



## **Wärtsilä Lyngsø Marine A/S**

Lyngsø Allè 3

CVR no. 63 05 31 12

## **Annual Report 2023**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29.05.2024

*Michael R Christiansen*

Michael R Christiansen (May 29, 2024 08:43 GMT+2)

---

**Michael Christiansen**

*Chairman of the General Meeting*

## **Contents**

### **Management's Statement and Auditor's Report**

Management's Statement 2

Independent Auditor's Report 3

### **Management's Review**

Company Information 6

Financial Highlights 7

Management's Review 8

### **Financial Statements**

Income Statement 1 January - 31 December 10

Balance Sheet 31 December 11

Statement of Changes in Equity 13

Notes to the Financial Statements 14

## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Company Wärtsilä Lyngsø Marine A/S for the financial year 1 January – 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

29. May 2024

## Executive Board



Thomas Heldarskard-Winnerskjold (May 29, 2024 09:06 GMT+2)

Thomas Heldarskard-Winnerskjold

## Board of Directors



Michael R Christiansen (May 29, 2024 08:43 GMT+2)

Michael Christiansen  
*Chairman of the Board*



Renè Sönke Wolf  
*Board Member*



Tamara de Gruyter  
*Board Member*



Thomas Heldarskard-Winnerskjold (May 29, 2024 09:06 GMT+2)

Thomas Heldarskard-Winnerskjold  
*Board Member*

## Independent Auditor's report

---

To the Shareholders of WÄRTSILÄ LYNGSØ MARINE A/S

### Report on the Audit of the Financial Statements.

#### Opinion

We have audited the financial statements of WÄRTSILÄ LYNGSØ MARINE A/S for the financial year 1. January 2023 - 31. December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31. December 2023, and of the results of the Company operations for the financial year 1. January 2023 - 31. December 2023 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, 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 in preparing the Financial Statements 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

## Independent Auditor's report

---

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on Management's Review

Management is responsible for Management's Review. Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of Management's Review.

## Independent Auditor's report

---

### Report on Other Legal and Regulatory Requirements

#### Infringement of VAT legislation

Against the Danish VAT Act, the Company has provided incorrect VAT declarations to the Danish tax authority, Skattestyrelsen, for which management may be held liable.

Hillerød, 29. May 2024

#### Dansk Revision Hillerød

Godkendt Revisionsaktieselskab, CVR No. 26580390

*Morten Munk*

Morten Munk (May 29, 2024 14:45 GMT+2)

Morten Munk  
State Authorised Public Accountant  
mne32771

*Dennis Mielcke*

Dennis Mielcke (May 29, 2024 15:08 GMT+2)

Dennis Mielcke  
State Authorised Public Accountant  
mne36030



## Company Information

### Company details

Wärtsilä Lyngsø Marine A/S  
Lyngsø Allè 3

Telephone: +4545166200  
Website: [www.wartsila.com/lyngsoe](http://www.wartsila.com/lyngsoe)  
CVR no. 63053112  
Established: 9 July 1947  
Registered office: Hørsholm  
Financial year: 1 January – 31 December

### Board of Directors

Michael Christiansen (Chairman of the Board)  
Renè Sönke Wolf  
Tamara de Gruyter  
Thomas Heldarskard-Winnerskjold

### Executive Board

Thomas Heldarskard-Winnerskjold

### Auditor

Dansk Revision Hillerød  
Godkendt Revisionsaktieselskab  
CVR no. 26580390



## Financial highlights

MDKK	2023	2022	2021	2020	2019
Revenue	238	193	170	198	154
Gross profit	69	64	64	63	53
Ordinary operating profit/loss	4	4	8	8	2
Profit/loss from financial income/exp	1	1	0	-1	1
Profit/loss for the year	3	4	6	6	0
<b>Total assets</b>					
Total assets	202	142	139	140	111
Investment in property plant and equipment	21	23	3	6	9
Equity	40	43	45	44	38
<b>Gross margin</b>					
Gross margin	29,0%	33,2%	37,6%	31,7%	34,2%
<b>Profit margin</b>					
Profit margin	1,7%	2,1%	4,5%	4,3%	1,0%
<b>Return on assets</b>					
Return on assets	2,0%	2,8%	5,5%	6,0%	1,4%
<b>Solvency ratio</b>					
Solvency ratio	19,8%	30,3%	32,1%	31,1%	33,8%
<b>Return on equity</b>					
Return on equity	7,5%	9,3%	13,5%	14,6%	0,9%
<b>Average number of full-time employees</b>					
Average number of full-time employees	64	64	63	64	62

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Profit margin

$$\frac{\text{Result before financial items} \times 100}{\text{Revenue}}$$

Return on assets

$$\frac{\text{Result before financial items} \times 100}{\text{Total assets}}$$

Solvency ratio

$$\frac{\text{Stakeholders Equity} \times 100}{\text{Total assets}}$$

Return on equity

$$\frac{\text{Net profit of the year} \times 100}{\text{Average equity}}$$





## Management's review

### Principal activities

The products of Wärtsilä Lyngsø Marine A/S i.e advanced marine automation, navigation systems and communication equipment as well as services on these products. Wärtsilä Lyngsø Marine A/S has solid install base across the merchant segment of vessel, especially container and RoRos.

### Review of activities and financial status

Wärtsilä Lyngsø Marine AS is developing, marketing and maintaining automation, navigation and communication solutions for the merchant fleet and the navy business

- Net sales KDKK 238 437 in 2023 has increased by 24% compared to 2022. The result of KDKK 3 377 is slightly lower than last year due to increased cost.

### Prospects for the future

The shipbuilding market is currently facing a transition phase of all new fuel types available for vessels. This has driven shipowners to be cautious to contract new vessels as there are a high degree of uncertainty in the business planning. Within the next 3 years, the market will be impacted a huge amount of container vessels as the freight rates are back to pre-Covid19 times. The market will then respond by decreased demand for new building container vessels. Instead, we now see an increased demand for tank vessels and Pure Car and Truck Carriers (PCTC). Wärtsilä Lyngsø Marine has changed focus from the Merchant segment more towards the Navy segment. The current geopolitical situation has created high demands in naval investments all over the globe. The Company have a strong portfolio that can cover the requirement of the world's navies. The focus has already been successful in 2023 resulting in a major navy contract. At the same time the focus has also been on developing strong relationships with few partners in order to gain market value in new segments.

Revenue for 2024 was slightly higher than in 2023 as expected due to higher volume in new building. There has been a slightly more positive trend in the Asian market as well as having an increase in Navy deliveries. There is a drop in profitability due to high costs of getting electronic components. Counter measures have been made for 2024 and it is expected to see a limited effect next year. There is still good margins in after sales business within Field service and Spare parts sales and is expected to stay at this level also in 2024.

### 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.



## Events after the balance sheet date

Refer to note 17.

## Intellectual capital resources

It is essential for the Company to attract and remain highly skilled employees with the special skills needed for service, project and development tasks. There is generally a high seniority in the Company which secures the necessary skills to be available.. Skilled employees and our own developed software are significant resources to our company. Practical training and internal development of our employees plays a significant role in the company's strategy. Working across companies in our group establish a good cooperation and fosters great development of our products and services.

## Health and Environmental performance

In 2023, Wärtsilä Lyngsø Marine A/S continued the process of implementing the business management system in compliance with recognized industry standards for HSE and Quality Management. The Company has a working environment that is considered to be satisfactory and the average sick leave in 2023 was 2,5 %

Wärtsilä Lyngsø Marine A/S is proactive in relation to climate challenges. The company policy is to reduce all feasible emissions to air, land, and sea. By 2030 all own company operations will have to be carbon neutral. Safety awareness helps us to reduce risk. The Company is committed to achieve the highest standards of safety and accident prevention, through systematic risk assessment and continuous improvement processes. All our own operational environmental footprint is being reviewed and multiple initiatives has been launched. The most significant environmental activity is long distance deliveries. These are primarily forwarded by sea.

**Wärtsilä Lyngsø Marine**  
**Financial Statements 2023**

**Profit and Loss**

DKK '000	Note	2023	2022
Revenue		238 434	192 709
Changes in stocks of finished goods		1 047	13 696
Other Operating Income		3 746	4 952
Cost of raw material and consumables		(129 552)	(105 836)
Other external expenses		(44 488)	(41 297)
<b>GROSS PROFIT/LOSS</b>		<b>69 190</b>	<b>64 224</b>
Staff costs	2	(62 707)	(57 749)
Depreciation and amortisation		(2 632)	(2 726)
<b>OPERATING PROFIT/LOSS</b>		<b>3 851</b>	<b>3 749</b>
Financial income	3	3 054	3 130
Financial expenses	4	(2 528)	(2 389)
<b>PROFIT/LOSS BEFORE TAX</b>		<b>4 377</b>	<b>4 490</b>
Tax on profit/loss for the year	5	(1 000)	(79)
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>3 377</b>	<b>4 411</b>

# Wärtsilä Lyngsø Marine

Financial Statements 2023

## Balance

DKK '000	Note	2023	2022
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
Production equipment and machinery		319	356
Leasehold improvements		18	25
Right of use assets		20 572	22 585
<b>TOTAL FIXED ASSETS</b>	7	<b>20 909</b>	<b>22 966</b>
<b>CURRENT ASSETS</b>			
Inventories	8	50 807	39 454
<b>RECEIVABLES</b>			
Trade receivables		25 299	26 632
Work in progress		23	
Receivables from group companies		100 223	44 253
Other receivables		551	3 005
Deferred tax asset	11	506	1 505
Prepayments	9	3 403	4 067
<b>TOTAL CURRENT ASSETS</b>		<b>180 837</b>	<b>118 917</b>
<b>TOTAL ASSETS</b>		<b>201 722</b>	<b>141 883</b>

**Wärtsilä Lyngsø Marine**  
**Financial Statements 2023**

**Balance**

DKK '000	<i>Note</i>	<b>2023</b>	<b>2022</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		16 000	16 000
Retained earnings		23 976	20 599
Proposed dividends for the financial year		0	6 000
<b>TOTAL EQUITY</b>		<b>39 976</b>	<b>42 599</b>
<b>PROVISIONS</b>			
Other provisions	<i>12</i>	7 505	12 006
<b>LIABILITIES OTHER THAN PROVISIONS</b>			
<b>NON-CURRENT LIABILITIES OTHER THAN PROVISIONS</b>			
Lease obligations	<i>13</i>	18 486	20 341
Prepayments from customers long term	<i>14</i>	61 033	
<b>TOTAL NON-CURRENT LIABILITIES OTHER THAN PROVISIONS</b>		<b>79 519</b>	<b>20 341</b>
<b>CURRENT LIABILITIES OTHER THAN PROVISIONS</b>			
Current portion of non-current liabilities	<i>13</i>	2 306	2 281
Trade payables		15 120	17 041
Payables to group companies		16 341	18 253
Prepayments from customers	<i>14</i>	18 220	9 634
Company tax payables		0	1 869
Other payables		7 809	5 623
Deferred income	<i>10</i>	14 927	12 236
<b>TOTAL CURRENT LIABILITIES OTHER THAN PROVISIONS</b>		<b>74 723</b>	<b>66 937</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>201 723</b>	<b>141 883</b>

**Wärtsilä Lyngsø Marine**  
Financial Statements 2023

**Statement of changes in equity**

DKK '000

<b>Equity</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Proposed dividend</b>	<b>Total</b>
Balance at 1 January 2023	16 000	20 599	6 000	42 599
Correction opening balance				0
Paid dividend			-6 000	-6 000
Profit for the year		3 377		3 377
<b>Balance at 31 December 2023</b>	<b>16 000</b>	<b>23 976</b>	<b>0</b>	<b>39 976</b>

## Notes

---

### Accounting Policies

The annual report of Wärtsilä Lyngsø Marine A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act. The accounting policies applied in the preparation of the financial statements are consistent with those of last year. The Financial Statements for 2023 are prepared in DKK 1,000.

#### 1.1 Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Wärtsilä Oyj Abp.

#### 1.2 Recognition and measurement

Revenues are recognized in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortized cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized when it is probable that future economic benefits will accrue the enterprise, and the value of the asset can be reliably measured.

Liabilities are recognized when they are probable and future economic benefits will deduct from the Company, and the value of the liability can be reliably measured.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

#### 1.3 Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

## Notes

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

### 1.4 Derivative financial instruments

On initial recognition, derivative financial instruments are recognized at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognized as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a fair value hedge of a recognized asset or liability are recognized in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as or qualifying for recognition as a hedge of future transactions are recognized as other receivables or other payables and in equity until the realization of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognized in equity are transferred to the cost of the assets or liabilities. If the future transaction results in income or costs, amounts that were previously recognized in equity are transferred to the income statement for the period when the hedged item affects the income statement.

### 1.5 Recognition of revenue

The Company applies IFRS 15 as its basis of interpretation for the recognition of revenue.

Income from the sale of goods and finished goods, is recognized in revenue when control of the products are transferred to the buyer and there are no unfulfilled obligations. The date of transfer of the control is determined using standard Incoterms<sup>®</sup> 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

For products with a high degree of customization, revenue is recognized when the control of the identifiable individual performance obligations has been performed in respect of the customer whereby the customer gains control of the asset or the service. Sales remuneration are allocated proportionally to the individual performance obligations in the agreement. When total income and costs attributable to the contract or the stage of completion at the balance sheet date cannot be estimated reliably, revenue is recognized only at costs incurred and only to the extent that the recovery thereof is likely.



## 1.6 Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible asset and property, plant and equipment.

## 1.7 Cost of raw material and consumables

Costs of raw material and consumable supplies include the expend of raw material and consumable supplies, used to achieve the net turnover of the year.

## 1.8 Other external expenses

Other external costs include sale, distribution and office expenses etc. Under other external costs are also included development costs.

## 1.9 Staff costs

Personnel costs include wages and salaries and salary related costs.

## 1.10 Depreciations and amortization

Depreciations include depreciations of the year of intangible and tangible assets.

## 1.11 Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding payables and transactions denominated in foreign currencies, interest expenses relating to leases as well as surcharges and refunds under the on-account tax scheme, etc.

## 1.12 Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Wärtsilä Group's Danish subsidiaries.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognized in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

## 1.13 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 sale of property, plant and equipment is recognized 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.

Production equipment and machinery	5 years
Other equipment	5 years
Leasehold investments	4 years
Right of use assets	1-8 years

#### 1.14 Leasing

The Company uses IFRS 16 when measuring and recognizing leases. Leases are recognized at present value of the right of use received and liabilities for the payment obligations entered into for all leases in the balance sheet. Lease payments are discounted at the implicit interest rate underlying the lease to the extent that this can be determined. Otherwise, discounting is at the incremental borrowing rate.

Right-of-use assets are measured at cost, which comprises the following:

- lease liability
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and
- restoration obligations.

Right-of-use assets are depreciated over the term of the lease using the straightline method, normally a depreciation period corresponding to the lease period. The Company has used the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expense the payments in the income statement according to the straight-line method. Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Company the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

#### 1.15 Inventories

Inventories are measured at cost in accordance with the average cost method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### 1.16 Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and the net realizable value, which corresponds to nominal value less provision for bad debt.

#### 1.17 Work in progress

Work in progress is recognized according to the production criteria, where profit is included in the net statement concurrently with delivery of the order when criteria for use of the production criteria is fulfilled. If criteria for using the production criteria not met then the invoice criteria will be used.

#### 1.18 Prepayments

Prepayments include expenses incurred in respect of subsequent financial years, including fair value adjustments of derivative financial instruments with a positive fair value.

#### 1.19 Shareholder's Equity

Dividend is included as an obligation at the time where the General Meeting approves the dividend. Dividend, which is expected paid, is specified as a special post under the statement of changes in Equity.

#### 1.20 Provisions

Provisions comprise anticipated costs of warranties. Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value or fair value if the obligation is expected to be settled in the distant future.

Warranties comprise obligations to make good any defects within the warranty period. Provisions are measured at net realizable value and recognized on the basis of the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

When it is probable that total costs will exceed total income from contract work in progress, the total projected loss on the work is recognized as a provision. The provision is recognized as production costs.

### 1.21 Liabilities other than provisions

Financial liabilities are recognized at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognized in the income statement over the term of the loan together with interest expenses.

### 1.23 Other payables

Other payables include expenses for employee benefits such as holiday pay and bonus payments to be paid in the following years. Accrued expenses in connection to pension schemes are also recognized as other payables.

### 1.24 Deferred income

Deferred income recognized as liabilities includes payments received in advance of the period to which they apply and revenue related to future periods.

**Note 2 - Staff costs**

	<b>2023</b>	<b>2022</b>
<b>Salaries</b>		
Wages and salaries	56 836	53 022
Social security cost	1 500	969
Pension cost	4 371	3 758
<b>Total</b>	<b>62 707</b>	<b>57 749</b>

Average number of employees during the fiscal year	64	64
--	----	----

According to Danish Financial Statements Act §98b, Salary and wages to the Management is omitted, because the information only refers to one member of the Management.

**Note 3 Financial income**

	<b>2023</b>	<b>2022</b>
<b>Financial income</b>		
Interest income from group companies	1 249	241
Other financial income	1 805	2 888
<b>Total financial income</b>	<b>3 054</b>	<b>3 129</b>

**Note 4 Financial expenses**

	<b>2023</b>	<b>2022</b>
<b>Financial expense</b>		
Interest expense to group companies	112	94
Foreign exchange adjustments	1 939	2 152
Other interest expenses	66	64
Interest, lease obligations	411	79
<b>Total financial income</b>	<b>2 528</b>	<b>2 389</b>

**Note 5 Tax on profit/loss for the year**

	<b>2023</b>	<b>2022</b>
<b>Income tax expense</b>		
Current tax for the year	0	509
Deferred tax current year	1 000	513
Adjustment to deferred tax previous years	0	-949
Withholding tax	0	6
<b>Total income tax expense</b>	<b>1 000</b>	<b>79</b>

**Note 6 Proposed distribution of profit/loss for the year**

	<b>2023</b>	<b>2022</b>
Proposed dividend for the financial year	0	6 000
	3	
Retained earnings	377	-1 589
<b>Total</b>	<b>3 377</b>	<b>4 411</b>

## Note 7 Property, plant and equipment

	<b>Production equipment and machinery</b>	<b>Leasehold improvements</b>	<b>Right of use assets</b>	<b>Total</b>
Cost				
At 1 January 2023	3 869	1 717	32 722	38 309
Additions and transfers	44		531	575
<b>Cost at 31 December 2023</b>	<b>3 913</b>	<b>1 717</b>	<b>33 253</b>	<b>38 884</b>
Accumulated depreciation and impairment losses at 01.01.2023	3 594	1 692	10 137	15 343
Depreciation for the year	80	7	2 545	2 632
<b>Per 31 December 2023</b>	<b>3 594</b>	<b>1 699</b>	<b>12 682</b>	<b>17 975</b>
<b>Carrying amounts at 31 December 2023</b>	<b>319</b>	<b>18</b>	<b>20 571</b>	<b>20 909</b>

## Note 8 Inventory

	<b>2023</b>	<b>2022</b>
Manufactured and trading goods	28 191	20 820
Work in progress	19 135	18 633
Prepayments for goods	3 480	
<b>Total</b>	<b>50 806</b>	<b>39 454</b>

**Note 9 Prepayments**

	<b>2023</b>	<b>2022</b>
Rentals	2 257	2 318
Insurance	163	140
Other prepaid expenses	983	1 609
<b>Total prepayments</b>	<b>3 403</b>	<b>4 067</b>

**Note 10 Deferred income**

	<b>2023</b>	<b>2022</b>
POC sales	0	5 591
External sales	6 909	2 487
IG sales	8 018	4 158
<b>Total prepayments</b>	<b>14 927</b>	<b>12 236</b>

**Note 11 - Tax**

	<b>2023</b>	<b>2022</b>
<b>Deferred Tax</b>		
Deferred tax assets at 1 January	1 505	2 019
Amounts recognized in the income statement for the year	(1 000)	(513)
	<b>505</b>	<b>1 505</b>

The recognized tax asset comprises temporary differences that are expected to be utilized within the upcoming years.



**Note 12 Other provisions**

<b>Provisions</b>	<b>2023</b>	<b>2022</b>
Warranty commitments at 1 January	12 006	14 316
Used during the year	-13 511	-4 269
Provisions for the year	9 011	1 960
<b>Other provisions at 31 December</b>	<b>7 505</b>	<b>12 006</b>

**Note 13 Non-current liabilities other than provisions and advances**

<b>Lease obligations</b>	<b>2023</b>	<b>2022</b>
0-1 years	2 306	2 280
1-5 years	9 079	9 776
> 5 years	9 407	10 566
<b>Total non-current liabilities other than provisions</b>	<b>20 792</b>	<b>22 622</b>

**Note 14 Prepayments from customers**

<b>Prepayments</b>	<b>2023</b>	<b>2022</b>
0-1 years	18 220	0
1-5 years	61 033	0
> 5 years		0
<b>Total Prepayments</b>	<b>79 253</b>	<b>0</b>

**Note 15 Contingent liabilities**

The Company is in group taxation with other Danish companies owned by the Wärtsilä Group with Wärtsilä Danmark AS as the administration company. The Company is jointly and severally liable with other group taxation companies in the payment of corporate taxes and withholding tax on interests, royalties and dividends.

**Note 16 Related parties**

The ultimate parent company Wärtsilä Voyage GmbH (Gasstrasse 18, 22761 Hamburg) owns 100% of the shares, and has as of 17.05.2022 full voting rights in the general assembly. Wärtsilä Voyages is again 100% owned by Wärtsilä Corporation Oy.

The consolidated Financial Statements of Wärtsilä Corporation is available on [www.wartsila.com](http://www.wartsila.com)

The Company has according to Danish Financial Statements Act §98 c, pt 7 not included information regarding intercompany transactions as the transactions have been made on market conditions.

**Note 17 Subsequent events**

By the preparation of the financial statements, no subsequent events have occurred