



Wärtsilä Lyngsø Marine A/S

Lyngsø Allé 3

CVR no. 63 05 31 12

Annual Accounts 2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29.06.2023

Han Schaminée

Han Schaminée (Jun 29, 2023 14:27 GMT+2)

Johannes Gerardus Maria Schaminee
Chairman of the General Meeting

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Management's Statement

The Executive and Board of Directors have today considered and adopted the Annual Report of Company Wårtsilå Lyngsø Marine A/S for the financial year 1 January – 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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.

Executive Board



Thomas Heldarskard-Winnerskjold (Jun 29, 2023 14:11 GMT+2)

Thomas Heldarskard-Winnerskjold

Board of Directors



Han Schaminée (Jun 29, 2023 14:27 GMT+2)

Johannes Gerardus Maria Schaminee
Chairman of the Board

John Thomas O'Neill
Board Member



Tina Kroener
Board Member



Jesper Elsborg Bonde (Jun 29, 2023 22:03 GMT+2)

Jesper Bonde
Board Member



Thomas Heldarskard-Winnerskjold (Jun 29, 2023 14:11 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 2022 - 31. December 2022, 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 2022, and of the results of the Company operations for the financial year 1. January 2022 - 31. December 2022 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. June 2023

Dansk Revision Hillerød

Godkendt Revisionsaktieselskab, CVR No. 26580390

Morten Munk

Morten Munk (Jun 30, 2023 09:30 GMT+2)

Morten Munk
State Authorised Public Accountant
mne32771

Dennis Mielcke

Dennis Mielcke (Jun 30, 2023 10:13 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
CVR no. 63053112
Established: 9 July 1947
Registered office: Hørsholm
Financial year: 1 January – 31 December

Board of Directors

Johannes Gerardus Maria Schaminée
Martina Silvia Kröner
John Thomas O'Neill
Jesper Bonde
Thomas Heldarskard-Winnerskjold

Executive Board

Thomas Heldarskard-Winnerskjold

Auditor

Dansk Revision Hillerød
Godkendt Revisionsaktieselskab
CVR no. 26580390



Financial highlights

DKKm	2022	2021	2020	2019	2018
Revenue	193	170	198	154	179
Gross profit	64	64	63	53	80
Ordinary operating profit/loss	4	8	8	2	34
Profit/loss from financial income/exp	1	0	-1	1	1
Profit/loss for the year	4	6	6	0	27
Total assets					
Total assets	142	139	140	111	114
Investment in property plant and equipment	23	3	6	9	1
Equity	43	45	44	38	61
Gross margin					
Gross margin	33,2%	37,6%	31,7%	34,2%	44,6%
Profit margin					
Profit margin	2,1%	4,5%	4,3%	1,0%	19,0%
Return on assets					
Return on assets	2,8%	5,5%	6,0%	1,4%	30,4%
Solvency ratio					
Solvency ratio	30,3%	32,1%	31,1%	33,8%	54,5%
Return on equity					
Return on equity	9,3%	13,5%	14,6%	0,9%	44,8%
Average number of full-time employees					
Average number of full-time employees	64	63	64	62	61

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 is mainly advanced marine automation, navigation systems and communication equipment as well as services on these products

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 192 709 in 2022 has increased by 14% compared to 2021. The result of KDKK 4 411 is slightly lower than last year indicating that margins especially on spareparts are lower.

The publicly available Annual Report for 2021 submitted on 30 June 2022 contains several errors due to mistakes made in the filing proces. We refer to the comparison numbers within this report for information on last years performance

Prospects for the future

The shipbuilding market is being challenged by overcapacity in some segments and low construction prices especially in China/Korea. The situation makes it necessary for suppliers to the shipbuilding industry to be extremely competitive. Wärtsilä Lyngsø Marine A/S will still be active in markets in Southeast Asia where most of the merchant fleet are still being built. The Company will continue to focus on efficiency and a flexible organization as well as a product portfolio of high quality, dependability, and performance at competitive prices.

Revenue for 2022 was slightly higher than in 2021 as expected, due to higher volume in new building where we have seen a slightly more positive trend in the Asian market as well having an increase in our Navy deliveries. We have seen a drop in profitability due to higher salary costs which is expected to also have an impact in year 2023.

We do still have a good margin in our after sales business within Fields service and Spare parts sales and is expected to stay at this level also in 2023.

We see a growing interest in the navy segment, which has resulted in multiple future opportunities where one large opportunity was finalized this year for a project to the Singaporean Navy.

2023 will be a challenging year within new building with fewer and less profitable orders. Focus will be on securing some smaller retrofit orders to maintain our resource utilization until we see the navy demand kicking in late 2023 and years ahead.

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 significant cash flows in USD and RMB

Events after the balance sheet date

Refer to note 16.

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

Health and Environmental performance

In 2022, 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 2022 was 1,67 %

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 have been launched. The most significant environmental activity is long distance deliveries. These are primarily forwarded by sea.

Wärtsilä Lyngsø Marine
Financial Statements 2022

Profit and Loss

DKK '000	Note	2022	2021
Revenue		192 709	169 526
Changes in stocks of finished goods		13 696	(186)
Other Operating Income		4 952	6 896
Cost of raw material and consumables		(105 836)	(79 142)
Other external expenses		(41 297)	(33 097)
GROSS PROFIT/LOSS		64 224	63 997
Staff costs	2	(57 749)	(53 592)
Depreciation and amortisation		(2 726)	(2 811)
OPERATING PROFIT/LOSS		3 749	7 594
Financial income	3	3 130	1 714
Financial expenses	4	(2 389)	(1 313)
PROFIT/LOSS BEFORE TAX		4 490	7 995
Tax on profit/loss for the year	5	(79)	(1 930)
PROFIT/LOSS FOR THE YEAR		4 411	6 065

Wärtsilä Lyngsø Marine

Financial Statements 2022

Balance

DKK '000	Note	2022	2021
ASSETS			
FIXED ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Production equipment and machinery		356	438
Leasehold improvements		25	54
Right of use assets		22 585	2 883
TOTAL FIXED ASSETS		22 966	3 375
CURRENT ASSETS			
Inventories	8	39 454	18 841
RECEIVABLES			
Trade receivables		26 632	17 340
Receivables from group companies		44 253	92 965
Other receivables		3 005	1 632
Deferred tax asset	11	1 505	2 018
Prepayments	9	4 067	2 800
TOTAL CURRENT ASSETS		118 917	135 596
TOTAL ASSETS		141 883	138 971

Wärtsilä Lyngsø Marine

Financial Statements 2022

Balance

DKK '000	Note	2022	2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital		16 000	16 000
Retained earnings		20 599	22 612
Proposed dividends for the financial year		6 000	6 000
TOTAL EQUITY		42 599	44 612
PROVISIONS			
Other provisions	12	12 006	14 316
LIABILITIES OTHER THAN PROVISIONS			
NON-CURRENT LIABILITIES OTHER THAN PROVISIONS			
Lease obligations		20 341	284
TOTAL NON-CURRENT LIABILITIES OTHER THAN PROVISIONS	13	20 341	284
CURRENT LIABILITIES OTHER THAN PROVISIONS			
Current portion of non-current liabilities	13	2 281	2 620
Trade payables		17 041	23 987
Payables to group companies		18 253	16 657
Prepayments from customers		9 634	13 400
Company tax payables		1 869	3 491
Other payables		5 623	9 105
Deferred income	10	12 236	10 500
TOTAL LIABILITIES OTHER THAN PROVISIONS		66 937	79 760
TOTAL EQUITY AND LIABILITIES		141 883	138 971

Wärtsilä Lyngsø Marine
Financial Statements 2022

Statement of changes in equity

DKK '000

Equity	Share capital	Retained earnings	Proposed dividend	Total
Balance at 1 January 2022	16 000	22 612	6 000	44 612
Correction opening balance		-424		-424
Paid dividend			-6 000	-6 000
Profit for the year		-1 589	6 000	4 411
Balance at 31 December 2022	16 000	20 599	6 000	42 599

Notes

Accounting Policies

The annual report of Wärtsilä Lyngsø Marine A/S for 2022 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 2022 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[®] 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 Intangible assets

Intangible assets are included at purchase price including costs directly attached to the purchase, with deduction of accumulated depreciations. Depreciation is made straight-line over the expected period of use:

Software

5 years

1.14 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

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 Prepayments

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

1.20 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.

1.21 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.

1.22 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

	2022	2021
Salaries		
Wages and salaries	53 022	49 428
Social security cost	969	558
Pension cost	3 758	3 605
Total	57 749	53 592

Average number of employees during the fiscal year	64	63
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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

	2022	2021
Financial income		
Interest income from group companies	241	15
Other financial income	2 888	1 699
Total financial income	3 129	1 714

Note 4 Financial expenses

	2022	2021
Financial expense		
Interest expense to group companies	94	13
Foreign exchange adjustments	2 152	1 206
Other interest expenses	64	71
Interest, lease obligations	79	23
Total financial income	2 389	1 313

Note 5 Tax on profit/loss for the year

	2022	2021
Income tax expense		
Current tax for the year	509	1 539
Deferred tax current year	513	232
Adjustment to deferred tax previous years	-949	0
Withholding tax	6	159
Total income tax expense	79	1 930

Note 6 Proposed distribution of profit/loss for the year

	2022	2021
Proposed dividend for the financial year	6 000	6 000
Retained earnings	-1589	64
Total	4 411	6 064

Note 7 Property, plant and equipment

	Production equipment and machinery	Leasehold improvements	Right of use assets	Total
Cost				
At 1 January 2021	3 869	1 717	10 407	15 994
Additions and transfers			22 315	22 315
Cost at 31 December 2021	3 869	1 717	32 722	38 309
Accumulated depreciation and impairment losses at 01.01.2021	3 431	1 662	7 524	12 617
Depreciation for the year	83	30	2 613	2 726
Per 31 December 2021	3 514	1 692	10 137	15 343
Carrying amounts at 31 December 2021	355	25	22 585	22 966

Note 8 Inventory

	2022	2021
Manufactured and trading goods	20 820	13 473
Work in progress	18 633	5 368
Total	39 454	18 841

Note 9 Prepayments

	2022	2021
Rentals	2 318	2 358
Insurance	140	128
Other prepaid expenses	1 609	314
Total prepayments	4 067	2 800

Note 10 Deferred income

	2022	2021
POC sales	5 591	5 619
External sales	2 487	2 820
IG sales	4 158	2 061
Total prepayments	12 236	10 500

Note 11 - Tax

	2022	2021
Deferred Tax		
Deferred tax assets at 1 January	2 019	2 251
Amounts recognized in the income statement for the year	(513)	(232)
	1 505	2 019

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

Note 12 Other provisions

Provisions	2022	2021
Warranty commitments at 1 January	14 316	12 420
Used during the year	-4 269	-1 703
Provisions for the year	1 960	5 517
Reversal of provisions from 2020	0	-1 918
Other provisions at 31 December	12 006	14 316

Note 13 Non-current liabilities other than provisions

Lease obligations	2022	2021
0-1 years	2 280	2 620
1-5 years	9 776	284
> 5 years	10 566	
Total non-current liabilities other than provisions	22 622	2 904

Note 14 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 taxed companies in the payment of corporate taxes and withholding tax on interests, royalties and dividends.

Note 15 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

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. This documentation will as of financial year 2022 be provided in separate documents

Note 16 Subsequent events

In February 2023 it was announced that the NACOS business should be merged into a new business unit and moved to Wärtsilä Portfolio Business during April 2023. Wärtsilä Portfolio Business consists of business units, which are run independently with the aim of accelerating performance improvement and unlocking value through divestments or other strategic alternatives. Business continuity will be ensured, and current customer commitments will not be impacted. Wärtsilä has initiated a formal process globally with a plan to reduce maximum of 300 positions in the current Voyage organisation, while at the same time opening approximately 150 new positions. The total impact on Lyngsø Marine is not fully verified yet, but only a few positions will be redundant.