Wärtsilä Corporation

Financial Statements Bulletin

January – December 2021

Moving in the right direction in 2021: Orders, net sales, operating result, and cash flow all improved

Highlights from October–December 2021

- Order intake increased by 92% to EUR 2,150 million (1,118)
- Service order intake increased by 20% to EUR 753 million (626)
- Net sales increased by 31% to EUR 1,597 million (1,220)
- Book-to-bill amounted to 1.35 (0.92)
- Comparable operating result increased by 53% to EUR 158 million (103), which represents 9.9% of net sales (8.4)
- Operating result increased by 59% to EUR 144 million (90), which represents 9.0% of net sales (7.4)
- Basic earnings per share increased to 0.14 euro (0.10)
- Cash flow from operating activities increased to EUR 370 million (274)

Highlights from January–December 2021

- Order intake increased by 32% to EUR 5,735 million (4,359)
- Service order intake increased by 17% to EUR 2,656 million (2,267)
- Order book at the end of the period increased by 16% to EUR 5,859 million (5,057)
- Net sales increased by 4% to EUR 4,778 million (4,604)
- Book-to-bill amounted to 1.20 (0.95)
- Comparable operating result increased by 30% to EUR 357 million (275), which represents 7.5% of net sales (6.0)
- Operating result increased by 34% to EUR 314 million (234), which represents 6.6% of net sales (5.1)
- Basic earnings per share increased to 0.33 euro (0.23)
- Cash flow from operating activities increased to EUR 731 million (681)
- Dividend proposal 0.24 euro per share (0.20)

Wärtsilä's prospects for 2022

Wärtsilä expects the demand environment in the first quarter to be better than that of the corresponding period in the previous year. However, the prevailing market conditions make the outlook uncertain.

Håkan Agnevall, President & CEO: Orders strengthened towards year-end

“In 2021, the Covid-19 pandemic continued to affect our end markets, our operations, and our financial performance. New virus variants reminded us that the pandemic is not yet over. However, we saw signs of stabilisation and recovery in both the marine and energy markets, and the order intake improved towards year-end.

In the energy markets, the market situation stabilised. The need for various flexible balancing solutions was illustrated by strong demand for energy storage solutions, as well as by some important thermal power plant orders. While energy storage orders were received throughout the year, the major multi-fuel power plant orders for Mexico, and the thermal balancing power plants for Brazil were highlights of the fourth quarter. These orders provided a clear indication of the recovery of demand for power plants operating with flexible internal combustion engines. Nevertheless, many investments in new power plant capacity were postponed due to the pandemic, especially in the emerging markets.

In the marine markets, we saw mixed activity levels across different vessel segments. Vessel ordering activity overall improved, largely driven by containerships. At the same time, activity in our key vessel segments remained relatively low, particularly in the important cruise industry. The progress in Covid-19 vaccination programmes and the lifting of travel restrictions accelerated the reactivation of existing cruise and ferry fleets in the second half of the year. The active cruise fleet capacity increased from around 20% at the end of June to around 70% at the end of December, which supports our service business going forward. However, new Covid-19 variants pose a risk to recovery.

Looking at our full-year performance, it was encouraging to see that the total order intake increased by 32%, supported by all our core businesses, albeit from earlier low levels. The increase in order intake was mainly related to equipment, with an impact on sales mix in 2022. Demand for services was solid, resulting in a 17% growth in service order intake. Net sales increased by 4%, driven by a 11% growth in service sales. We also saw clear improvement in profitability. The operating result increased by 34%, largely driven by a more favourable sales mix between equipment and services, as well as improved service capacity utilisation. The Marine Power and Energy businesses in particular improved their results. Voyage also performed better towards year-end, driven by strong seasonal effects in Q4. Marine Systems' result continued to be burdened by low scrubber volumes. Our firm focus on working capital resulted in another record high year in operating cash flow.

We are leading the decarbonisation journey with a strong commitment to sustain R&D investments at around 3% of net sales, combined with partnerships for a broad solution offering. In 2021, we continued pioneering the adoption of sustainable fuels by launching a major test programme towards carbon-free solutions with hydrogen and ammonia. Marine Power upgraded the 20DF dual-fuel engine, which can now deliver more power with less energy consumption, and its methane slip is lowered by as much as 40%. Energy launched the 34SG Balancer, the optimal solution for balancing renewable power generation. Marine Systems launched the new IQ Series exhaust gas treatment system that allows the same exhaust gas cleaning results to be achieved with a smaller impact on a vessel's cargo-carrying capacity, and therefore its profitability. Voyage initiated partnerships and projects globally to enable sustainable shipping. The digital systems such as Navi-Port and FOS optimise the vessel journey and enable just-in-time arrival for ships, saving fuel and reducing time at anchorage.

One key activity during 2021 was the launch of a new strategic framework, the Wärtsilä Way, combined with the introduction of new financial and decarbonisation targets. Going forward, the Wärtsilä strategy is focused on shaping the decarbonisation of marine and energy industries. We emphasise customer success, innovation in technology and services, diverse teams making a difference, as well as continuous improvement. This strategy enables us to accelerate the marine decarbonisation and the shift to a 100% renewable energy future. We also launched revised financial targets and the "Set for 30" decarbonisation commitments. Financially, we aim for 5% organic growth annually and to reach a 12% operating margin. We see the biggest growth opportunities in energy storage, thermal balancing power, and both energy and marine services. Our continued R&D investments in sustainable fuel technologies position us well for the green transition in both the energy and marine businesses. Growth in these areas will contribute to reaching our profitability target. In "Set for 30", our targets are that by 2030 we become carbon-neutral in our own operations and provide a product portfolio that will be ready for zero-carbon fuels. These new targets demonstrate our commitment to an economically, environmentally, and socially sustainable future.

In the longer term, the increased focus on decarbonisation continues. Regulatory frameworks and wider policy announcements are accelerating the move to a low-carbon society, and our customers are increasingly asking for green shipping and clean energy. As a technology leader, Wärtsilä is well positioned to benefit from this development. We continue to invest in innovation to ensure a broad, industry-leading solution offering. While much of the decarbonisation work in the marine and energy markets is still ahead, Wärtsilä already today has solutions and technologies that enable the transition to decarbonised shipping and 100% renewable power systems."

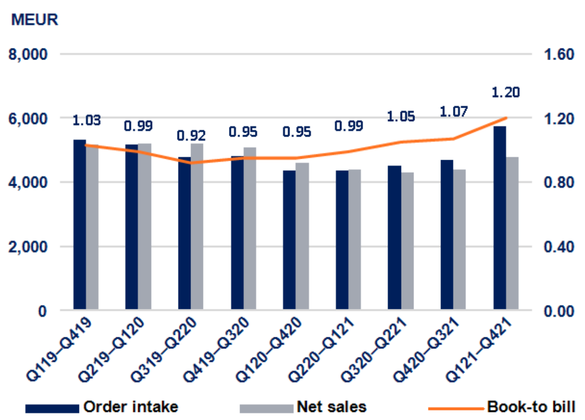
Key figures

MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Order intake	**2,150**	1,118	92%	**5,735**	4,359	32%
of which services	**753**	626	20%	**2,656**	2,267	17%
Order book, end of period				**5,859**	5,057	16%
Net sales	**1,597**	1,220	31%	**4,778**	4,604	4%
of which services	**761**	654	16%	**2,499**	2,255	11%
Book-to-bill	**1.35**	0.92		**1.20**	0.95	
Operating result	**144**	90	59%	**314**	234	34%
% of net sales	**9.0**	7.4		**6.6**	5.1	
Comparable operating result	**158**	103	53%	**357**	275	30%
% of net sales	**9.9**	8.4		**7.5**	6.0	
Comparable adjusted EBITA*	**165**	111	49%	**388**	308	26%
% of net sales	**10.4**	9.1		**8.1**	6.7	
Profit before taxes	**134**	78	70%	**296**	191	55%
Basic earnings/share, EUR	**0.14**	0.10		**0.33**	0.23	
Cash flow from operating activities	**370**	274		**731**	681	
Net interest-bearing debt, end of period				**4**	394	
Gross capital expenditure				**143**	117	
Gearing				**0.00**	0.18	
Solvency, %				**38.6**	38.1	
Personnel, end of period				**17,305**	17,792	-3%

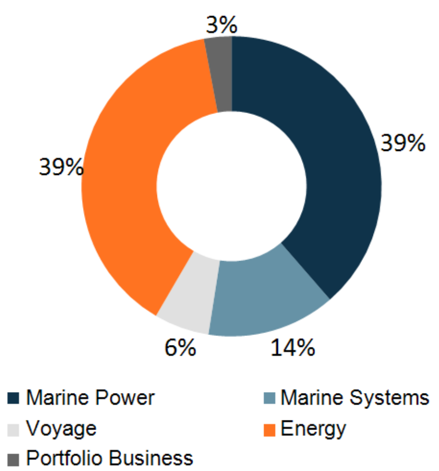
*Comparable adjusted EBITA excludes items affecting comparability and purchase price allocation amortisation.

Wärtsilä presents certain alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority (ESMA). The definitions of these alternative performance measures are presented in the Calculations of financial ratios section.

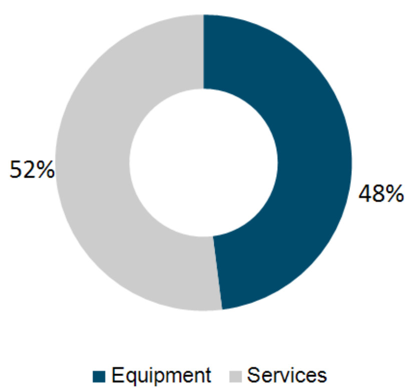
Book-to-bill, 12 months rolling



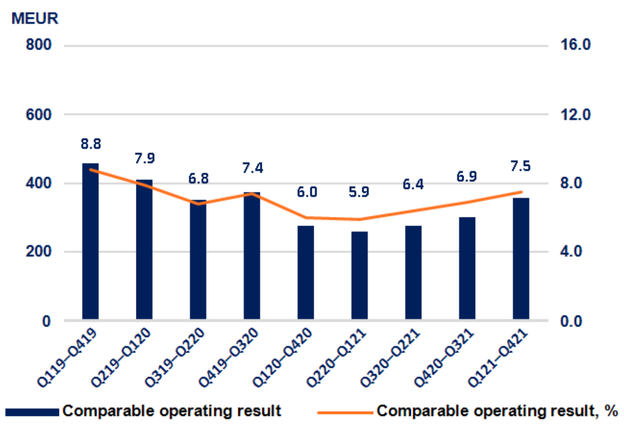
Net sales by business area, January–December



Net sales by business type, January–December



Comparable operating result, 12 months rolling



Group financial and strategic development

Operating environment

Marine

The shipping and shipbuilding markets were characterised by mixed activity levels across different vessel segments during 2021. Altogether 1,855 contracts for new vessels were registered in the review period January–December (815 in the corresponding period last year, excluding late reporting of contracts), largely driven by containerships. Growing and pent-up demand, along with logistical disruptions, has resulted in a shortage of available tonnage in the containership, gas carrier, and bulker sectors, and has pushed earnings and newbuild contracting to levels exceeding the pre-Covid era. The surge in newbuild ordering has supported the forward cover of larger shipyard groups, which have managed to mitigate the impact of a rapid increase in raw material costs by increasing the price for newbuild vessels. However, high earnings and tonnage demand have led to postponements of activities that require dry-docking, such as scrubber retrofits. At the same time, the progress in Covid-19 vaccination programmes, and the lifting of travel restrictions in key cruise locations have resulted in further reactivation of the cruise fleet. However, the impact of the Omicron virus variant over time remains an uncertainty. Newbuild cruise activity is still limited, and utilisation rates remain below 2019 levels.

The most attractive vessel segments for Wärtsilä, namely specialised tonnage, have recovered from the turmoil caused by the pandemic to a varying degree. The reactivation of cruise vessels significantly improved during the second half of the year, as operators resumed sailing. As at the end of December, around 70% of the cruise fleet capacity was active, up from around 50% at the end of September, and around 20% at the end of June. The ferry market continues on a positive trend, although passenger travelling is still somewhat limited due to Covid-19 related restrictions. Activity in the offshore oil and gas segment marginally improved, supported by a slight rise in vessel demand and elevated demolition activity. The demand for offshore construction-related vessels, such as wind turbine installation vessels has improved, thanks to strong growth in active offshore wind farms. The LNG (liquified natural gas) carrier sector remains healthy, as inventories have been at record-low levels, thus supporting LNG trade and the demand for tonnage, regardless of a strong increase in gas prices. The container shipping markets have continued to see extraordinary market conditions. Severe port congestion and widespread logistical disruption, alongside firm demand, have led to further new records in freight and charter rates, as well as newbuild ordering. The tanker market continued to face challenges with weak demand, especially in the crude sector.

The acceleration of environmental concerns remains the main underlying trend, as the regulatory framework and wider policy announcements are being ramped up from political regulators, cargo owners, and financiers, all of whom are building pressure to move faster than the current targets set by the International Maritime Organisation (IMO). In July, the European Commission adopted a package of proposals (‘Fit for 55’) to cut greenhouse gas (GHG) emissions by at least 55% from 1990 levels by 2030. One of the many proposals is to include shipping in the EU Emissions Trading System from 2023. Another is the FuelEU Maritime Initiative, which aims at increasing the adoption of cleaner technologies and sustainable alternative fuels by imposing a limit on the GHG intensity of energy used by ships. As the global pressure to find solutions to stop climate change builds, ship owners are considering a number of options, including slow steaming, energy saving devices, voyage optimisation solutions, hybrid and full-electric power systems, and alternative fuels. The transition to cleaner fuels has already started, with 384 orders placed globally for alternative fuel capable vessels, representing 21% (17%) of all newbuild contracting in the review period January–December. LNG is the dominant choice and is gaining further traction, although other alternative fuels are slowly emerging. The price differential between high and low-sulphur fuels increased throughout the year to USD 150 per tonne. The interest in scrubber installations continues to be mostly driven by newbuilds, with orders recorded for 231 vessels globally in 2021. Scrubber retrofitting activity continued to be muted.

Energy

The global liquid and gas fuelled power plant markets were recovering towards the end of 2021, despite the pandemic and the resulting weakening of the investment environment. While the market situation is improving, customers still continue to postpone investments due to the prevailing uncertainty regarding the duration, development, and economic impacts of the pandemic. As vaccination programmes in a large part of our core markets move slowly, full recovery will most likely take time. Additionally, energy and climate policies are being developed and reviewed around the world to drive more ambitious decarbonisation targets, and utilities continue to update their investment strategies, which is causing uncertainty and delays in decision making. The vast majority of global greenhouse gas emissions is targeted by national pledges and net-zero targets, but detailed plans and strategies to cut emissions already during this decade are still in the making. In the energy storage markets, activity has continued at a good level, driven by the increasing need for short-term flexible capacity in power systems with a high share of renewables. Going forward, the increasing amount of intermittent renewable energy in power systems is expected to bring forward the need for various flexible solutions, such as energy storage and balancing power plants. Financial stimuli by governments and financial institutions to the energy sector are intended to support investments in green energy, but the execution of such plans on a wider scale is still pending. Demand for services was at a good level, and customers continued to show interest in long-term agreements, thus providing stability to the business that is lumpy by nature.

Wärtsilä's market share in the up to 500 MW market segment decreased to 5% (6), while global orders for natural gas and liquid power plants increased by 10% to 19.2 GW during the twelve-month period ending in September 2021 (17.4 GW at the end of June). Global orders include gas turbine and Wärtsilä orders with prime movers over 5 MW in size. The data is gathered from the McCoy Power Report.

Order intake and order book

Wärtsilä's **order intake in October–December** increased by 92% to EUR 2,150 million (1,118) compared to the corresponding period in the previous year. Book-to-bill was 1.35 (0.92). Service order intake increased by 20% to EUR 753 million (626). Equipment order intake increased by 184% to EUR 1,398 million (493), thanks largely to some major power plant orders.

Order intake in January–December increased by 32% to EUR 5,735 million (4,359) compared to the low ordering levels of the corresponding period in the previous year. Book-to-bill was 1.20 (0.95). Service order intake increased by 17% to EUR 2,656 million (2,267), reflecting improved market sentiment in the marine markets. Equipment order intake increased by 47% to EUR 3,079 million (2,091), driven by strong demand for energy storage solutions and a few important power plant orders.

The **order book** at the end of the period increased by 16% to EUR 5,859 million (5,057) despite divestments of certain business units. Wärtsilä's current order book for 2022 deliveries is EUR 3,763 million (3,298).

Order intake and order book by reporting segment

MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Order intake	**2,150**	**1,118**	**92%**	**5,735**	**4,359**	**32%**
Marine Power	**659**	440	50%	**2,011**	1,737	16%
Marine Systems	**308**	133	131%	**835**	539	55%
Voyage	**93**	55	68%	**292**	262	12%
Energy	**1,031**	469	120%	**2,444**	1,653	48%
Portfolio Business	**59**	21	177%	**153**	168	-9%
Order book, end of period				**5,859**	**5,057**	**16%**
Marine Power				**1,994**	1,839	8%
Marine Systems				**1,042**	857	22%
Voyage				**288**	275	5%
Energy				**2,393**	1,830	31%
Portfolio Business				**142**	257	-45%

Net sales and operating result

Wärtsilä's **net sales in October–December** increased by 31% to EUR 1,597 million (1,220) compared to the corresponding period in the previous year. Service net sales increased by 16% to EUR 761 million (654). Equipment net sales increased by 48% to EUR 836 million (566), supported by milestone-based revenue recognition of sizeable power plant projects, and the ramping up of energy storage project deliveries.

The **operating result in October–December** amounted to EUR 144 million (90) or 9.0% of net sales (7.4). The improvement in profitability was driven by higher sales volumes and improved service capacity utilisation. The comparable operating result totalled EUR 158 million (103) or 9.9% of net sales (8.4). Items affecting comparability amounted to EUR 14 million (13) related primarily to divestments, restructuring programmes, and footprint adjustments. The comparable adjusted EBITA amounted to EUR 165 million (111) or 10.4% of net sales (9.1). Purchase price allocation amortisation amounted to EUR 8 million (8).

Net sales in January–December increased by 4% to EUR 4,778 million (4,604) compared to the corresponding period in the previous year. Service net sales increased by 11% to EUR 2,499 million (2,255) on the back of a weak comparison year. Equipment net sales decreased by 3% to EUR 2,279 million (2,349). Of Wärtsilä's net sales, approximately 60% was EUR denominated and 25% USD denominated, with the remainder being split between several currencies.

The **operating result in January–December** amounted to EUR 314 million (234) or 6.6% of net sales (5.1). The improvement in profitability was driven by a more favourable sales mix between equipment and services, as well as improved service capacity utilisation. However, the operating result continued to be burdened by Covid-19 driven cost inflation and challenges in the utilisation of personnel, under-absorption of factory capacity cost, pressure on cost of supply and logistics, as well as by approximately EUR 20 million net provisions arising from a detailed project risk review conducted in the first quarter in Wärtsilä Energy. The comparable operating result totalled EUR 357 million (275) or 7.5% of net sales (6.0). Items affecting comparability comprised costs of EUR 43 million (41) related primarily to divestments, restructuring programmes, and footprint adjustments. The comparable adjusted EBITA amounted to EUR 388 million (308) or 8.1% of net sales (6.7). Purchase price allocation amortisation amounted to EUR 31 million (33).

Financial items amounted to EUR -18 million (-43) in January–December. Net interest totalled EUR -11 million (-10). Profit before taxes amounted to EUR 296 million (191). Taxes amounted to EUR 103 million (58), implying an effective tax rate of 34.7% (30.3). Profit for the financial period amounted to EUR 193 million (133). Basic earnings per share totalled 0.33 euro (0.23). Return on investments (ROI) was 9.7% (7.1), while return on equity (ROE) was 8.6% (5.8).

Net sales and operating result by reporting segment

MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Net sales	**1,597**	**1,220**	**31%**	**4,778**	**4,604**	**4%**
Marine Power	**589**	489	20%	**1,863**	1,748	7%
Marine Systems	**221**	167	32%	**654**	808	-19%
Voyage	**84**	68	24%	**279**	248	13%
Energy	**670**	465	44%	**1,861**	1,620	15%
Portfolio Business	**32**	30	4%	**121**	181	-33%
Operating result	**144**	**90**	**59%**	**314**	**234**	**34%**
Marine Power	**68**	42	61%	**180**	134	35%
Marine Systems	**14**	15	-12%	**47**	81	-42%
Voyage	**-3**	-11	74%	**-39**	-42	6%
Energy	**63**	51	25%	**134**	91	48%
Portfolio Business	**2**	-7		**-9**	-29	69%
Operating result, % of net sales	**9.0**	**7.4**		**6.6**	**5.1**	
Marine Power	**11.5**	8.6		**9.7**	7.7	
Marine Systems	**6.1**	9.2		**7.2**	10.0	
Voyage	**-3.4**	-16.2		**-14.1**	-17.0	
Energy	**9.4**	10.9		**7.2**	5.6	
Portfolio Business	**6.5**	-23.1		**-7.5**	-16.2	
Comparable operating result	**158**	**103**	**53%**	**357**	**275**	**30%**
Marine Power	**75**	45	67%	**195**	137	43%
Marine Systems	**16**	16	3%	**52**	83	-38%
Voyage	**1**	-11		**-28**	-41	32%
Energy	**64**	55	16%	**136**	101	34%
Portfolio Business	**1**	-2		**2**	-6	
Comparable operating result, % of net sales	**9.9**	**8.4**		**7.5**	**6.0**	
Marine Power	**12.7**	9.1		**10.5**	7.8	
Marine Systems	**7.4**	9.6		**7.9**	10.3	
Voyage	**1.2**	-16.0		**-9.9**	-16.5	
Energy	**9.6**	11.9		**7.3**	6.3	
Portfolio Business	**4.3**	-8.0		**1.6**	-3.1	

Net sales bridge

MEUR	10–12/2021	1–12/2021
2020	**1,220**	**4,604**
Organic	**29%**	**6%**
Acquisitions and divestments	**-1%**	**-2%**
FX impact	**3%**	**0%**
2021	**1,597**	**4,778**

Financing and cash flow

Wärtsilä's cash flow from operating activities in October–December amounted to EUR 370 million (274).

During January–December, cash flow from operating activities totalled EUR 731 million (681), supported by favourable working capital development. Working capital totalled EUR -100 million at the end of the period (257 at the end of 2020). Advances received totalled EUR 498 million (452 at the end of 2020). There were no additional advances pertaining to assets held for sale (38 at the end of 2020).

Wärtsilä aims to ensure sufficient liquidity at all times through efficient cash management and by maintaining the availability of sufficient committed and uncommitted credit lines. Refinancing risk is managed by having a balanced and sufficiently long loan portfolio.

Cash and cash equivalents amounted to EUR 964 million (919 at the end of 2020). There were no additional cash or cash equivalents pertaining to assets held for sale (14 at the end of 2020). Unutilised committed credit facilities totalled EUR 650 million (660 at the end of 2020).

Wärtsilä had interest-bearing debt totalling EUR 973 million at the end of the period (1,327 at the end of 2020). The total amount of short-term debt maturing within the next 12 months was EUR 121 million. Long-term loans amounted to EUR 851 million.

Net interest-bearing debt totalled EUR 4 million (394 at the end of 2020). Gearing was 0.00 (0.18 at the end of 2020), while the solvency ratio was 38.6% (38.1 at the end of 2020). Equity per share was 3.92 euro (3.68 at the end of 2020).

Key financing items

MEUR	10–12/2021	10–12/2020	1–12/2021	1–12/2020
Cash flow from operating activities	**370**	274	**731**	681
Working capital			**-100**	257
Net interest-bearing debt, end of period			**4**	394
Gearing			**0.00**	0.18
Solvency, %			**38.6**	38.1
Equity/share, EUR			**3.92**	3.68

Capital expenditure

Capital expenditure related to intangible assets and property, plant, and equipment amounted to EUR 142 million (115) for the period January–December, largely driven by the construction of Smart Technology Hub, a new centre of research, product development, and manufacturing in Vaasa, Finland. Capital expenditure related to acquisitions and investments in securities totalled EUR 1 million (2). Depreciation, amortisation, and impairment amounted to EUR 162 million (174), including depreciation and impairment of right of use assets of EUR 47 million (47).

In 2022, capital expenditure related to intangible assets and property, plant, and equipment is expected to be at around the same level as depreciation, amortisation, and impairment.

Strategy

Wärtsilä's value creation potential going forward is based on two strategic themes: Transform and Perform. The Transform theme refers to decarbonisation, creating new business opportunities by leveraging growth in electricity generation, balancing power, and green marine transport. The Perform theme centres around leveraging market recovery and growth, with an emphasis on robust execution and the company's commitment to both financial and sustainability targets. Wärtsilä's purpose to enable sustainable societies through innovation in technology and services is well connected to the Transform and Perform themes.

Considering these two strategic themes, Wärtsilä's Board of Directors approved the company's new financial targets in November 2021.

Wärtsilä's new financial targets are as follows:

- Net sales: 5% annual organic growth
- Profitability: 12% operating margin
- Capital structure: gearing below 0.50
- Dividend: at least 50% of earnings

Innovations, research and development

Wärtsilä is committed to helping minimise the environmental footprint of the maritime and energy industries. Investments in R&D are central to securing Wärtsilä's future positioning, and will continue despite the prevailing market uncertainty. Developing the use of alternative, commercially viable clean fuels for the future is a key focus area of research and development, as is improving the connectivity, efficiency, sustainability, and safety of customer operations through the increased use of digital solutions. With its lifecycle solution offering, Wärtsilä goes beyond the mere maintenance and operation of installations by delivering guaranteed performance based on mutually agreed target levels. Research and development expenditure totalled EUR 175 million (153) in 2021, which represents 3.7% of net sales (3.3).

In March, Wärtsilä announced that it has conducted extensive research and development work in exploring ways by which carbon capture and storage (CCS) can be developed and scaled in the maritime industry. To further accelerate the development, Wärtsilä is in the process of carrying out commissioning of a 1 MW pilot plant installation at its test facility in Moss, Norway. This pilot plant will allow Wärtsilä to test its CCS technologies in a range of scenarios and conditions. With this announcement, Wärtsilä highlights the potential for exhaust gas abatement systems to directly tackle maritime carbon dioxide (CO2) emissions in the near future as the technology advances. This will enable manufacturers to design and upgrade scrubbers to capture carbon at the point of exhaust. Wärtsilä's continued research and development into carbon capture at the point of exhaust was further reinforced in October, as Wärtsilä and Solvang ASA, a Norwegian shipping company, agreed on a full-scale pilot retrofit installation of a CCS system for one of Solvang's ethylene carriers, the 21,000-cbm Clipper Eos.

In March, Wärtsilä launched grid balancing technology as part of a portfolio of products designed to cost effectively accelerate the energy transition. The portfolio consists of power plants, as well as energy storage and energy management systems. The first power plant solution in the portfolio is powered by the upgraded Wärtsilä 34SG Balancer engine, optimised for renewable baseload markets. The engine can ramp up to full load in two minutes, and can currently run on natural gas, biogas, synthetic methane, or hydrogen blends.

In June, Wärtsilä and the classification society RINA announced a novel ship propulsion arrangement that offers full redundancy, less machinery, lower capital expenditure, reduced operational complexity, and optimised fuel consumption to lower costs and achieve emissions compliance. The conventional approach in ship design has been to use 2-stroke engines for propulsion and 4-stroke engines for electric power generation. The Wärtsilä / RINA arrangement, however, requires just two 4-stroke dual-fuel (DF) engines, with options for electric power back-up from batteries or a small DF generator when the ship is idle. The design, featuring Wärtsilä 31DF engines operating with LNG fuel, can achieve a reduction of up to 50% from the Energy Efficiency Design Index (EEDI) reference level value, and immediate compliance with the IMO's 2030 targets.

In June, Wärtsilä announced that it would showcase its Power-to-X competence at the World Expo in Dubai in cooperation with Soletair Power and Q Power. The demonstration unit creates synthetic fuel from CO2 extracted from the indoor air. Power-to-X technology can be seen as an important stepping stone along the path towards carbon-neutral fuels and the decarbonisation of various industries.

In June, Wärtsilä and Schneider Electric announced that they have together developed a unique, end-to-end power system reference design. It is aimed specifically at lithium mine operations where there is no access to a grid supply of electricity. The solution contributes to sustainable lithium production by optimising the efficient delivery and use of energy, as well as by leveraging microgrids and enabling the use of renewable energy sources.

In July, Wärtsilä launched a major test programme towards carbon-free solutions with hydrogen and ammonia. The company is pioneering the adoption of hydrogen and ammonia as viable engine fuels through advanced testing in Wärtsilä's fuel-flexible combustion engines. Hydrogen and ammonia contain no carbon, meaning the combustion releases no CO2 emissions. The full-scale engine test results are very encouraging, with one test engine performing very well when running on a fuel with 70% ammonia content at a typical marine load range. Tests were also completed successfully on another engine operating on pure hydrogen. For the energy market, Wärtsilä expects to have an engine and plant concept for pure hydrogen operation ready by 2025. For the marine market, Wärtsilä continued to run tests with an engine running on an ammonia blend, and anticipates having an ammonia engine concept ready in 2023. Wärtsilä is also developing ammonia storage and supply systems as part of the EU's ShipFC project. In addition, Wärtsilä will begin testing ammonia in a marine 4-stroke combustion engine together with Knutsen OAS, Repsol Norway and Equinor at the Sustainable Energy Catapult Centre in Stord, Norway, as part of the Demo2000 project.

In July, Wärtsilä Voyage's NTPRO (Navi-Trainer Professional 5000) navigational simulator was awarded certification according to the new DNV Class D standard for cloud-based simulators – making it the first certified cloud solution that offers both interactive instructor-led and student-led training. With this, the navigational simulator now has full compliance (Class A, B, C, D) with DNV's ST-0033 Maritime Simulator Systems standard. The maritime industry is in the process of identifying those learning events that can effectively be conducted remotely, and those that require a physical presence or team interactions at a training facility. Wärtsilä cloud solutions, however, are certified to provide both the interactive exercise control required for mandatory training and examination, as well as self-directed detached exercise and assessment to enhance or supplement instructor controlled simulations.

In August, Wärtsilä introduced an upgraded version of its successful Wärtsilä 20DF dual-fuel engine. The new version will deliver increased power output, have a reduced environmental impact, and will feature lower fuel consumption. It will also further increase the engine's fuel flexibility by allowing a much wider gas quality span. The engine's power per cylinder is increased from 185 to 195 kW, while methane slip is lowered by as much as 40%, thereby drastically reducing CO2 emissions.

In September, the first vessel fitted with Wärtsilä battery containers, the 'Alphenaar', commenced operations in the Netherlands. The vessel transports beer for Heineken, the first customer of the service. Wärtsilä has developed and delivered this mobile battery container solution that will enable inland waterway vessels to operate with zero emissions. The 104 TEU inland waterway container vessel has been modified to allow two battery container units to be mounted onboard. The system enables the vessel to operate on full electric power alone, with no carbon emissions being generated. When discharged, the containers can be exchanged and charged onshore using energy from renewable sources.

In November, Wärtsilä announced that it will commercially launch its 2-stroke future fuels conversion platform during the first quarter of 2022. This innovative and patented engine combustion technology platform will enable the fast and cost-effective conversion of 2-stroke main engines to operate on clean-burning future fuels. This is seen as a major step in the maritime industry's efforts to achieve decarbonised shipping operations, while the easy retrofitting will avoid owners having to face long off-hire charter time. The retrofit conversion will initially enable operation with currently available LNG fuel, most importantly with negligible methane slip from the engine. The modular design of this concept provides a platform that will be further developed to allow for the adoption of alternative green fuels or fuel blends when they become commercially available. The development programme has recently been concluded with successful initial engine tests in the Wärtsilä 2-stroke engine laboratory in Trieste.

In November, Wärtsilä launched its new IQ Series exhaust gas treatment system. The IQ Series is the latest advancement in maritime exhaust gas treatment technologies, featuring several improvements that make the technology especially well-suited to container vessels, where it meets the demand for scrubbers as a compliance option. The IQ Series scrubber uses an innovative design that allows the same exhaust gas cleaning results to be achieved with a smaller footprint. The scrubber takes up 25% less space, is 30% lighter, and has 35% less volume, which minimises the impact on a vessel's cargo-carrying capacity, and therefore its profitability.

Strategic projects

In January, Wärtsilä signed a letter of intent with the energy companies Vaasan Sähkö and EPV Energia and the City of Vaasa to cooperate in a project aiming at utilising emissions-free hydrogen in power production, industry, and traffic applications. The goal is to jointly build a Power-to-X-to-Power system in Vaasa, Finland and to pilot a hydrogen-based energy generation solution suitable for export markets.

In March, Wärtsilä made a further EUR 1 million investment in Soletair Power Oy, a Finnish company developing CO2 direct air capture technology. The investment enables Soletair Power to further its global sales efforts and to scale up the manufacturing of its CO2 capture solution for building ventilation applications. Wärtsilä's original investment of EUR 500,000 in the company was made in 2019.

In April, Wärtsilä partnered with Tanger Med, the largest Mediterranean and African container port, to take a new step forward in global port efficiency by co-developing a new cutting-edge Port Management Information System (PMIS). Both organisations sealed their long-term commitment to deploy modern Smart Port tools for port operations and digitalisation – including implementing Just-In-Time (JIT) solutions, machine learning and artificial intelligence, as well as other innovative solutions. The new PMIS is aimed at addressing the needs of the leading maritime liners and alliances calling at Tanger Med Port Complex, to optimise their vessel calls, and to use standardised master and event data.

In June, Wärtsilä and Vantaa Energy Ltd, a Finnish utility, signed a co-operation agreement for the pre-engineering and development of a Power-to-Gas plant for Vantaa Energy. The plant, planned to be commissioned in 2025, would produce carbon-neutral, synthetic methane on a commercial scale with a fuel capacity of 10 MW. Synthetic methane is produced from captured carbon dioxide and hydrogen produced with renewable energy.

In July, Wärtsilä and the Korean shipbuilding company Samsung Heavy Industries (SHI) signed a joint development programme agreement aimed at developing ammonia-fuelled vessels with 4-stroke auxiliary engines for future newbuild projects. Wärtsilä has a leading role in developing engines for operation on future clean fuels. According to SHI, the most likely initial newbuild targets for ships utilising ammonia fuel will be container vessels and very large crude carriers, operating with 2-stroke main engines and 4-stroke Wärtsilä auxiliary engines.

In September, Wärtsilä advanced its carbon capture and storage (CCS) capabilities for maritime applications as part of the LINCCS (linking carbon capture and storage) consortium. The LINCCS project is focused on reducing costs for new carbon storage facilities by 70% and advancing the development of carbon capture technologies in a range of sectors. It was also announced that the LINCCS consortium would receive NOK 111 million from the Norwegian government's Green Platform Initiative over the next three years. Carbon capture technology can be a significant enabler for the decarbonisation of the maritime industry, and one of the major workstreams of the LINCCS project is to bring to market a maritime CCS solution. Wärtsilä will lead this workstream with support from the Sustainable Energy Catapult Center and SINTEF Energy.

In October, Wärtsilä and Eidesvik Offshore ASA signed a landmark cooperation agreement aimed at converting an offshore supply vessel (OSV) to operate with an ammonia-fuelled combustion engine, and with the required fuel supply and safety system. This project will be the first of its kind ever in the world and has a provisional completion target by the end of 2023. The OSV considered for a retrofit currently has Wärtsilä dual-fuel engines operating primarily with LNG fuel. The conversion will allow the vessel to operate with a 70% ammonia blend. The ultimate goal is to achieve operation with 100% ammonia and with a minimum ignition fuel requirement.

In November, Wärtsilä Voyage signed a landmark agreement with the Maritime and Port Authority of Singapore (MPA) to further strengthen their collaboration in smart port innovation and digitalisation. The main objectives of this strategic partnership are to initiate, develop, and promote innovative solutions that accelerate digitalisation; to foster interoperability in e-navigation and ship-to-shore secure data communications to enable port-to-port optimisation; and to establish reliable, cyber safe and cost-effective information exchange pathways between all ecosystem partners to increase operational efficacy.

Personnel

Wärtsilä had 17,305 (17,792) employees at the end of the period. On average, the number of personnel totalled 17,461 (18,307) during the period January–December.

Of Wärtsilä's total number of employees, 21% (21) were located in Finland and 40% (41) elsewhere in Europe. Personnel employed in Asia represented 21% (22) of the total, personnel in the Americas 12% (11), and personnel in other countries 5% (5).

Personnel by reporting segment

MEUR	31.12.2021	31.12.2020	Change
Personnel	**17,305**	**17,792**	**-3%**
Marine Power	**8,224**	8,355	-2%
Marine Systems	**1,894**	1,897	0%
Voyage	**1,725**	1,915	-10%
Energy	**4,980**	4,888	2%
Portfolio Business	**482**	737	-35%

Changes in management

Håkan Agnevall (b. 1966, M.Sc. (Tech), MBA) assumed the position of President and CEO for Wärtsilä Corporation on 1 February 2021. He succeeded Jaakko Eskola, who continued as a senior advisor to the Board and executive team until his retirement on 30 June 2021.

In August, Wärtsilä appointed Teija Sarajärvi (b. 1969, MA) as Executive Vice President, Human Resources and member of the Board of Management. Ms Sarajärvi commenced in her role on 1 January 2022, succeeding Ms Alid Dettke.

Sustainability

Thanks to its various technologies and specialised services, Wärtsilä is well positioned to support its customers in their decarbonisation efforts, as well as in preparing for new regulatory requirements. Wärtsilä's R&D efforts continue to focus on the development of advanced environmental technologies and solutions. The company is committed to supporting the UN Global Compact and its principles with respect to human rights, labour, the environment, and anti-corruption. Wärtsilä is also committed to supporting the UN Sustainable Development Goals that deal with issues to which Wärtsilä contributes in a positive way. Such goals include those related to clean energy, a low-carbon marine ecosystem, and responsible business conduct.

Sustainability highlights in January–December included the following:

Wärtsilä announced its commitment to ambitious decarbonisation targets. The company's goal is by 2030 to become carbon neutral in its own operations and to provide a product portfolio which will be ready for zero carbon fuels. These new targets demonstrate Wärtsilä's commitment to a sustainable future. The company's aim is to support its customers on their decarbonisation journey and thus shape the decarbonisation of the marine and energy sectors. Wärtsilä's products and solutions will meet the stringent environmental requirements, and the fuel flexibility of the engines powering these sectors is key to enabling the transformation. Naturally, Wärtsilä also needs to do its part as an organisation and minimise its own environmental footprint.

Wärtsilä earned a place on the 2021 Clean200 list, an annual recognition of the world's most significant publicly traded firms according to the size of clean revenue from products and services that provide solutions for the planet and define a clean energy future. The Clean200 list is published by Corporate Knights in partnership with the U.S. non-profit organisation, As You Sow, each year.

AGL Energy Limited, one of Australia's leading integrated energy companies, selected Wärtsilä as one of two preferred suppliers for their up to 1,000 MW grid-scale energy storage plans for the next five years. In addition to its state-of-the-art energy storage and energy management systems, Wärtsilä's full engineering, procurement, and construction (EPC) capabilities were among the reasons cited by AGL in selecting Wärtsilä as an energy storage technology partner. The grid-scale energy storage plans will play a key role in the Australian energy industry's transition away from traditional fossil fuels towards cleaner energy.

Wärtsilä and Lappeenranta-Lahti University of Technology (LUT) in Finland published a first-of-its-kind power system study exploring a carbon neutral power system across India by 2050. The study analysed the development of the power system using a best policy scenario, in which power sector greenhouse gas emissions reach zero by 2050 through the comprehensive adoption of sustainable energy and flexible technologies. The study highlights the fact that India stands to gain economically and environmentally by completely shifting towards a renewable powered electricity mix, with flexible technologies providing system reliability.

Wärtsilä entered into a strategic partnership with Ambitious.Africa, an initiative that aims to act as a bridge between Africa and the Nordic countries. By working together, the partners can connect students, entrepreneurs, start-up companies, financiers, and various stakeholders from both continents to address common challenges through a novel approach aimed at empowering future generations. The focus of the main projects in 2021 was on local communities in Morocco and Nigeria, and students at African and Nordic universities.

Wärtsilä was awarded the contract to supply a biogas liquefaction plant for Norway-based Biokraft, a subsidiary of the Scandinavian Biogas Group and a major player in the global biogas market. The 25 tons per day capacity plant will extend an existing bioLNG production plant at Skogn in Norway, also supplied by Wärtsilä, to a combined total of 50 tons per day, making it by far the largest facility of its kind in the world. BioLNG is an abundant renewable energy source that is used as ‘green’ fuel in transportation, industrial, and marine applications.

Wärtsilä completed an extensive upgrade of Croatia’s national Vessel Traffic Management & Information System (VTMIS) with the new Sea Traffic Management (STM) functionality. STM includes route optimisation services, such as ship-to-ship route exchange, enhanced monitoring, port call synchronisation, and winter navigation. The goals behind the full deployment of STM by 2030 include a 50% reduction in accidents, a 10% reduction in voyage costs, and a 30% reduction in waiting time for berthing, as well as 7% lower fuel consumption with a corresponding reduction in greenhouse gas emissions.

An agreement for a co-programmed “Zero Emission Waterborne Transport” partnership between the European Commission and the Waterborne Technology Platform was signed. The aim of the partnership is to demonstrate zero-emission solutions for all main ship types and services before 2030, which will enable zero emissions waterborne transport before 2050. Wärtsilä contributed to the preparation phase of the partnership agreement and will support the programme’s internal processes by helping to define the partnership's strategic goals, monitoring and guiding its progress, and ensuring proper functioning of the partnership.

Wärtsilä issued a report ahead of COP26, the UN’s Climate Change Conference held in Glasgow in the autumn, demonstrating the environmental and economic opportunities for states that decarbonise rapidly. The ‘Front-Loading Net Zero’ report states that electricity production costs could be reduced by up to 50% by 2050 if countries and states adopt 100% renewable systems faster than currently planned. Significant cost reductions can be achieved by front-loading the deployment of renewables, mainly wind and solar photovoltaic, and by utilising the technologies needed to balance their inherent intermittency, such as energy storage and thermal balancing power plants. The report indicates that carbon neutral systems can provide cheaper electricity compared to current fossil fuel-based systems.

Wärtsilä’s share is included in several sustainability indices, including Dow Jones Sustainability Indices (DJSI), FTSE4Good Index Series, Ethibel Sustainability Index (ESI) Excellence Europe, MSCI ACWI ESG Leaders Index, S&P Europe 350 ESG Index, ECPI ESG Indices, OMX GES Sustainability Finland Index, and STOXX Global ESG Leaders Index.

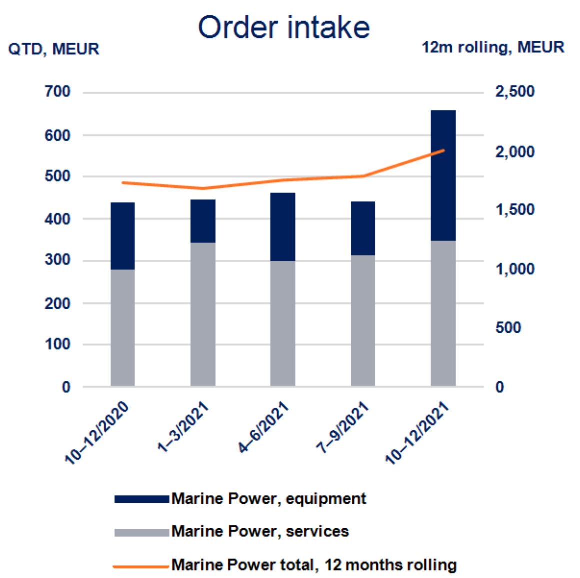
Reporting segment: Wärtsilä Marine Power

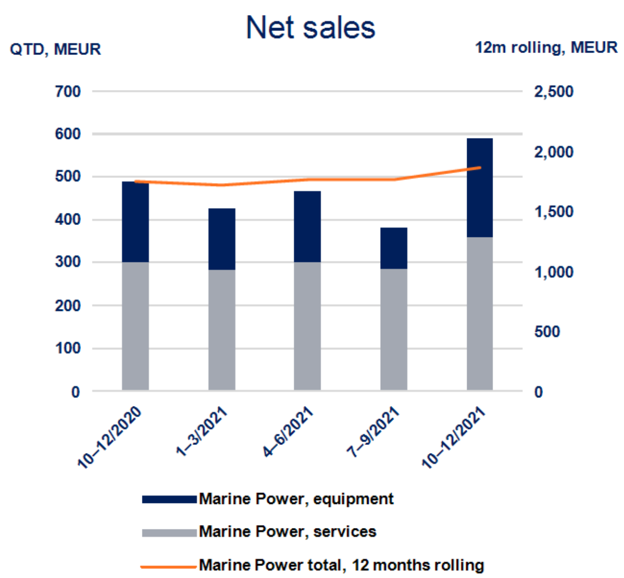
Wärtsilä Marine Power leads the industry in its journey towards a decarbonised and sustainable future. Our broad portfolio of engines, propulsion systems, hybrid technology, and integrated powertrain systems delivers the efficiency, reliability, safety, and environmental performance needed to support our customers. Our offering includes performance-based agreements, lifecycle solutions, and an unrivalled global network of maritime expertise.

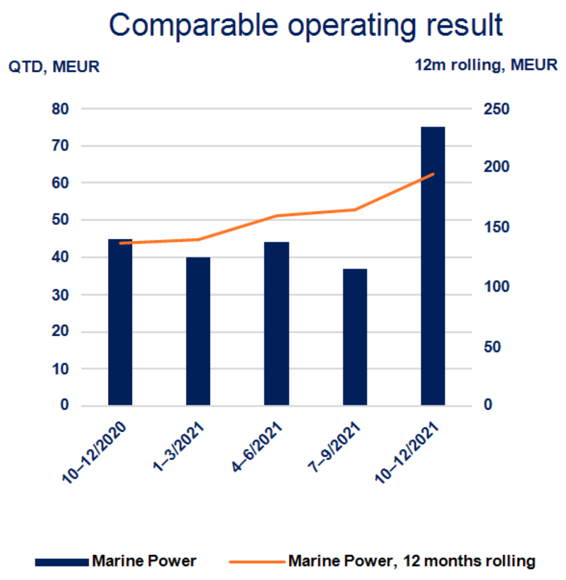
- Newbuild vessel contracting continued to be driven by containerships, whereas vessel contracting in the cruise and ferry markets remains low. The most attractive vessel segments for Marine Power, namely specialised tonnage, have recovered from the turmoil caused by the pandemic to a varying degree.
- Service business performance continued to improve, despite country specific Covid-19 restrictions and quarantine hours that created challenges for efficient resource and operations management.
- Profitability improved, driven primarily by a favourable sales mix between equipment and services and good utilisation rates.

Key figures

MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Order intake	**659**	440	50%	**2,011**	1,737	16%
of which services	**347**	279	24%	**1,305**	1,070	22%
Order book, end of period				**1,994**	1,839	8%
Net sales	**589**	489	20%	**1,863**	1,748	7%
of which services	**358**	300	19%	**1,226**	1,096	12%
Book-to-bill	**1.12**	0.90		**1.08**	0.99	
Operating result	**68**	42	61%	**180**	134	35%
% of net sales	**11.5**	8.6		**9.7**	7.7	
Comparable operating result	**75**	45	67%	**195**	137	43%
% of net sales	**12.7**	9.1		**10.5**	7.8	
Personnel, end of period				**8,224**	8,355	-2%







Financial development

Marine Power's **order intake in October–December** increased by 50% to EUR 659 million (440) compared to the corresponding period in the previous year. Book-to-bill was 1.12 (0.90). Service order intake increased by 24% to EUR 347 million (279) on the back of a weak comparison period. Equipment order intake increased by 94% to EUR 312 million (161), thanks to a few large deals. Overall, demand was highest in the merchant segment which, including both traditional merchant vessels and gas carriers, represented 47% and 38% of the order intake of equipment and services, respectively. Orders received during the period included a contract with Daewoo Shipbuilding and Marine yard for a wind turbine installation vessel for Eneti Inc. The scope includes six Wärtsilä WST-32 thrusters and one Wärtsilä WTT-36 thruster.

Net sales in October–December increased by 20% to EUR 589 million (489) compared to the corresponding period in the previous year. Service net sales increased by 19% to EUR 358 million (300), largely resulting from sales to the cruise, ferry, and merchant segments. Equipment net sales increased by 22% to EUR 231 million (189), as a result of a high number of deliveries being made during the last quarter. The **comparable operating result** amounted to EUR 75 million (45) or 12.7% of net sales (9.1). The result improvement was primarily driven by the reactivation of cruise vessels and increased service volumes during the second half of the year, as well as efficiency improvement actions taken. Low factory load and cost inflation burdened profitability. Items affecting comparability comprised costs of EUR 7 million primarily related to footprint optimisations concerning the new Smart Technology Hub in Vaasa, Finland.

Order intake in January–December increased by 16% to EUR 2,011 million (1,737) compared to the corresponding period in the previous year. Book-to-bill was 1.08 (0.99). Service order intake increased by 22% to EUR 1,305 million (1,070). Equipment order intake increased by 6% to EUR 706 million (667). The key segments that contributed to equipment order intake were merchant at 40%, cruise at 12%, ferry at 11%, and special vessels at 16%. The market conditions and price competition remained challenging. The **order book** at the end of the period increased by 8% to EUR 1,994 million (1,839).

Net sales in January–December increased by 7% to EUR 1,863 million (1,748) compared to the corresponding period in the previous year. Service net sales increased by 12% to EUR 1,226 million (1,096), reflecting the reactivation of cruise vessels during the second half of the year. Equipment net sales decreased by 2% to EUR 637 million (652) due to a low order intake in previous periods. The **comparable operating result** amounted to EUR 195 million (137) or 10.5% of net sales (7.8). The result improvement was primarily driven by a favourable sales mix between equipment and services, the reactivation of cruise vessels and increased service volumes during the second half of the year, and efficiency improvement actions taken. Low factory load and cost inflation burdened profitability. Items affecting comparability comprised costs of EUR 15 million primarily related to the closure of the joint venture Wärtsilä CME in Zhenjiang, China and footprint optimisations concerning the new Smart Technology Hub in Vaasa, Finland.

Divestments

In May, Wärtsilä announced the divestment of Delivery Centre Santander to Javier Cavada Corporación Cantabria ("JCCC"). Delivery Centre Santander is a state-of-the-art foundry able to cast the highest grades of NiAlBronze alloys. The facility located in Santander, Northern Spain, employs 45 professionals and has an annual casting capacity of 700 tons. As part of the divestment, Wärtsilä and JCCC signed a strategic supply agreement whereby JCCC becomes a supplier for bronze alloy castings parts to Wärtsilä Marine Power. Subject to the fulfilment of closing conditions, closing of the transaction is expected in the first half of 2022.

Also in May, Wärtsilä and its joint venture partner Zhenjiang CME Co Ltd (CSSC Marine Power, owned by the CSSC group) announced the closure of the Wärtsilä CME joint venture in Zhenjiang, China. Some parts of the production and delivery activities of the joint venture have been moved to Propulsion Delivery Centre Wuxi (DCW) in China.

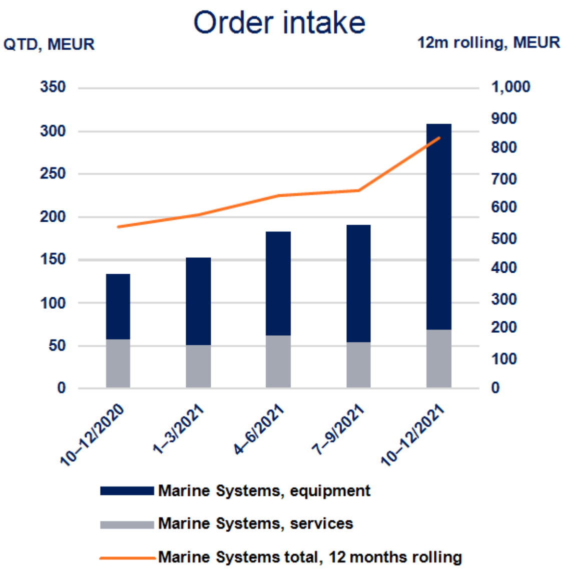
Reporting segment: Wärtsilä Marine Systems

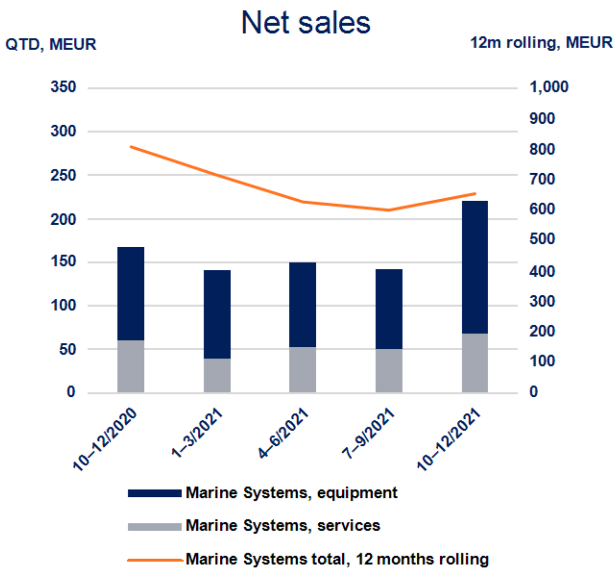
Wärtsilä Marine Systems supports customers with high quality products and lifecycle services related to the gas value chain, exhaust treatment, shaft line, underwater repair and electrical integrations. We are committed to providing the latest and most efficient solutions, in line with Wärtsilä's vision for a safe and sustainable future for our customers, our communities, and our planet.

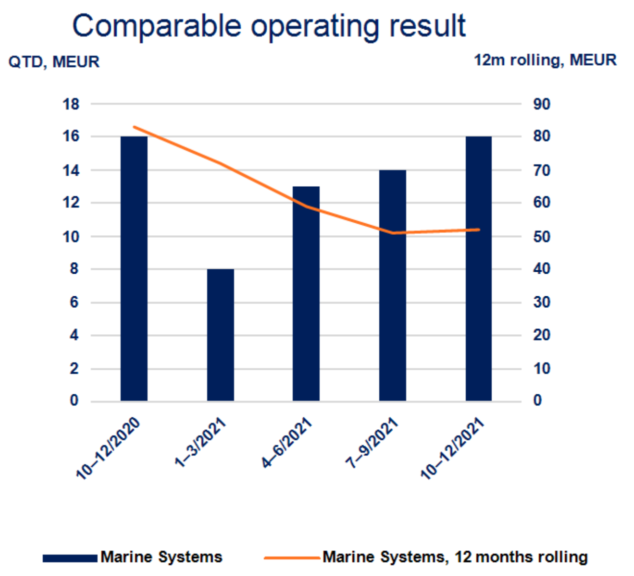
- Market activity in the equipment business was healthy, supported especially by high contracting levels in the containership and gas carrier segments in the first half of the year. Price competition intensified.
- Demand for transactional services was robust, with accelerated growth during the second half of the year.
- The comparable operating result was burdened by a decline in scrubber volumes and lower newbuild scrubber margins.

Key figures

MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Order intake	**308**	133	131%	**835**	539	55%
of which services	**69**	57	21%	**235**	205	14%
Order book, end of period				**1,042**	857	22%
Net sales	**221**	167	32%	**654**	808	-19%
of which services	**68**	60	14%	**211**	219	-4%
Book-to-bill	**1.39**	0.80		**1.28**	0.67	
Operating result	**14**	15	-12%	**47**	81	-42%
% of net sales	**6.1**	9.2		**7.2**	10.0	
Comparable operating result	**16**	16	3%	**52**	83	-38%
% of net sales	**7.4**	9.6		**7.9**	10.3	
Personnel, end of period				**1,894**	1,897	0%







Financial development

Marine Systems' **order intake in October–December** increased by 131% to EUR 308 million (133) compared to the corresponding period in the previous year, with growth mainly attributable to one individual order. Book-to-bill was 1.39 (0.80). Service order intake increased by 21% to EUR 69 million (57). Equipment order intake increased by 213% to EUR 239 million (77). Received orders included a contract to supply a new 103 metre (340 feet) long LNG bunker barge with a complete LNG cargo storage and handling system. The ship will be built at Fincantieri Bay Shipbuilding in Wisconsin, USA for Polaris New Energy (PNE). This is the second of two such barges built at the yard for PNE, the same Wärtsilä solution having been ordered for both.

Net sales in October–December increased by 32% to EUR 221 million (167) compared to the corresponding period in the previous year, driven by all business units. Service net sales increased by 14% to EUR 68 million (60). Equipment net sales increased by 43% to EUR 153 million (107). The **comparable operating result** amounted to EUR 16 million (16) or 7.4% of net sales (9.6). The decline in profitability was due to lower newbuild scrubber margins and a less favourable sales mix between equipment and services, which offset the positive impact of robust demand for transactional services. Items affecting comparability comprised costs of EUR 3 million related to footprint adjustments and organisational optimisation.

Order intake in January–December increased by 55% to EUR 835 million (539) compared to the corresponding period in the previous year. Book-to-bill was 1.28 (0.67). Service order intake increased by 14% to EUR 235 million (205). Equipment order intake increased by 80% to EUR 600 million (334). The **order book** at the end of the period increased by 22% to EUR 1,042 million (857), with growth in all business units with the exception of Exhaust Treatment.

Net sales in January–December decreased by 19% to EUR 654 million (808) compared to the corresponding period in the previous year. Service net sales decreased by 4% to EUR 211 million (219). Equipment net sales decreased by 25% to EUR 444 million (588). The **comparable operating result** amounted to EUR 52 million (83) or 7.9% of net sales (10.3) as a consequence of decreased scrubber volumes and lower newbuild scrubber margins. Items affecting comparability comprised costs of EUR 4 million related to footprint adjustments and organisational optimisation.

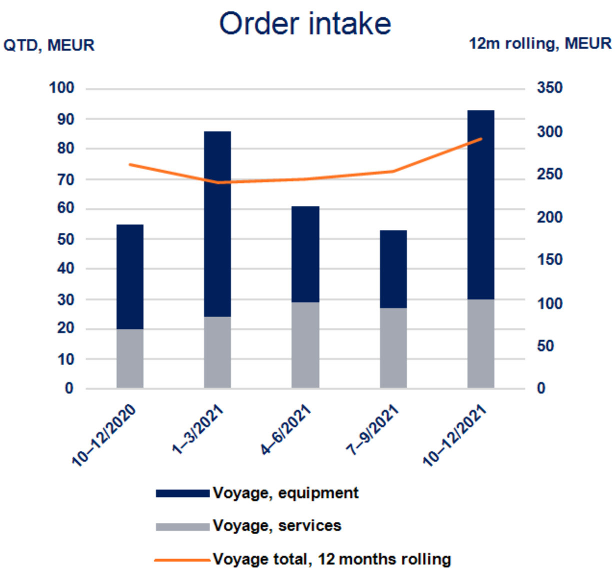
Reporting segment: Wärtsilä Voyage

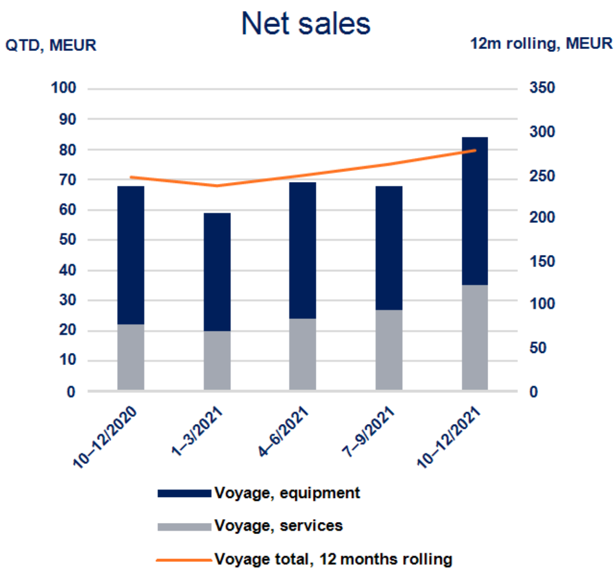
Wärtsilä Voyage transforms how vessels perform their journeys and ports manage their operations by leveraging the latest digital technologies. Using data and AI-driven software, we deliver real-time insights into operations, performance, and energy use to enhance safety, efficiency, and reliability, while minimising emissions. Our solutions combine bridge infrastructure, cloud data services, decision support systems, and smart port solutions to enable shore-to-shore visibility. We are committed to building an end-to-end connected digital ecosystem for shipping where all vessels, ports, and logistics infrastructure beyond are technologically smart, and all operations are safe and sustainable.

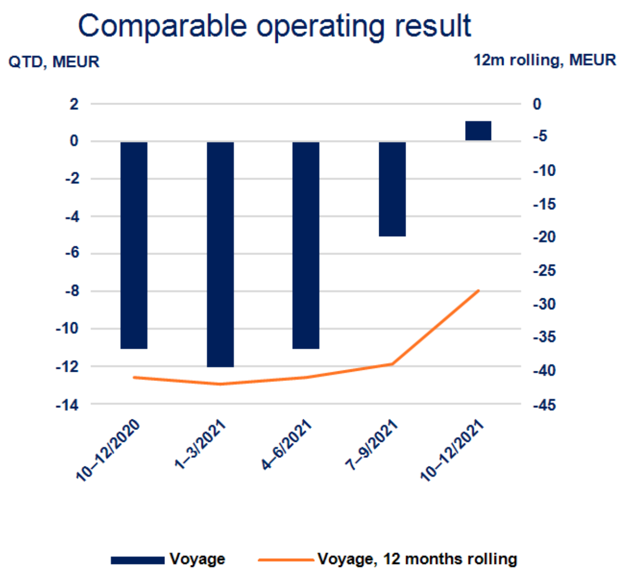
- Strengthening customer activity towards pre-pandemic levels supported order intake towards year-end, resulting in a double-digit increase in 2021.
- Strengthening customer activity reduced project delays, facilitated transactional service business, and resulted in growth in net sales.
- Profitability was positively impacted by higher sales volumes, in particular in services giving a more favourable sales mix between equipment and services.

Key figures

MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Order intake	**93**	55	68%	**292**	262	12%
of which services	**30**	20	49%	**109**	92	19%
Order book, end of period				**288**	275	5%
Net sales	**84**	68	24%	**279**	248	13%
of which services	**35**	22	60%	**105**	85	25%
Book-to-bill	**1.10**	0.81		**1.05**	1.06	
Operating result	**-3**	-11	74%	**-39**	-42	6%
% of net sales	**-3.4**	-16.2		**-14.1**	-17.0	
Comparable operating result	**1**	-11		**-28**	-41	32%
% of net sales	**1.2**	-16.0		**-9.9**	-16.5	
Personnel, end of period				**1,725**	1,915	-10%







Financial development

Voyage's **order intake in October–December** increased by 68% to EUR 93 million (55) compared to the corresponding period in the previous year. Book-to-bill was 1.10 (0.81). Service order intake increased by 49% to EUR 30 million (20). Equipment order intake increased by 79% to EUR 63 million (35). The increase in order intake was mainly driven by the adaptation of the markets to Covid-19 effects and customers getting closer to a pre-pandemic business activity level.

Net sales in October–December increased by 24% to EUR 84 million (68) compared to the corresponding period in the previous year. The increase was primarily a result of customer activity strengthening towards pre-pandemic levels. The Covid-19 crisis impacted newbuild and service activity negatively in the prior year, particularly in the cruise segment. Service net sales increased by 60% to EUR 35 million (22). Equipment net sales increased by 7% to EUR 49 million (46). The **comparable operating result** amounted to EUR 1 million (-11) or 1.2% of net sales (-16.0), driven by higher sales volumes, a more favourable sales mix between equipment and services, and efficiency improvement actions taken. Profitability was burdened by cost inflation and increased investments in digital competences. Items affecting comparability comprised costs of EUR 4 million related to efficiency improvement programmes.

Order intake in January–December increased by 12% to EUR 292 million (262) compared to the corresponding period in the previous year. Book-to-bill was 1.05 (1.06). Service order intake increased by 19% to EUR 109 million (92). Equipment order intake increased by 8% to EUR 183 million (170). Most of the pressure on orders seen in 2020 due to Covid-19 progressively dissipated throughout the year, as the industry adapted to the pandemic and customers got closer to a pre-pandemic business activity level. The **order book** at the end of the period increased by 5% to EUR 288 million (275).

Net sales in January–December increased by 13% to EUR 279 million (248) compared to the corresponding period in the previous year. The increase was primarily a result of customer activity strengthening towards pre-pandemic levels, which allowed for the resumption of transactional service business and newbuild activity. Service net sales increased by 25% to EUR 105 million (85). Equipment net sales increased by 6% to EUR 174 million (163). The **comparable operating result** amounted to EUR -28 million (-41) or -9.9% of net sales (-16.5). The result was positively impacted by higher sales volumes, a more favourable sales mix between equipment and services, and efficiency improvement actions taken. At the same time, investments in digital competences and Covid-19 related challenges in the global utilisation of personnel burdened the operating result. Items affecting comparability comprised costs of EUR 12 million related to efficiency improvement programmes.

Reporting segment: Wärtsilä Energy

Wärtsilä Energy leads the transition towards a 100% renewable energy future. We help our customers in decarbonisation by developing market-leading technologies. These cover future-fuel enabled balancing power plants, hybrid solutions, energy storage and optimisation technology, including the GEMS energy management platform. Wärtsilä Energy's lifecycle services are designed to increase efficiency, promote reliability, and guarantee operational performance.

- 2021 was a good year for Energy service business, both in terms of sales and order intake.
- Storage business volumes increased according to plan.
- Profitability improved, driven by higher volumes and improved service capacity utilisation, but suffered from project risk provisions, under-absorption of factory capacity costs, and cost inflation.

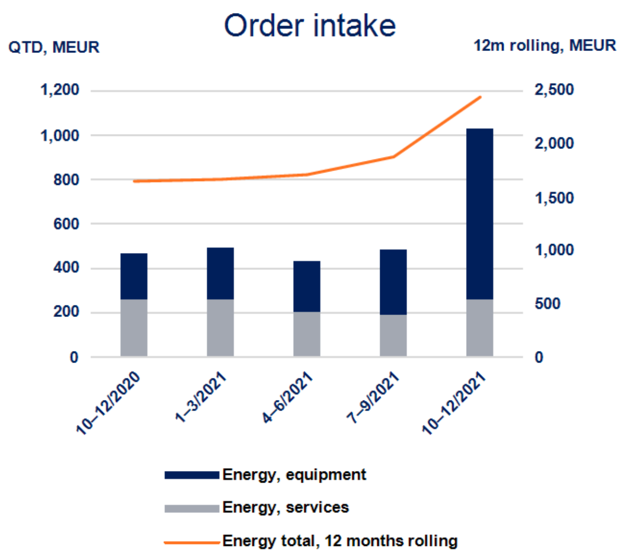
Key figures

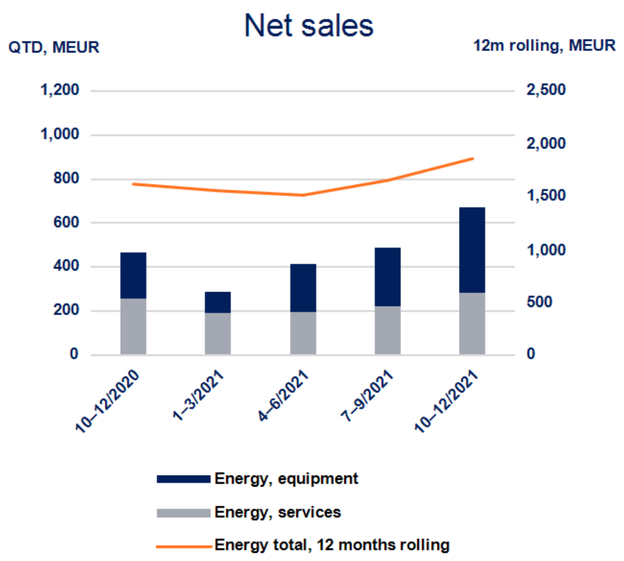
MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Order intake	**1,031**	469	120%	**2,444**	1,653	48%
of which services	**258**	260	-1%	**916**	840	9%
Order book, end of period				**2,393**	1,830	31%
Net sales	**670**	465	44%	**1,861**	1,620	15%
of which services	**281**	255	10%	**891**	782	14%
Book-to-bill	**1.54**	1.01		**1.31**	1.02	
Operating result	**63**	51	25%	**134**	91	48%
% of net sales	**9.4**	10.9		**7.2**	5.6	
Comparable operating result	**64**	55	16%	**136**	101	34%
% of net sales	**9.6**	11.9		**7.3**	6.3	
Personnel, end of period				**4,980**	4,888	2%

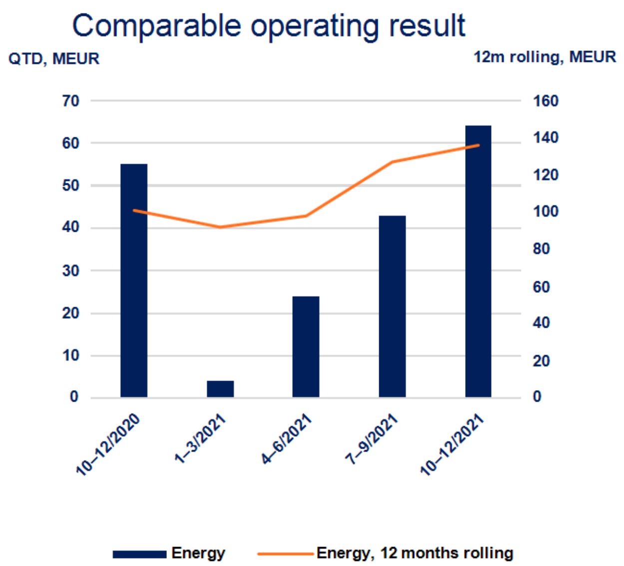
Order intake Energy

	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Gas, MW	**956**	147	550%	**1,322**	1,071	23%
Oil, MW	**33**	6	457%	**80**	99	-19%
Storage, MWh	**596**	334	79%	**3,053**	460	564%
Other*, MW	**-**	-	-	**-**	12	-100%

*Includes biofuel power plants and solar installations







Financial development

Energy's **order intake in October–December** increased by 120% to EUR 1,031 million (469) compared to the corresponding period in the previous year. Book-to-bill was 1.54 (1.01). Service order intake decreased by 1% to EUR 258 million (260). Equipment order intake increased by 271% to EUR 773 million (209), driven by sizable thermal power plant orders received from Mexico and Brazil. Demand for equipment was highest in the Americas.

Net sales in October–December increased by 44% to EUR 670 million (465) compared to the corresponding period in the previous year. Service net sales increased by 10% to EUR 281 million (255), driven by growth in spare parts and long-term service agreements. Equipment net sales increased by 85% to EUR 390 million (210), supported by milestone-based revenue recognition of sizeable power plant projects, and the ramping up of energy storage project deliveries. The **comparable operating result** amounted to EUR 64 million (55) or 9.6% of net sales (11.9), driven by volume growth in both services and equipment, as well as a favourable sales mix within services, with high service capacity utilisation. Profitability was negatively impacted by the sales mix between equipment and services, increased share of energy storage deliveries, the ramp-up of the storage organisation, as well as cost inflation.

Order intake in January–December increased by 48% to EUR 2,444 million (1,653) compared to the corresponding period in the previous year. Book-to-bill was 1.31 (1.02). Service order intake increased by 9% to EUR 916 million (840). Equipment order intake increased by 88% to EUR 1,529 million (813). Demand for equipment was highest in the Americas. Wärtsilä was awarded important thermal power plant project contracts in the USA, Mexico, and Brazil. Activity in the storage market was strong with orders of over 3,000 MWh received. The **order book** at the end of the period increased by 31% to EUR 2,393 million (1,830).

Net sales in January–December increased by 15% to EUR 1,861 million (1,620) compared to the corresponding period in the previous year. Service net sales increased by 14% to EUR 891 million (782). Equipment net sales increased by 16% to EUR 970 million (838). The **comparable operating result** amounted to EUR 136 million (101) or 7.3% of net sales (6.3). Good development in sales volumes and improved service capacity utilisation contributed to a positive margin development. Profitability was burdened by approximately EUR 20 million in net provisions arising from a detailed project risk review in the first quarter, under-absorption of factory capacity costs, and cost inflation.

Other business activities: Wärtsilä Portfolio Business

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. The business units included in Portfolio Business comprise Water & Waste, as well as the hydropower solution and turbine service business American Hydro.

Key figures

MEUR	10–12/2021	10–12/2020	Change	1–12/2021	1–12/2020	Change
Order intake	**59**	21	177%	**153**	168	-9%
Order book, end of period				**142**	257	-45%
Net sales	**32**	30	4%	**121**	181	-33%
Operating result	**2**	-7		**-9**	-29	69%
% of net sales	**6.5**	-23.1		**-7.5**	-16.2	
Comparable operating result	**1**	-2		**2**	-6	
% of net sales	**4.3**	-8.0		**1.6**	-3.1	
Personnel, end of period				**482**	737	-35%

Financial development

Portfolio Business' **order intake in October–December** increased by 177% to EUR 59 million (21) compared to the corresponding period in the previous year, mainly driven by growth in the American Hydro business unit.

Net sales in October–December increased by 4% to EUR 32 million (30) compared to the corresponding period in the previous year, with growth in the Water & Waste business unit, but a negative impact resulting from the divestments of certain business units completed in 2021. The **comparable operating result** amounted to EUR 1 million (-2) or 4.3% of net sales (-8.0), with improved profitability particularly in the Water & Waste business unit.

Order intake in January–December decreased by 9% to EUR 153 million (168) compared to the corresponding period in the previous year, with growth in the American Hydro business unit, but a negative impact resulting from the divestments of certain business units completed in 2021. The **order book** at the end of the period decreased by 45% to EUR 142 million (257), mainly due to the exclusion of the divested business units' order books.

Net sales in January–December decreased by 33% to EUR 121 million (181) compared to the corresponding period in the previous year, due to the divestments of certain business units completed in 2021. The **comparable operating result** amounted to EUR 2 million (-6) or 1.6% of net sales (-3.1), primarily thanks to improved profitability in the Water & Waste business unit. Items affecting comparability amounting to EUR 11 million were recognised as a result of divestments.

Divestments

In January, Wärtsilä announced the divestment of 100% of its shares in the Entertainment business, Wärtsilä Funa GmbH, to Videlio SA, a French public limited company. The former Wärtsilä business is engaged in the design, fabrication, engineering, and integration of entertainment systems, illumination, light control, cabin control, and broadcast and digital audio distribution and announcement systems for cruise vessels and entertainment parks. The company became part of Wärtsilä as a result of the acquisition of L-3 Communications MSI in 2015 and has 172 employees in five countries, with the majority being based in Emden, Germany. Its annual revenues were approximately EUR 50 million in 2020. The transaction was completed in April.

In March, Wärtsilä announced the divestment of 100% of its shares in Wärtsilä Euroatlas GmbH to Mimir, a global investment firm based in Sweden. The former Wärtsilä business provides its global customer base with tailormade solutions for high-performance power conversion in naval, aviation, and mobile land-based applications requiring the highest reliability and power density, and leading-edge energy efficiency under harsh environmental conditions.

The company became part of Wärtsilä as a result of the acquisition of L-3 Communications MSI in 2015 and has 79 employees based in Bremen, Germany. The transaction was completed in July.

In September, Wärtsilä announced the divestment of its Tank Control Systems business to Svanehøj, a Danish gas pump specialist involved in the design and manufacture of specialised deep well pump solutions. Wärtsilä Tank Control Systems designs, manufactures, sells, and services high-end measurement systems for gas tanks on LNG ships, offshore storage, and land-based LNG terminals. Tank Control Systems is also a leading supplier of safety products and associated systems and solutions for LPG land-based storage and underground cavern storage. The business became part of Wärtsilä as a result of the acquisition of Total Automation in 2006 and has approximately 50 employees based in the UK, France and Singapore with revenues of EUR 7.5 million in 2020. The transaction was completed in January 2022.

Risks and business uncertainties

New variants of Covid-19 and the measures taken to contain its spread represent the main short- and mid-term risk to the demand for equipment and services, as they impact global energy consumption, seaborne trade, as well as consumer confidence in cruise and ferry transportation. Mobility restrictions continue to affect business operations, project delivery schedules, and the ability to perform services. Disruptions to global supply chains and Covid-19 related quarantines and personnel sick leave may impact factory activities and the delivery of spare parts, while generating risks in terms of raw material and component prices and availability, as well as transportation costs. Whilst the roll-out of vaccines is proceeding well overall, there is still uncertainty over the duration of the pandemic, the effectiveness of the vaccines on new variants of Covid-19, and how quickly country level vaccination programmes are implemented on a global scale, especially in developing countries.

The shipping and shipbuilding markets are faced with increasing regulatory, financial, and end-customer pressure to decarbonise their operations. Uncertainties around the development and deployment of suitable future technologies may affect the investment appetite of ship owners and operators, concerning both newbuilding programmes and the management of existing fleets. At the same time, the limited development of alternative fuel infrastructures, the substantial price gap between conventional and alternative fuels, and uncertainties concerning the regulatory environment and the uptake of new technology may raise barriers for the green transition.

The travel bans still in force, the limited ability or desire of people to travel, and a new escalation of Covid-19 cases pose risks to the recovery of the cruise and ferry markets. In the offshore oil and gas industry, the uncertainty around future demand for crude oil and oil price volatility are pushing oil majors to re-evaluate their spending on exploration activities and operational costs, which might lead to an increasing number of laid-up drilling units and support vessels. The volatility of oil prices also affects the price spread between high- and low-sulphur fuels. A narrower price differential, or weaker future availability of high-sulphur fuel, might weaken the case for scrubber investments. The prevailing market conditions may result in continued price pressure.

In the energy markets, despite economic activity growing globally, the prevailing Covid-19 pandemic, currency fluctuations, and potential financing constraints are likely to postpone investment decisions on new power generation capacity. Many countries are still struggling with the pandemic, which limits their ability to implement new infrastructure projects. Similarly, the energy transition may temporarily be slowed, as the focus is on containing the virus spread and mitigating its impacts. Agreed and proposed stimulus packages to accelerate renewable energy investments still include uncertainties about the allocation of funding and implementation timelines. However, once stimulus measures are executed, the need for flexibility in power systems will be emphasised. Changes in climate policies and regulations cause uncertainty in the markets, as they may impact technology choices for customers. Geopolitical tensions and trade barrier implications are also notable challenges to the demand environment. Price pressure resulting from the prevailing competitive environment remains a risk. Gas price volatility and increasing prices may impact the competitiveness of thermal baseload gas plants, but are not expected to have a major impact on thermal balancing power. In addition, there are risks related to the efficient and fast scaling up of the energy storage business and resources to meet the increasing market demand.

The volatility of the geopolitical environment, and the potential enforcement of sanctions or embargos, pose a potential risk to the customer relations and international business activities of the company. With the rapidly growing use of data in shipping and shipbuilding, as well as in the energy markets, cyber threats can potentially result in various forms of financial, operational, or reputational damage to the business.

The Group is a defendant in a number of legal cases that have arisen out of, or are incidental to, the ordinary course of its business. These lawsuits mainly concern issues such as contractual and other liability, labour relations, property damage, and regulatory matters. From time to time, the Group receives claims of different amounts and with varying degrees of substantiation. There is currently one unusually sizeable claim. It is the Group’s policy to provide for amounts related to the claims as well as for litigation and arbitration matters when an unfavourable outcome is probable and the amount of loss can be reasonably estimated.

The Risks and risk management section of the annual report contains a more detailed description of Wärtsilä’s risks and risk management.

Shares and shareholders

In January–December, the number of shares traded on Nasdaq Helsinki was 433,886,295, equivalent to a turnover of EUR 4,561 million. Wärtsilä's shares are also traded on alternative exchanges, such as Turquoise, BATS CXE, and BATS BXE. The total trading volume on these alternative exchanges was 32,692,101 shares.

Shares on Nasdaq Helsinki

31.12.2021	Number of shares outstanding	Number of treasury shares	Total number of shares	Number of shares traded 1–12/2021
WRT1V	590,023,390	1,700,000	591,723,390	433,886,295

1.1.2021-31.12.2021	High	Low	Average*	Close
Share price	13.87	7.78	10.51	12.36

*Trade-weighted average price

	31.12.2021	31.12.2020
Market capitalisation, EUR million	7,314	4,823
Foreign shareholders, %	52.7	50.7

Flagging notifications

During January–December, Wärtsilä was not informed of any changes in ownership.

Decisions taken by the Annual General Meeting

Wärtsilä's Annual General Meeting, held on 4 March 2021, approved the financial statements, reviewed the Remuneration Policy and Remuneration Report 2020 for Governing Bodies, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2020.

The Annual General Meeting decided that the Board of Directors shall have eight members. The following were elected to the Board: Maarit Aarni-Sirviö, Karen Bomba, Karin Falk, Johan Forssell, Tom Johnstone, Risto Murto, Mats Rahmström, and Tiina Tuomela.

The audit firm PricewaterhouseCoopers Oy was elected as the company's auditor for the year 2021.

Dividend distribution

The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.20 per share in two instalments. The first instalment of EUR 0.10 per share was paid on 15 March 2021 and the second instalment of EUR 0.10 on 20 September 2021.

Remuneration of the Board of Directors

The fees to the members of the Board of Directors were approved as follows:

- to the Chair EUR 140,000/year
- to the Deputy Chair EUR 105,000/year
- to the ordinary members EUR 70,000/year

Approximately 40% of the annual Board remuneration will be paid in Wärtsilä shares, and the rest in cash. The Company will compensate the transaction costs and costs in relation to the applicable asset transfer tax arising from the share purchases.

In addition, each member will be paid EUR 750 per Board meeting attended, the Chair's meeting fee being double this amount. Furthermore, the Chair of the Audit Committee will receive a fixed fee of EUR 20,000 and each member of the Committee a fixed fee of EUR 10,000 for the term, while the Chair of the People Committee will receive a fixed fee of EUR 10,000 and each member of the Committee a fixed fee of EUR 5,000 for the term.

Authorisation to repurchase the company's own shares

The Board of Directors was authorised to resolve to repurchase a maximum of 57,000,000 shares in the Company. Shares may be repurchased also otherwise than in proportion to the shareholders' holding in the Company. The authorisation to repurchase the Company's own shares shall be valid until the close of the next Annual General Meeting, however no longer than for 18 months from the decision by the Annual General Meeting.

Authorisation to issue shares

The Board of Directors was authorised to resolve to issue a maximum of 57,000,000 shares in the Company. The shares can be issued for consideration or without consideration. They can also be issued in deviation from the shareholders' pre-emptive rights by way of a directed issue if there is a weighty financial reason for the Company to do so. A directed issue may be decided upon to develop the capital structure of the Company or to finance or carry out acquisitions or other arrangements. Additionally, the authorisation can also be used as part of the Company's incentive schemes for up to 10,000,000 shares, which represents 1.69% of all the shares in the Company. The authorisation for the Board of Directors to issue shares shall be valid for 18 months from the decision by the Annual General Meeting. However, the authorisation regarding incentive schemes shall be valid for five years from the decision. This authorisation revokes the authorisation given by the Annual General Meeting on 5 March 2020 to issue shares.

Organisation of the Board of Directors

Convening after the Annual General Meeting, the Board of Directors elected Tom Johnstone as its Chair and Risto Murto as the Deputy Chair. The Board decided to establish an Audit Committee and a People Committee. The Board appointed from among its members the following members to the committees:

Audit Committee: Chair Tiina Tuomela, Maarit Aarni-Sirviö, Risto Murto

People Committee: Chair Maarit Aarni-Sirviö, Johan Forssell, Tom Johnstone

Board of Directors' dividend proposal

The Board of Directors proposes that a dividend of EUR 0.24 per share be paid for the financial year 2021. The parent company's distributable funds total EUR 1,025,711,618.25, which includes EUR 188,242,150.86 in net profit for the year. There are 590,023,390 shares with dividend rights. The dividend shall be paid in two instalments.

The first instalment of EUR 0.12 per share shall be paid to the shareholders who are registered in the list of shareholders maintained by Euroclear Finland Oy on the dividend record date of 7 March 2022. The payment day proposed by the Board for this instalment is 14 March 2022.

The second instalment of EUR 0.12 per share shall be paid in October 2022. The second instalment of the dividend shall be paid to shareholders who are registered in the list of shareholders maintained by Euroclear Finland Oy on the dividend record day, which, together with the payment day, shall be decided by the Board of Directors in its meeting scheduled for 27 September 2022. The dividend record day for the second instalment as per the current rules of the Finnish book-entry system would be 29 September 2022 and the dividend payment day 6 October 2022.

The Annual Report 2021, including the financial review and the Board of Directors' report, will be available on the company website www.wartsila.com no later than 10 February 2022.

Wärtsilä Financial Statements Bulletin 2021

This financial statements bulletin is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2020, except for the change in accounting principles and the IFRS amendment stated below. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Use of estimates

Preparation of the financial statements in accordance with the IFRS requires management to make judgements, estimates, and assumptions that affect the valuation of the reported assets and liabilities, as well as other information, such as contingent assets and liabilities and the recognition of income and expenses in the statement of income. Although these continuously evaluated judgements, estimates, and assumptions are based on management's past experience and best knowledge of current events and actions, as well as expectations of future events, actual results may differ from the estimates.

For Wärtsilä, the most significant judgements, estimates, and assumptions made by the management relate to, for example, revenue recognition, especially project estimates for long-term projects and agreements, impairment testing, valuation of trade receivables, contract assets and inventories, determining the length of lease terms, defined pension benefit obligations, recognition of warranty provisions and provisions for legal cases, and uncertain tax positions. In addition, valuation of assets held for sale requires the use of estimates.

Wärtsilä's market and operations continue to be affected by the uncertainties caused by the COVID-19 (coronavirus) pandemic. The impact of the pandemic has been taken into account in the estimates and assumptions used in the preparation of the financial statements. The possible impact of the situation caused by the coronavirus pandemic on the relevant factors in each estimate have been considered. The impact of the COVID-19 pandemic on estimates in the financial reporting rely on management's best judgement.

Change in accounting principles

Financial assets and liabilities recognised at fair value through other comprehensive income include the effective portion of derivatives eligible for hedge accounting. Financial assets and liabilities measured at fair value through the statement of income include derivatives that are not eligible for hedge accounting.

Starting as of 1 January 2021, Wärtsilä has revised the accounting principles regarding presentation of the result from derivatives. Gains and losses on derivatives not included in hedge accounting, as well as ineffectiveness arising from hedges included in hedge accounting, are recognised in other operating income, other operating expenses or financial income and expenses depending on where the underlying hedged item is recognised in the statement of income. Wärtsilä continues to recognise the time value of derivatives in financial income and expenses.

The purpose of this change is to align the presentation of the hedging result in the statement of income with the presentation of the hedged item. This change in the accounting principles does not have a significant impact on the consolidated financial statements.

Repurchase of own shares

The Board of Directors of Wärtsilä Corporation decided to use the authorisation given by the Annual General Meeting repurchase the Company's own shares. The repurchases started on 27 April 2021 and ended on 5 May 2021. Following the repurchases, the Company holds a total of 1,700,000 shares. The repurchased shares are to be used for pay-outs under the share-based incentive programmes of Wärtsilä Corporation.

Number of shares outstanding on 1 January 2021	**591,723,390**
Repurchase of own shares on 27 April 2021	**-250,000**
Repurchase of own shares on 28 April 2021	**-290,000**
Repurchase of own shares on 29 April 2021	**-400,000**
Repurchase of own shares on 30 April 2021	**-160,000**
Repurchase of own shares on 3 May 2021	**-200,000**
Repurchase of own shares on 4 May 2021	**-250,000**
Repurchase of own shares on 5 May 2021	**-150,000**
Number of shares outstanding on 31 December 2021	**590,023,390**
Weighted average number of shares outstanding during the period	**590,579,335**

Equity-settled share-based payments

Wärtsilä has long-term incentive schemes, which can be settled in company shares. These contingently issuable ordinary shares are issuable when certain pre-defined conditions in the incentive programmes are met during a timeframe set in the incentive programmes' conditions. If the settlement would happen at the reporting date, it would result in issuing 1,326,045 shares. These shares are considered as potential ordinary shares causing dilutive effect to the EPS.

Weighted average number of shares outstanding during the period	**590,579,335**
Weighted average number of dilutive potential ordinary shares during the period	**1,326,045**
Weighted average number of shares outstanding during the period to be used in the calculation of diluted EPS	**591,905,380**

New and amended IFRS standards

In 2021, the Group adopted the following amended standard issued by the IASB.

Covid-19-Related Rent Concessions beyond 30 June 2021 amends IFRS 16 Leases (effective for financial periods beginning on or after 1 April 2021) by extending the validity of the practical expedient introduced already in 2020, which simplified how a lessee accounts for rent concessions that are a direct consequence of the COVID-19 pandemic by one year. The amendment does not have a significant impact on the consolidated financial statements.

The IBOR reform phase 2 amendments to IFRS 9 and IFRS 7 (effective for financial periods beginning on or after 1 January 2021) relate to matters that might affect financial reporting when an existing interest rate benchmark is replaced. The amendments explain how to account for changes on the basis for determining contractual cash flows as a result of IBOR reform, provide additional temporary exceptions from applying specific hedge accounting requirements to avoid discontinuation of hedge relationships due to IBOR reform. The amendments also include additional IFRS 7 disclosures related to the reform. The amendments do not have a significant impact on the consolidated financial statements.

In 2022 or later, the Group will adopt the following new or amended standards issued by the IASB.

Reference to the Conceptual Framework amends IFRS 3 Business combinations (effective for financial periods beginning on or after 1 January 2022). The amendments update the reference to the 2018 Conceptual Framework, as well as add an exception to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21. In addition, the amendments add clarification on the prohibition to recognise contingent assets at the acquisition date. The amendments will have no impact on the consolidated financial statements.

Property, Plant and Equipment: Proceeds before Intended Use amends IAS 16 Property, Plant and Equipment (effective for financial periods beginning on or after 1 January 2022). The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The proceeds from selling such items and the costs of producing those items are recognised in the statement of income. The amendments will have no impact on the consolidated financial statements.

Onerous Contracts - Cost of Fulfilling a Contract amends IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for financial periods beginning on or after 1 January 2022). The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are intended to provide clarity and help to ensure consistent application of the standard. The amendments apply a directly related cost approach. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. Judgement will be required in determining which costs are directly related to contract activities. The amendments are not expected to have a significant impact on the consolidated financial statements.

Classification of Liabilities as Current or Non-current* amends IAS 1 Presentation of Financial Statements (effective for financial periods beginning on or after 1 January 2023). The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments will have no impact on the consolidated financial statements.

Disclosure of Accounting policies* amends IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (effective for financial periods beginning on or after 1 January 2023). The amendments to IAS 1 require companies to disclose material accounting policy information instead of significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the materiality concept to accounting policy disclosures. The amendments are not expected to have a significant impact on the consolidated financial statements.

Definition of Accounting Estimates* amends IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for financial periods beginning on or after 1 January 2023). The amendments define both the concept of accounting estimates and changes in those. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. In addition, the amendments provide clarification on how changes in accounting estimates differ from changes in accounting policies and corrections of errors. The amendments will have no impact on the consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction* amends IAS 12 Income taxes (effective for financial periods beginning on or after 1 January 2023). The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments apply to transactions such as leases and decommissioning obligations. The impact is under review within the Group.

IFRS 17 Insurance Contracts (effective for financial periods beginning on or after 1 January 2023) applies to all types of insurance contracts (direct insurance and re-insurance) regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective is to provide a consistent accounting model for insurance contracts. The impact is under review within the Group.

* Not yet endorsed for use by the European Union as of 31 December 2021.

This financial statements bulletin is unaudited.

Consolidated statement of income

MEUR	10–12/2021	10–12/2020	2021	2020
Net sales	**1,597**	1,220	**4,778**	4,604
Change in inventories of finished goods & work in progress	**-38**	-79	**4**	-104
Work performed by the Group and capitalised	**6**	6	**18**	19
Other operating income	**30**	25	**85**	61
Material and services	**-955**	-631	**-2,714**	-2,551
Employee benefit expenses	**-318**	-310	**-1,230**	-1,192
Result from net position hedges			**-2**	-1
Depreciation, amortisation and impairment	**-40**	-49	**-162**	-174
Other operating expenses	**-138**	-91	**-467**	-431
Share of result of associates and joint ventures	**1**		**3**	3
Operating result	**144**	90	**314**	234
Financial income	**6**	3	**15**	16
Financial expenses	**-17**	-15	**-33**	-59
Profit before taxes	134	78	296	191
Income taxes	**-49**	-23	**-103**	-58
Profit for the financial period	**85**	55	**193**	133
Attributable to:				
equity holders of the parent company	**84**	57	**194**	134
non-controlling interests	**1**	-1		-1
	85	55	**193**	133
Earnings per share attributable to equity holders of the parent company:				
Earnings per share (EPS), basic, EUR	**0.14**	0.10	**0.33**	0.23
Earnings per share (EPS), diluted, EUR	**0.14**	-	**0.33**	-

Consolidated statement of comprehensive income

MEUR	10–12/2021	10–12/2020	1–12/2021	2020
Profit for the financial period	**85**	55	**193**	133
Other comprehensive income, net of taxes:				
Items that will not be reclassified to the statement of income				
Remeasurements of defined benefit liabilities	**11**	5	**10**	6
Tax on items that will not be reclassified to the statement of income	**-2**		**-2**	-1
Total items that will not be reclassified to the statement of income	**9**	5	**9**	5
Items that may be reclassified subsequently to the statement of income				
Exchange rate differences on translating foreign operations				
for equity holders of the parent company	**24**	14	**72**	-74
for non-controlling interests	**-1**		**-1**	-1
transferred to the statement of income		-6		-6
Associates and joint ventures, share of other comprehensive income	**1**	1	**3**	-2
Cash flow hedges	**-6**	29		
measured at fair value			**-13**	-3
transferred to the statement of income			**4**	6
Tax on items that may be reclassified to the statement of income				
Cash flow hedges	**1**	-5		
measured at fair value			**2**	
transferred to the statement of income			**-1**	-1
Total items that may be reclassified to the statement of income	**19**	33	**65**	-81
Other comprehensive income for the financial period, net of taxes	**28**	38	**73**	-76
Total comprehensive income for the financial period	**113**	93	**267**	57
Total comprehensive income attributable to:				
equity holders of the parent company	**112**	95	**268**	59
non-controlling interests		-2	**-1**	-1
	113	93	**267**	57

Consolidated statement of financial position

MEUR	31.12.2021	31.12.2020
Non-current assets		
Goodwill	**1,374**	1,325
Intangible assets	**401**	391
Property, plant and equipment	**312**	282
Right-of-use assets	**192**	162
Investments in associates and joint ventures	**27**	23
Other investments	**18**	19
Interest-bearing investments	**5**	1
Deferred tax assets	**167**	183
Trade receivables	**26**	30
Other receivables	**17**	11
Total non-current assets	**2,539**	2,427
Current assets		
Inventories	**1,185**	1,192
Trade receivables	**870**	922
Current tax receivables	**33**	27
Contract assets	**684**	389
Other receivables	**246**	258
Cash and cash equivalents	**964**	919
Total current assets	**3,982**	3,706
Assets held for sale	**2**	99
Total assets	**6,523**	6,232
Equity		
Share capital	**336**	336
Share premium	**61**	61
Translation differences	**-122**	-197
Fair value reserve	**-18**	-9
Remeasurements of defined benefit liabilities	**-36**	-45
Retained earnings	**2,094**	2,030
Total equity attributable to equity holders of the parent company	**2,315**	2,177
Non-controlling interests	**8**	11
Total equity	**2,323**	2,188

Non-current liabilities		
Lease liabilities	**157**	124
Other interest-bearing debt	**694**	1,005
Deferred tax liabilities	**65**	76
Pension obligations	**126**	139
Provisions	**73**	55
Contract liabilities	**37**	51
Other liabilities	**1**	1
Total non-current liabilities	**1,153**	1,451
Current liabilities		
Lease liabilities	**39**	42
Other interest-bearing debt	**82**	156
Provisions	**241**	269
Trade payables	**714**	411
Current tax liabilities	**63**	56
Contract liabilities	**1,231**	926
Other liabilities	**676**	664
Total current liabilities	**3,047**	2,524
Total liabilities	**4,199**	3,975
Liabilities directly attributable to assets held for sale		68
Total equity and liabilities	**6,523**	6,232

Consolidated statement of cash flows

MEUR	10–12/2021	10–12/2020	2021	2020
Cash flow from operating activities:				
Profit for the financial period	**85**	55	**193**	133
Adjustments for:				
depreciation, amortisation and impairment	**40**	49	**162**	174
financial income and expenses	**10**	12	**18**	43
gains and losses on sale of intangible assets and property, plant and equipment and other changes	**-1**	-9		-9
share of result of associates and joint ventures	**-1**		**-3**	-3
income taxes	**49**	23	**103**	58
other non-cash flow adjustments	**1**	1	**6**	7
Cash flow before changes in working capital	**183**	132	**478**	403
Changes in working capital:				
Receivables, non-interest-bearing, increase (-) / decrease (+)	**-248**	58	**-177**	338
Inventories, increase (-) / decrease (+)	**131**	114	**29**	122
Liabilities, non-interest-bearing, increase (+) / decrease (-)	**330**	23	**512**	-32
Changes in working capital	**213**	195	**363**	428
Cash flow from operating activities before financial items and taxes	**396**	327	**841**	832
Financial items and taxes:				
Interest income	**3**	1	**5**	4
Interest expenses	**-5**	-4	**-16**	-14
Other financial income and expenses	**-7**	-6	**1**	-19
Income taxes paid	**-17**	-43	**-100**	-122
Financial items and paid taxes	**-25**	-53	**-111**	-150
Cash flow from operating activities	**370**	274	**731**	681
Cash flow from investing activities:				
Acquisitions		-1		-1
Other investments	**-1**		**-1**	-1
Investments in property, plant and equipment and intangible assets	**-44**	-36	**-142**	-115
Proceeds from sale of property, plant and equipment and intangible assets	**3**	8	**5**	13
Proceeds from sale of shares in subsidiaries		22	**10**	22
Proceeds from sale of shares in associates and joint ventures		27		27
Cash flow from investing activities	**-42**	19	**-128**	-55
Cash flow after investing activities	**328**	293	**603**	627

Cash flow from financing activities:				
Repurchase of own shares			**-18**	
Proceeds from non-current debt				317
Repayments and other changes in non-current debt	**-58**	-4	**-433**	-76
Loan receivables, increase (-) / decrease (+)	**-2**	1	**-4**	1
Current loans, increase (+) / decrease (-)	**-4**	-84	**-4**	
Dividends paid	**-10**	-15	**-121**	-286
Cash flow from financing activities	**-74**	-102	**-580**	-44
Change in cash and cash equivalents, increase (+)/decrease (-)	**254**	192	**22**	582
Cash and cash equivalents at the beginning of the financial period*	**707**	744	**932**	369
Exchange rate changes	**3**	-4	**10**	-19
Cash and cash equivalents at the end of the financial period*	**964**	932	**964**	932

* Cash and cash equivalents include the cash and cash equivalents pertaining to assets held for sale.

Consolidated statement of changes in equity

	Total equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
MEUR	**Share capital**	**Share premium**	**Translation difference**	**Fair value reserve**	**Remeasurements of defined benefit liabilities**	**Retained earnings**	**Total**		
Equity on 1 January 2021	**336**	**61**	**-197**	**-9**	**-45**	**2,030**	**2,177**	**11**	**2,188**
Translation differences			**74**				**74**	**-1**	**74**
Cash flow hedges									
net change in fair value, net of taxes				**-11**			**-11**		**-11**
transferred to the statement of income, net of taxes				**2**			**2**		**2**
Defined benefit plans					**9**		**9**		**9**
Other comprehensive income			**74**	**-9**	**9**		**74**	**-1**	**73**
Profit for the financial period						**194**	**194**		**193**
Total comprehensive income for the financial period			**74**	**-9**	**9**	**194**	**268**	**-1**	**267**
Dividends paid						**-118**	**-118**	**-2**	**-120**
Repurchase of own shares						**-18**	**-18**		**-18**
Share-based payments						**7**	**7**		**7**
Equity on 31 December 2021	**336**	**61**	**-122**	**-18**	**-36**	**2,094**	**2,315**	**8**	**2,323**

	Total equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
MEUR	Share capital	Share premium	Transla-tion dif-ference	Fair value reserve	Remea-sure-ments of defined benefit liabilities	Retained earnings	Total		
Equity on 1 January 2020	336	61	-114	-11	-55	2,178	2,396	14	2,410
Translation differences			-76				-76	-1	-77
Translation differences, transferred to statement of income			-6				-6		-6
Cash flow hedges									
net change in fair value, net of taxes				-3			-3		-3
transferred to the statement of income, net of taxes				5			5		5
Defined benefit plans					5		5		5
Other changes					5	-5			
Other comprehensive income			-82	2	10	-5	-75	-1	-76
Profit for the financial period						134	134	-1	133
Total comprehensive income for the financial period			-82	2	10	129	59	-1	57
Dividends paid						-284	-284	-2	-286
Other changes						7	7		7
Equity on 31 December 2020	336	61	-197	-9	-45	2,030	2,177	11	2,188

Segment information

Wärtsilä's reportable segments are Wärtsilä Marine Power, Wärtsilä Marine Systems, Wärtsilä Voyage, and Wärtsilä Energy. Furthermore, Wärtsilä reports Wärtsilä Portfolio Business as other business activities.

Portfolio Business consists of multiple business units, which are run independently with the aim of accelerating performance improvement and unlocking value through divestments or other strategic alternatives. The business units included in Portfolio Business comprise Tank Control Systems, Water & Waste, as well as American Hydro, the hydropower solution and turbine service business.

Portfolio Business also included business units Entertainment Systems and Special Products until the divestments. In April 2021, Wärtsilä divested 100% of the shares in its Entertainment Systems business unit, Wärtsilä Funa GmbH. In July 2021, Wärtsilä divested 100% of the shares in Wärtsilä EUROATLAS GmbH, which belonged to Special Products business unit.

MEUR	10–12/2021	10–12/2020	2021	2020
Net sales				
Marine Power	**589**	489	**1,863**	1,748
Marine Systems	**221**	167	**654**	808
Voyage	**84**	68	**279**	248
Energy	**670**	465	**1,861**	1,620
Portfolio Business	**32**	30	**121**	181
Total	**1,597**	1,220	**4,778**	4,604
Depreciation, amortisation and impairment				
Marine Power	**-18**	-23	**-73**	-68
Marine Systems	**-5**	-5	**-20**	-20
Voyage	**-6**	-8	**-23**	-27
Energy	**-10**	-8	**-31**	-32
Portfolio Business	**-1**	-6	**-14**	-28
Total	**-40**	-49	**-162**	-174
Share of result of associates and joint ventures				
Marine Power	**1**		**3**	2
Total	**1**		**3**	3
Operating result				
Marine Power	**68**	42	**180**	134
Marine Systems	**14**	15	**47**	81
Voyage	**-3**	-11	**-39**	-42
Energy	**63**	51	**134**	91
Portfolio Business	**2**	-7	**-9**	-29
Total	**144**	90	**314**	234

Operating result as a percentage of net sales (%)				
Marine Power	**11.5**	8.6	**9.7**	7.7
Marine Systems	**6.1**	9.2	**7.2**	10.0
Voyage	**-3.4**	-16.2	**-14.1**	-17.0
Energy	**9.4**	10.9	**7.2**	5.6
Portfolio Business	**6.5**	-23.1	**-7.5**	-16.2
Total	**9.0**	7.4	**6.6**	5.1
Comparable operating result				
Marine Power	**75**	45	**195**	137
Marine Systems	**16**	16	**52**	83
Voyage	**1**	-11	**-28**	-41
Energy	**64**	55	**136**	101
Portfolio Business	**1**	-2	**2**	-6
Total	**158**	103	**357**	275
Comparable operating result as a percentage of net sales (%)				
Marine Power	**12.7**	9.1	**10.5**	7.8
Marine Systems	**7.4**	9.6	**7.9**	10.3
Voyage	**1.2**	-16.0	**-9.9**	-16.5
Energy	**9.6**	11.9	**7.3**	6.3
Portfolio Business	**4.3**	-8.0	**1.6**	-3.1
Total	**9.9**	8.4	**7.5**	6.0

Net sales by geographical areas

MEUR	10–12/2021	10–12/2020	1–12/2021	2020
Europe	**476**	454	**1,591**	1,542
Asia	**526**	345	**1,464**	1,570
The Americas	**472**	321	**1,286**	1,077
Other	**123**	100	**437**	415
Total	**1,597**	1,220	**4,778**	4,604

Service net sales

MEUR	10–12/2021	10–12/2020	1–12/2021	2020
Net sales				
Marine Power, service	**358**	300	**1,226**	1,096
Marine Systems, service	**68**	60	**211**	219
Voyage, service	**35**	22	**105**	85
Energy, service	**281**	255	**891**	782
Portfolio Business, service	**18**	17	**67**	74
Total	**761**	654	**2,499**	2,255

Measures of profit and items affecting comparability

MEUR	10–12/2021	10–12/2020	2021	2020
Comparable adjusted EBITA	**165**	111	**388**	308
Purchase price allocation amortisation	**-8**	-8	**-31**	-33
Comparable operating result	**158**	103	**357**	275
Items affecting comparability:				
Social plan costs	**-3**	-5	**-14**	-12
Impairment and write-downs		-10	**-10**	-22
Profits and losses from disposals	**1**	7	**-1**	6
Other costs	**-10**	-5	**-18**	-14
Items affecting comparability, total	**-14**	-13	**-43**	-41
Operating result	**144**	90	**314**	234

Disposals

In April 2021, Wärtsilä divested 100% of the shares in its Entertainment Systems business unit, Wärtsilä Funa GmbH, to Videlio SA, a French public limited company. The divestment was announced in January 2021.

Entertainment Systems is engaged in the field of design, fabrication, engineering and integration of entertainment systems, illumination, light control, cabin control, broadcast and digital audio distribution, and announcement systems for cruise vessels and entertainment parks. The annual revenues were approximately EUR 50 million in 2020. The impact of the divestment on the profit for the financial period is not significant.

In July 2021, Wärtsilä divested 100% of the shares in Wärtsilä EUROATLAS GmbH to Mimir, a global investment firm based in Sweden. Wärtsilä EUROATLAS belonged to Special Products business unit, and the divestment was announced in March 2021.

Wärtsilä EUROATLAS is providing its global customer base tailor-made solutions for high performance power conversion in naval, aviation and mobile land-based applications requiring highest reliability and power density and leading-edge energy efficiency under harsh environmental conditions. Products and services include original design, retrofits, upgrades, maintenance, spare parts, and education. The annual revenues were approximately EUR 10 million in 2020. The impact of the classification as assets held for sale on the profit for the financial period 2020 was approximately EUR -6 million. The impact of the divestment on the profit for the financial period 2021 is EUR -2 million.

All disposed business units belonged to Portfolio Business.

Assets held for sale

Wärtsilä has classified Tank Control Systems business unit and Delivery Centre Santander as assets held for sale. Tank Control Systems has been classified as assets held for sale since the second quarter of 2020 and Delivery Centre Santander since the second quarter of 2021.

In September 2021, Wärtsilä announced the divestment of Tank Control Systems business unit to Svanehøj, a Danish gas pump specialist. Tank Control Systems designs, manufactures, sells and services high-end measurement systems for gas tanks on LNG ships, offshore storage, and land-based LNG terminals. Tank Control

Systems is also a leading supplier of safety products and associated systems and solutions for LPG land-based storage and underground cavern storage. Classifying Tank Control Systems business unit as assets held for sale has an impact of EUR -7 million on the profit for the financial period 2021. Completion of the transaction is expected in the first quarter of 2022. Tank Control Systems business unit belongs to Portfolio Business.

The divestment of Delivery Centre Santander to Javier Cavada Corporación Cantabria was announced in May 2021. Completion of the transaction is expected in the first quarter of 2022. Delivery Centre Santander belongs to Marine Power.

All assets held for sale are valued at the lower of book value or fair value.

Disaggregation of revenue

Revenue from contracts with customers is derived over time and at a point in time from the following revenue types.

Net sales by revenue type

MEUR	10–12/2021	10–12/2020	2021	2020
Products	**343**	293	**1,165**	1,091
Goods and services	**163**	144	**535**	511
Projects	**940**	656	**2,583**	2,557
Long-term agreements	**150**	126	**494**	445
Total	**1,597**	1,220	**4,778**	4,604

Timing of satisfying performance obligations

MEUR	10–12/2021	10–12/2020	2021	2020
At a point in time	**970**	803	**3,032**	3,150
Over time	**627**	416	**1,746**	1,455
Total	**1,597**	1,220	**4,778**	4,604

Product sales consist of sales of spare parts and standard equipment, for which the revenue is recognised at a point in time when the control of the product has transferred to the customer, in general upon delivery of the goods.

Goods and services -type of revenue involves short-term field service jobs, including the delivery of a combination of service and equipment. The revenue is recognised at a point in time when the service is rendered.

Projects are of both short- and long-term duration. Depending on the contract terms and the duration of the project, the revenue is recognised at a point in time or over time. In large-scale system or equipment deliveries which require engineering, for example power plants and gas solutions construction contracts, the revenue is recognised over time. Revenue from tailor-made equipment delivery projects is recognised at a point in time when the control of the equipment is transferred, in general upon delivery, and revenue from service related projects, such as modernisation and upgrade projects is recognised over time.

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

Intangible assets and property, plant and equipment

MEUR	2021	2020
Intangible assets		
Carrying amount on 1 January	**1,716**	1,776
Changes in exchange rates	**54**	-49
Acquisitions and disposals		-5
Additions	**62**	61
Amortisation and impairment	**-53**	-58
Decreases and reclassifications	**-4**	-9
Carrying amount at the end of the financial period	**1,776**	1,716
Property, plant and equipment		
Carrying amount on 1 January	**282**	307
Changes in exchange rates	**4**	-6
Acquisitions and disposals		-4
Additions	**82**	54
Depreciation and impairment	**-51**	-57
Decreases and reclassifications	**-5**	-11
Carrying amount at the end of the financial period	**312**	282

Leases

MEUR	2021	2020
Land and buildings, right-of-use assets		
Carrying amount on 1 January	**151**	174
Changes in exchange rates	**3**	-6
Acquisitions and disposals	**-1**	-2
Additions	**75**	29
Depreciation and impairment	**-41**	-40
Decreases and reclassifications	**-6**	-6
Carrying amount at the end of the financial period	**181**	151
Machinery and equipment, right-of-use assets		
Carrying amount on 1 January	**11**	11
Additions	**7**	8
Depreciation and impairment	**-6**	-7
Decreases and reclassifications		-1
Carrying amount at the end of the financial period	**11**	11

Lease liabilities		
Carrying amount on 1 January	**166**	188
Changes in exchange rates	**3**	-6
Acquisitions and disposals		-1
Additions	**82**	37
Payments	**-47**	-45
Other adjustments	**-8**	-7
Carrying amount at the end of the financial period	**197**	166

MEUR	2021	2020
Amounts recognised in statement of income		
Depreciation and impairment	**-47**	-47
Interest expenses	**-4**	-4
Expense – short-term leases	**-28**	-27
Expense – leases of low-value assets	**-5**	-4
Expense – variable lease payments	**-5**	-4

Gross capital expenditure

MEUR	2021	2020
Investments in securities and acquisitions	**1**	2
Investments in intangible assets and property, plant and equipment	**142**	115
Total	**143**	117

Net interest-bearing debt

MEUR	2021	2020
Interest-bearing debt, non-current	**694**	1,005
Lease liabilities, non-current	**157**	124
Interest-bearing debt, current	**82**	156
Lease liabilities, current	**39**	42
Total interest-bearing liabilities	**973**	1,327
Interest-bearing receivables	**-5**	-1
Cash and cash equivalents	**-964**	-919
Cash and cash equivalents pertaining to assets held for sale		-14
Total interest-bearing assets	**-969**	-933
Total net interest-bearing debt	**4**	394

Financial ratios

	2021	2020
Earnings per share (EPS), basic, EUR	**0.33**	0.23
Earnings per share (EPS), diluted, EUR	**0.33**	-
Equity per share, EUR	**3.92**	3.68
Solvency ratio, %	**38.6**	38.1
Gearing	**0.00**	0.18
Return on investment (ROI), %	**9.7**	7.1
Return on equity (ROE), %	**8.6**	5.8

The financial ratios include assets and liabilities pertaining to assets held for sale.

Personnel

	2021	2020
On average	**17,461**	18,307
At the end of the financial period	**17,305**	17,792

Contingent liabilities

MEUR	2021	2020
Mortgages	**10**	10
Chattel mortgages and other pledges and securities	**7**	17
Total	**17**	27
Guarantees and contingent liabilities		
on behalf of Group companies	**1,065**	887
Nominal amounts of lease liabilities		
Low-value lease liabilities	**11**	7
Short-term lease liabilities	**4**	3
Leases not yet commenced, but to which Wärtsilä is committed	**120**	191
Residual value guarantee	**30**	
Total	**1,231**	1,088

Nominal values of derivative instruments

MEUR	Total amount	of which closed
Interest rate swaps	408	
Cross currency swaps	153	
Foreign exchange forward contracts	2,077	855
Total	2,639	855

In addition, the Group had copper futures and swaps amounting to 933 tons.

Fair values

Fair value measurements at the end of the financial period:

MEUR	Carrying amounts of the statement of financial position items	Fair value
Financial assets		
Other investments (level 3)	18	18
Interest-bearing investments, non-current (level 2)	5	5
Other receivables, non-current (level 2)	2	2
Derivatives (level 2)	17	17
Financial liabilities		
Interest-bearing debt, non-current (level 2)	851	855
Derivatives (level 2)	23	23

Events after the balance sheet date

On 14 January 2022 Wärtsilä has divested Tank Control Systems business unit to Svanehøj, a Danish gas pump specialist.

The event is not expected to have a significant impact on the profit for the financial period 2022.

Quarterly figures

MEUR	10–12/ 2021	7–9/ 2021	4–6/ 2021	1–3/ 2021	10–12/ 2020	7–9/ 2020	4–6/ 2020	1–3/ 2020	10–12/ 2019
Order intake									
Marine Power*	**659**	**443**	**463**	**446**	440	410	391	496	656
Marine Systems*	**308**	**191**	**183**	**153**	133	174	119	113	147
Voyage*	**93**	**53**	**60**	**86**	55	44	56	107	93
Energy*	**1,031**	**486**	**433**	**493**	469	319	390	475	585
Portfolio Business*	**59**	**14**	**14**	**66**	21	34	55	57	74
Total	**2,150**	**1,186**	**1,154**	**1,244**	1,118	981	1,011	1,247	1,555
Order book at the end of the reporting period									
Marine Power*	**1,994**	**1,930**	**1,860**	**1,882**	1,839	1,908	1,913	1,967	2,019
Marine Systems*	**1,042**	**944**	**912**	**887**	857	872	902	1,051	1,232
Voyage*	**288**	**280**	**295**	**305**	275	289	305	304	274
Energy*	**2,393**	**2,056**	**2,035**	**2,029**	1,830	1,865	1,939	2,087	2,014
Portfolio Business*	**142**	**115**	**135**	**297**	257	331	341	336	338
Total	**5,859**	**5,325**	**5,238**	**5,399**	5,057	5,265	5,401	5,745	5,878
Net sales									
Marine Power*	**589**	**382**	**466**	**426**	489	382	420	457	603
Marine Systems*	**221**	**142**	**150**	**142**	167	169	238	234	279
Voyage*	**84**	**68**	**68**	**59**	68	54	56	69	82
Energy*	**670**	**487**	**416**	**288**	465	347	457	351	648
Portfolio Business*	**32**	**25**	**31**	**33**	30	43	48	59	71
Total	**1,597**	**1,103**	**1,131**	**946**	1,220	995	1,220	1,170	1,684
Share of result of associates and joint ventures	**1**	**1**	**1**	**1**			1	1	-2
Comparable adjusted EBITA	**165**	**95**	**79**	**49**	111	69	63	65	213
as a percentage of net sales	**10.4**	**8.6**	**7.0**	**5.1**	9.1	7.0	5.2	5.6	12.6
Depreciation, amortisation and impairment	**-40**	**-41**	**-42**	**-39**	-49	-47	-38	-39	-39
Purchase price allocation amortisation	**-8**	**-8**	**-8**	**-8**	-8	-8	-8	-9	-10
Comparable operating result	**158**	**87**	**71**	**41**	103	61	55	56	202
as a percentage of net sales	**9.9**	**7.9**	**6.3**	**4.3**	8.4	6.1	4.5	4.8	12.0
Items affecting comparability, total	**-14**	**-12**	**-14**	**-4**	-13	-18	-6	-4	-39
Operating result	**144**	**75**	**58**	**36**	90	43	49	52	164
as a percentage of net sales	**9.0**	**6.8**	**5.1**	**3.8**	7.4	4.3	4.0	4.5	9.7

Financial income and expenses	**-10**	**-1**	**-5**	**-1**	-12	-9	-13	-9	-11
Profit before taxes	**134**	**74**	**53**	**35**	78	34	36	43	153
Income taxes	**-49**	**-25**	**-18**	**-11**	-23	-9	-12	-14	-51
Profit for the reporting period	**85**	**50**	**35**	**24**	55	25	23	29	102
Earnings per share (EPS), basic, EUR	**0.14**	**0.08**	**0.06**	**0.04**	0.10	0.04	0.04	0.05	0.17
Earnings per share (EPS), diluted, EUR	**0.14**	**0.08**	**0.06**	**-**	-	-	-	-	-
Gross capital expenditure	**45**	**35**	**34**	**29**	38	25	27	27	44
Investments in securities and acquisitions	**1**				1	1			2
Cash flow from operating activities	**370**	**49**	**245**	**67**	274	114	252	42	295
Working capital (WCAP) at the end of the reporting period	**-100**	**107**	**73**	**243**	257	431	492	660	732
Personnel at the end of the reporting period**									
Marine Power*	**8,224**	**8,157**	**8,131**	**8,317**	8,355	8,412	8,674	8,934	8,820
Marine Systems*	**1,894**	**1,891**	**1,882**	**1,864**	1,897	1,891	1,846	1,862	1,870
Voyage*	**1,725**	**1,799**	**1,865**	**1,925**	1,915	1,946	1,917	1,939	1,889
Energy*	**4,980**	**4,975**	**4,953**	**4,905**	4,888	4,837	4,799	4,819	5,137
Portfolio Business*	**482**	**481**	**555**	**732**	737	1,097	1,098	1,088	1,080
Total	**17,305**	**17,303**	**17,386**	**17,742**	17,792	18,183	18,334	18,642	18,795

* The segment related comparison figures for 2019 and 1–3/2020 have been restated to reflect the current organisational structure.
** The comparison figures have been adjusted to reflect the business unit composition of the Portfolio Business and a change in allocation principles.

Calculations of financial ratios

Operating result
Net sales + other operating income – expenses – depreciation, amortisation and impairment +/– share of result of associates and joint ventures

Earnings per share (EPS), basic

$$\frac{\text{Profit for the financial period attributable to equity holders of the parent company}}{\text{Number of shares outstanding, average over the financial period}}$$

Earnings per share (EPS), diluted

$$\frac{\text{Profit for the financial period attributable to equity holders of the parent company}}{\text{Number of shares outstanding, average over the financial period + number of potential ordinary shares with dilutive effect}}$$

Items affecting comparability
Certain income and expenses are presented as items affecting comparability when they have significant impact on the consolidated statement of income. Items affecting comparability consist of income and expenses, which result from restructuring activities aiming to adjust the capacity of Wärtsilä's operations. They may also include other income and expenses incurred outside Wärtsilä's normal course of business, such as impairment charges, acquisition related costs, settlements recorded as a result of legal proceedings with third parties or unforeseen obligations from earlier discontinued businesses.

Comparable operating result

Operating result – items affecting comparability

Comparable adjusted EBITA

Operating result – items affecting comparability – purchase price allocation amortisation

Gross capital expenditure

Investments in securities and acquisitions + investments in intangible assets and property, plant and equipment

Net interest-bearing debt
Total of non-current and current interest-bearing debt + total of non-current and current lease liabilities – interest-bearing receivables – cash and cash equivalents

Equity per share

$$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of shares outstanding at the end of the financial period}}$$

Solvency ratio

$$\frac{\text{Equity}}{\text{Total equity and liabilities – advances received}} \times 100$$

Gearing

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}}$$

Return on investment (ROI)

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity and liabilities – non-interest-bearing liabilities – provisions, average over the financial period}} \times 100$$

Return on equity (ROE)

$$\frac{\text{Profit for the financial period}}{\text{Equity, average over the financial period}} \times 100$$

Order intake

Total amount of orders received during the financial period to be delivered either during the current financial period or thereafter.

Order book

The presentation in value of orders that are placed by customers but not yet delivered. For service agreements, only the expected net sales for the next 24 months are included in the order book.

Working capital (WCAP)

(Inventories + trade receivables + current tax receivables + other non-interest-bearing receivables)
– (trade payables + advances received + pension obligations + provisions + current tax liabilities + other non-interest-bearing liabilities – dividend payable)

27 January 2022
Wärtsilä Corporation
Board of Directors