Wärtsilä Lyngsø Marine A/S

Lyngsø Allè 3

CVR no. 63 05 31 12

Financial Statements 2020

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 21.09.2021

Thomas Pedersen
Thomas Pedersen (Sep 22, 2021 12:54 GMT+2)

Thomas Pedersen
Chairman of the General Meeting

Contents

Management's Statement

The Executive 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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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

Board of Directors

Thomas Pedersen
Thomas Pedersen (Sep 22, 2021 12:54 GMT+2)

Thomas Pedersen
Chairman

Birgitte Vibeke Lund

Thomas Heldarskard-Winnerskjold (Sep 22, 2021 11:54 GMT+2)
Thomas Heldarskard-Winnerskjold

Independent Auditor's Report

To the Shareholders of Wärtsilä Lyngsø Marine A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Wärtsilä Lyngsø Marine A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("Financial Statements").

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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

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 expressany 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 materi ally 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, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 abilityto 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 wholeare 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due tofraud 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 mate-rial 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 andevents 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.

Hellerup, 21 September 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
Mne28703

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

Thomas Pedersen (*Chairman*)
Birgitte Vibeke Lund
Thomas Heldarskard-Winnerskjold

Executive Board

Thomas Heldarskard-Winnerskjold

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionsparnerselskab
CVR no. 33771231

WÄRTSILÄ

Financial highlights

DKKm	2020	2019	2018	2017	2016
Revenue	198	154	179	239	242
Gross profit	63	53	80	76	74
Ordinary operating profit/loss	8	2	34	30	29
Profit/loss from financial income/exp	-1	1	1	-1	-2
Profit/loss for the year	6	0	27	22	21
Total assets	140	111	114	134	142
Investment in property plant and equipment	5 963	8 855	445	387	523
Equity	44	38	61	58	63
Gross margin	31,7%	34,2%	44,6%	31,7%	30,5%
Profit margin	4,3%	1,0%	19,0%	12,5%	11,9%
Return on assets	6,1%	1,4%	30,4%	22,3%	20,4%
Solvency ratio	31,1%	33,8%	54,5%	42,9%	44,7%
Return on equity	14,6%	0,9%	44,8%	36,8%	33,6%
Average number of full-time employees	64	62	61	59	61

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

Gross margin $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Profit margin $\frac{\text{Result before financial items x 100}}{\text{Revenue}}$

Return on assets $\frac{\text{Result before financial items x 100}}{\text{Total assets}}$

Solvency ratio $\frac{\text{Stakeholders Equity x 100}}{\text{Total assets}}$

Return on equity $\frac{\text{Net profit of the year x 100}}{\text{Average equity}}$

WÄRTSILÄ

Management's review

Principal activities

The products of Wärtsilä Lyngsø Marine A/S i.e. advanced marine automation, navigation systemsand communication equipment fit well into the strategic concept of Wärtsilä, and significant synergies exist between the two organizations.

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 DKK 198,390k in 2020 has increased by 29% compared to 2019. The result of DKK 5,935k is significantly higher than last year, indicating that the Company has not been heavily affected by the Covid outbreak.

Prospects for the future

The shipbuilding market is being challenged by overcapacity and the Ship Yards struggle to obtain financing. The situation makes it absolutely necessary for suppliers to the shipbuilding industry to be extremely competitive. Wärtsilä Lyngsø Marine A/S will still be active in markets in South East Asia where a good profit possibility is expected in the future. 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.

To cope with the challenging market conditions, a restructuring program was launched in May 2021 concerning the Voyage business. The full impact of this cannot be quantified at the moment, as the restructuring is still ongoing. The forecasts for the rest of 2021 show that the estimated net sales will be at approximately same level as actuals for 2020. The gross margin is however expected to increase by approximately 10%.

Financial risk

The Company is exposed to operational financial risk by the nature of the business. Currency exchange rates and interest rates may impact the future cash flows of the Company. 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 through use of derivative financial instruments.

WÄRTSILÄ

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 2020, 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 2020 was 1,7%

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. Safety awareness helps us to reduce risk. The Company is committed to achieve the highest standards of safety and accident prevention, through systematic risk assessment and continuous improvement processes. The most significant environmental activity is long distance deliveries. These are primarily forwarded by sea.

Income Statement 1 January - 31 December

DKK '000	Note	2020	2019
Revenue		198 390	153 740
Changes in stocks of finished goods		(6 942)	6 432
Other operating Income		4 344	3 526
Cost of raw material and consumables		(107 414)	(70 727)
Other external expenses		(25 435)	(40 433)
GROSS PROFIT/LOSS		**62 943**	**52 538**
Staff costs	*2*	(51 628)	(48 101)
Depreciation and amortisation	*6,7*	(2 833)	(2 860)
OPERATING PROFIT/LOSS		**8 482**	**1 577**
Financial income	*3*	120	872
Financial expenses	*3*	(668)	(1 687)
PROFIT/LOSS BEFORE TAX		**7 934**	**762**
Tax on profit/loss for the year	*4*	(1 999)	(319)
PROFIT/LOSS FOR THE YEAR		**5 935**	**443**

Balance Sheet

DKK '000	*Note*	**2020**	**2019**
ASSETS			
FIXED ASSETS			
INTANGIBLE ASSETS			
Software	*6*	70	147
PROPERTY, PLANT AND EQUIPMENT			
Production equipment and machinery		510	728
Leasehold improvements		147	152
Right of use assets		5 237	7 243
	7	5 893	8 123
FINANCIAL ASSETS			
Deposits	*8*	585	585
TOTAL FIXED ASSETS		**6 548**	**8 855**
CURRENT ASSETS			
Inventories	*9*	23 825	28 419
RECEIVABLES			
Trade receivables		22 892	20 557
Work in progress	*10*	211	2 000
Receivables from group companies		78 813	41 262
Company tax receivables		834	2 719
Other receivables		2 364	1 582
Deferred tax asset	*11*	2 251	2 398
Prepayments		2 245	3 488
TOTAL CURRENT ASSETS		**133 434**	**102 425**
TOTAL ASSETS		**139 982**	**111 280**

Wärtsilä Lyngsø Marine
Financial Statements 2020

Balance

DKK '000	*Note*	2020	2019
EQUITY AND LIABILITIES			
EQUITY			
Share capital		16 000	16 000
Retained earnings		22 548	21 613
Proposed dividends for the financial year		5 000	-
TOTAL EQUITY		**43 548**	**37 613**
PROVISIONS			
Other provisions	*12*	12 420	11 517
LIABILITIES OTHER THAN PROVISIONS			
NON-CURRENT LIABILITIES OTHER THAN PROVISIONS			
Lease obligations		2 703	4 857
Other payables		-	1 741
TOTAL NON-CURRENT LIABILITIES OTHER THAN PROVISIONS	*13*	**2 703**	**6 598**
CURRENT LIABILITES OTHER THAN PROVISIONS			
Current portion of non-current liabilities	*13*	2 561	2 407
Trade payables		39 272	21 874
Payables to group companies		12 840	5 224
Prepayments from customers		11 104	15 080
Other payables		13 601	4 874
Deferred income		1 934	6 093
TOTAL LIABILITIES OTHER THAN PROVISIONS		**81 311**	**55 552**
TOTAL EQUITY AND LIABILITIES		**139 982**	**111 280**

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Statement of changes in equity

DKK '000

Equity	Share capital	Retained earnings	Proposed dividend	Total
Balance at 1 January 2020	16 000	21 613	-	37 613
Change of hedge contracts after tax	-	339	-	339
Profit for the year	-	596	5 000	5 596
Balance at 31 December 2012	**16 000**	**22 548**	**5 000**	**43 548**

Contributed capital
The contributed capital consists of:
A shares, 16,000 shares of nom. DKK 1,000 each.

Notes

Accounting Policies

The annual report of Wärtsilä Lyngsø Marine A/S for 2020 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 2020 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 recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised 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 reliable 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 reliable 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 recognised 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 recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

1.4 Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised 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 recognised asset or liability are recognised 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 recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised 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 recognised 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 recognised 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 customisation, revenue is recognised 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 recognised only at costs incurred and only to the extent that the recovery thereof is likely.

Notes

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 recognised 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.

Notes

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 forleases 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 terminationoptions 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

Notes

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. Is 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.

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.

Notes

1.23 Deferred income

Deferred income comprises payments received regarding income in subsequent years.

1.24 Corporate tax and deferred tax liability

The Company is jointly taxed with Group related (directly and indirectly) Danish Companies. The tax effect of the joint assessment with subsidiary is allocated on profitable as well as loss making Danish companies against their taxable income (full allocation with reimbursement regarding tax wise losses). The jointly taxed companies are part of the taxpaying regulation.

Corporate tax of the result of the year, consisting of the actual tax of the year and the deferred tax is included in the profit and loss statement with the part, which can be referred to the yearly result and directly on the equity capital with the part, which can be referred to amounts directly on the equity capital.

Actual tax obligations and outstanding actual tax is included in the balance as accounts receivable where too much tax is paid in advance, and as a debt liability if too little tax is paid in advance.

Deferred tax assets are measured according to the balance oriented debt method of all temporary differences between accounting and taxable value of assets and liabilities.

Deferred tax assets, including the tax value of conveyance justifiable fiscal losses, are measured at the value, at which the asset is expected to be realized, either by settlement in tax of future revenue or by setoff in tax obligations within the same legal tax authority and jurisdiction.

Deferred tax is measured on the basis of the tax rules and rates, current on the balance day's legislation, when the deferred tax is expected to be released as actual tax. Changing of deferred tax due to changes in tax rates is included in the Profit and Loss Account.

Notes

DKK '000

Note 2 Staff costs

	2020	2019
Salaries		
Wages and salaries	47 418	43 608
Social security cost	567	839
Pension cost	3 643	3 654
Total	**51 628**	**48 101**
Average number of employees during the fiscal year.	64	62

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 and expenses

Financial income

Interest income from group companies	114	196
Other financial income	6	676
Total financial income	**120**	**872**

Financial expense

Interest expense to group companies	166	518
Foreign exchange adjustments	387	1 023
Other interest expenses	78	95
Interest, lease obligations	37	51
Total financial income	**668**	**1 687**

Note 4 Tax on profit/loss for the year

Income tax expense		
Current tax for the year	1 532	87
Deferred tax current year	147	72
Adjustment to deferred tax previous years	0	88
Withholding tax	320	72
Total income tax expense	**1 999**	**319**

Note 5 Proposed distribution of profit/loss for the year

Proposed dividend for the financial year	5 000	0
Retained earnings	935	443
Total	**5 935**	**443**

Notes

DKK '000

Note 6 Intangible Assets

	Intangible assets in progress	Total
Cost		
At 1 January 2020	382	382
Cost at 31 December 2020	**382**	**382**
Accumulated depreciation and impairment lossesat 01.01 2020	235	235
Depreciations for the year	77	77
Cost at 31 December 2020	**312**	312
Carrying amount 31 December 2020	**70**	**70**

Note 7 Property, plant and equipment

	Production equipment and machinery	Leasehold improvements	Right of use assets	Total
Cost				
At 1 January 2020	3 869	1 717	9 657	15 243
Additions	-	-	526	526
Cost at 31 December 2020	**3 869**	**1 717**	**10 183**	**15 769**
Accumulated depreciation and impairment	3 141	1 565	2 414	7 120
Depreciation for the year	218	5	2 532	2 756
Per 31 December 2020	**3 359**	**1 570**	**4 946**	**9 876**
Carrying amounts at 31 December 2020	**510**	**147**	**5 237**	**5 893**

Notes

DKK '000

Note 8 Deposits

	2020	2019
Cost at 1. January	585	585
Cost at 31 December	**585**	**585**

Note 9 Inventory

Manufactured and trading goods	18 693	17 359
Work in progress	5 132	11 060
Total	**23 825**	**28 419**

Note 10 Work in progress

Work in progress at sales value	211	5 649
Payments on account	0	-3 649
Total	**211**	**2 000**

Note 11 - Tax

Deferred Tax

Deferred tax assets at 1 January	2 398	2 558
Amounts recognized in the income statement for the year	-147	-88
Regulations to prior year's tax	0	-72
	2 251	**2 398**

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

Notes

DKK '000

Note 12 Other provisions

	2020	2019
Warranty commitments at 1 January	11 520	8 597
Used during the year	-1 708	0
Provisions for the year	2 608	5 700
Reversal of provisions from 2020	0	-2 780
Other provisions at 31 December	**12 420**	**11 517**

Note 13 Non-current liabilites other than provisions

Lease obligations	**2020**	**2019**
0-1 years	2 561	2 407
1-5 years	2 703	4 857
> 5 years	0	0
Other payables		
0-1 years	0	0
1-5 years	0	1 741
> 5 years	0	0
Total non-current liabilities other than provisions	**5 264**	**9 005**

Note 14 Contingent liabilities

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

Note 15 Related parties

The ultimate parent company Wärtsilä Corporation, Hiililaiturinkuja 2, FI-00180 Helsinki Finland. 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.

Note 16 Subsequent events

In May 2021, the Company launched a restructuring program concerning the Voyage business. The full impact on Wärtsilä Lyngsø Marine A/S cannot be quantified at the moment as the restructuring is still ongoing. No other subsequent events have occurred.