 392 | 9 | 34 |
|--|---------|---------|---------|---------|
| | 17,74 % | 82,25 % | 20,93 % | 79,07 % |

The work community in Wärtsilä is characterized by male-dominated occupations. This is reflected in the number of applicants for open vacancies as most of the applicants are men. As shown in above figure around 80 % of our employees are males.

In 2022 we onboarded 27 new employees. Out of these, 1 female and 26 males. One was managerial position – 1 male hired.

We have a professional recruiting process and use tools and descriptions that contributes to prevent discrimination. As stated in our job ads: *“At Wärtsilä we value, respect and embrace all our differences, and are committed to diversity, inclusion and equal employment opportunities; everyone can be their true self and succeed based on their job-relevant merits and abilities”*.

As part of a global organisation this is also reflected due to several nationalities hired in Wärtsilä in Norway.



Gender balance

| Description of position level/group | Female | Male | Share of females | Total |
|-------------------------------------|--------|------|------------------|-------|
| Level/group 1 | 8 | 62 | 11% | 70 |
| Level/group 2 | 30 | 202 | 13% | 232 |
| Level/group 3 | 26 | 73 | 26% | 99 |
| Level/group 4 | 16 | 39 | 29% | 55 |
| Level/group 5 | 6 | 16 | 27% | 22 |

Total cash benefits

| Description of position level/group | Average cash benefits female (NOK) | Average cash benefits male (NOK) | Differences cash benefits (%) | Differences cash benefits (NOK) | Difference cash benefits (total) |
|-------------------------------------|------------------------------------|----------------------------------|-------------------------------|---------------------------------|----------------------------------|
| Level/group 1 | 1.135.566 | 1.193.907 | 95,1% | -58.341 | 1.164.736 |
| Level/group 2 | 789.014 | 909.022 | 86,8% | -120.008 | 849.018 |
| Level/group 3 | 649.650 | 774.664 | 83,9% | -125.014 | 712.157 |
| Level/group 4 | 455.201 | 593.510 | 76,7% | -138.309 | 524.355 |
| Level/group 5 | 363.652 | 434.724 | 83,7% | -71.072 | 399.188 |

Description of position levels and salary

For the calculation of differences in salary we have split fixed salary and variables. We have also considered similar work and work of same value when creating the position levels. The position levels are based on existing job categories in the company and an evaluation of which positions that fits into the different levels. The position groups are used actively in the yearly local salary negotiations. Union representatives for the employees have participated when we have planned, implemented and evaluated the salary of the employees. Most of the variables are travelling time and overtime related to travel. There is mostly male applicants to positions with extensive travel activity.



Temporary employees

| Temporary employees | |
|----------------------------|--------------------------|
| Temporary employees female | Temporary employees male |
| 11 | 13 |

We have 24 employees working on temporary contract. In this number apprentices (9) and “on-call” duty employees (13) are included. 3 employees temporary hired in full time positions related to different leave of absences.

Employees in part time positions

| Part time | | | |
|------------------|---------------|-----------------------------|---------------------------|
| Actual part time | | Involuntary part time | |
| Part time women | Part time men | Involuntary part time women | Involuntary part time men |
| 1 | 6 | 0 | 0 |

Involuntary part-time

We have amongst our parttime employees done an assessment which shows that the employees that works less than 100 % have chosen this based on health reasons or are preparing for retirement (stepping down).



Parental leave

| Parental Leave | |
|--|--|
| Parental leave for women (average number of weeks) | Parental leave for men (average number of weeks) |
| 21,7 | 16,6 |

Male have a lower average period of their parental leave. The company encourage both male and female to take their parental leave by offering full salary for this period. That is of course as long as the employee are entitled to parental benefits according to National insurance decisions.

Our work to ensure equality and non-discrimination in practice

Diversity is an asset that is valued in Wärtsilä. Our culture is an inclusive one where diversity is promoted and respected. All individuals are given the same opportunity to grow and advance in their careers, irrespective of their nationality, gender identities, age, sexual orientations, educational background etc. Diversity and inclusion are important elements when driving for culture of high performance.

Our work with equality and non-discrimination is an integral part of the company's strategic framework work and operations. This is reflected in our guidelines, procedures and standards.

Work regulations

The work regulations which all employee sign upon appointment, address issues that involve respect for and recognition of human rights and equality for all.

Wärtsilä Code of Conduct

Wärtsilä promotes freedom from discrimination based on rase, ethnic or national origin, colour, gender, family status, sexual orientation, creed, disability, age or political beliefs, or other characteristic protected by law. Wärtsilä foster equal opportunity and employees are selected and treated on the basis of their abilities and merits. Wärtsilä continues to employ fair employment practices, and these are in the essence of Wärtsilä code of conduct.



Well-being, harassment and bullying

Each person has the right to maintain their mental and physical integrity. Any kind of harassment or bullying is not tolerated in the work community and any incidences must be dealt with immediately. In Wärtsilä we have procedures related to notification of censurable conditions.

Equality and non-discrimination in practice

The prohibition against discrimination applies to all aspect of an employment relationship, including amongst other: job posting, hiring, onboarding, relocation and promotion of employees, training and competence development, pay and working condition and the termination of an employment relationship.

In Wärtsilä we have a close and good cooperation with Unions and Safety Representatives. We have scheduled meetings every month. In these meetings HR, unions and safety representatives are participating.

Development discussion is held on annual basis to all Wärtsilä employees. Development discussions includes an evaluation of the past, reflection of the present and planning of the future. Development discussions are held once a year (beginning) and check-in discussion are made regularly during the year.

Assessment of required skills and development needs can be done in the development discussion. A development plan to acquire the needed skills is made based on the positions requirements and accountabilities.

The basis for training and personnel development rests upon the know-how needs and requirements of the business operations.

Everyone must have an opportunity to participate in the training necessitated by their work and the business operations, taking into consideration the principles of non-discrimination and equal treatment.

A global employee survey is conducted regularly and everyone has the opportunity to participate. These surveys are used to gain information to help us to improve our policies and procedures. In addition, during the year, Impulse Surveys are conducted within the different Business in the company.

In Wärtsilä we maintain the employees' physical and psychological well-being and behaving in a decorous and respectful manner. We do cooperate with external Occupational Health Services. They perform health controls, both related to the individuals and to Working environment.



Our rewarding principles are designed for Wärtsilä purposes reflecting commonly accepted position evaluation methods. The job grading structure describes position requirements, scope of responsibility and impact of the position. A common global framework provides the basis for transparent, fair and equal treatment of employees across the company. This also provides us means to analyse salaries and their competitiveness, internally and externally, in all Wärtsilä countries and entities.

There should be no pay differences based on gender in comparative roles. Salary differences or increases depend on performance and development.

Possible causes for risks and obstacles

The low number of females in the company is largely due to the type of positions and we still see that there are few females applying for the majority of our open positions. This might be the way our job ads are formulated. The content of the announcements may not reflect the real content of the position. If the job advertisement text is made more inviting and informative this might improve the situation.

We see that there is a risk in the recruiting process that manager might have bias. In order to avoid bias, there should always be a neutral third party, like HR, participating in the interview to challenge any kind of bias.

The company contribute to transfer of skills and experience within their teams and across the departments. When searching for candidates to new positions the company are seeking skilled and experienced candidates but should perhaps seek for these in own organisation and hire more junior employees externally instead. A risk is that knowledge is not shared internally, and that majority of our employees are 40+. By developing own employees, we could fill up the gap with younger employees.

Wärtsilä rewarding principles is a good framework. A risk might be that when an employee's performance is evaluated by his/her manager this may lead to unfair treatment. Although the company has a procedure related to the off-cycle process and overall performance evaluation, managers might need more information and instructions how this should be used, and grandfather should challenge. Also, for the company to focus on the importance to make sure that no one is treated unfair.

In our facilities the entrance is easy to access and there are elevators.




Outlook

The market is highly affected by the war in Ukraine. Oil and gas prices are at a significantly high level and cost of goods are rising rapidly. Sanctions against Russia is leading the world economy into turmoil with high inflation and interest increases.


The New build market is still challenging, but with a positive development. There is a growing interest in the offshore oil and gas sector in addition to the development of the green future industry, offshore wind and new infrastructure. On other segments such as Specials, Cruise and Merchant we see a positive development. Decarbonisation discussions and opportunities for greener energy is continuing to influence the market positively.

The Service market outlook continues the positive trend with growth opportunities in selected regions and customer segments. Offshore is gradually coming more and more active, and other segments such as Specials, Cruise and Merchant show healthy improvements. Operators in the marine markets continue to show interests in long-term service agreements – and The Company closed several agreement contracts in 2022.

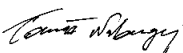
On the Board of Wartsila Norway AS – Rubbestadneset 22.06.2023


Paul Kohle (Jun 22, 2023 09:46 GMT+1)

Paul Kohle
Chairman of the Board


Walter Reggente (Jun 22, 2023 09:36 GMT+2)

Walter Reggente
Board Member



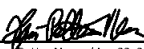
Tomaz Nabergoj
Board Member



Tor-Olav Berg
Board Member


Jarle Havn (Jun 22, 2023 09:44 GMT+2)

Jarle Havn
Board Member


Hans-Petter Nesse (Jun 23, 2023 07:32 GMT+2)

Hans-Petter Nesse
Managing Director



To the General Meeting of Wärtsilä Norway AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Wärtsilä Norway AS (the Company), which comprise the balance sheet as at 31 December 2022, the profit and loss, statement of comprehensive income/cost and the cash flow 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, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
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>

Stavanger, 22 June 2023
PricewaterhouseCoopers AS

Tom Notland
State Authorised Public Accountant
(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

| Name | Method | Date |
|--------------|---------------|------------------|
| Notland, Tom | BANKID | 2023-06-23 11:37 |

This document package contains:

- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature.
The seal is a guarantee for the authenticity
of the document.