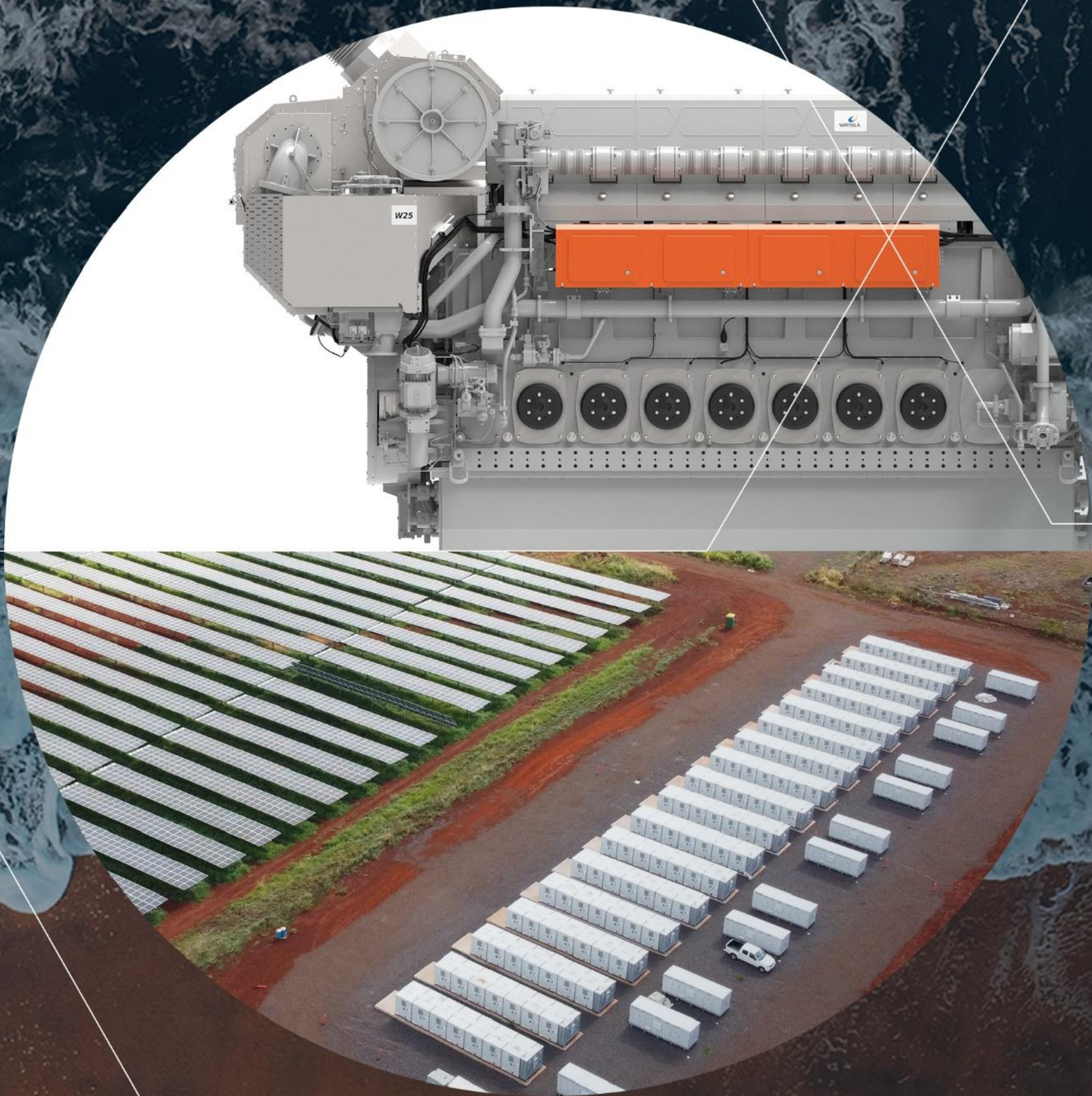


Wärtsilä Corporation

Interim Report

January – September 2022

Good order intake – cost inflation and business mix burdened profitability

Highlights from July-September 2022

- Order intake increased by 36% to EUR 1,616 million (1,186)
- Service order intake increased by 27% to EUR 732 million (578)
- Net sales increased by 30% to EUR 1,433 million (1,103), of which organic growth was 22%
- Book-to-bill amounted to 1.13 (1.07)
- Comparable operating result decreased by 6% to EUR 82 million (87), which represents 5.7% of net sales (7.9)
- Operating result decreased by 87% to EUR 10 million (75), which represents 0.7% of net sales (6.8). This includes EUR 75 million costs related to the ramp down of manufacturing in Trieste.
- Basic earnings per share decreased to 0.00 euro (0.08)
- Cash flow from operating activities increased to EUR 100 million (49)

Highlights from January–September 2022

- Order intake increased by 24% to EUR 4,436 million (3,584)
- Service order intake increased by 22% to EUR 2,275 million (1,868)
- Order book at the end of the period increased by 17% to EUR 6,229 million (5,325)
- Net sales increased by 28% to EUR 4,072 million (3,181), of which organic growth was 23%
- Book-to-bill amounted to 1.09 (1.13)
- Comparable operating result increased by 17% to EUR 232 million (199), which represents 5.7% of net sales (6.3)
- Operating result decreased by EUR 232 million to EUR -62 million (170), which represents -1.5% of net sales (5.3). This includes EUR 200 million costs related to Wärtsilä’s exit from Russia and EUR 75 million costs related to the ramp down of manufacturing in Trieste.
- Basic earnings per share decreased to -0.16 euro (0.19)
- Cash flow from operating activities decreased to EUR -113 million (360)

Wärtsilä's prospects

Wärtsilä expects the demand environment in the fourth quarter to be weaker than that of the corresponding period in the previous year. Wärtsilä’s order intake in the comparison period, last quarter of 2021, was at an all-time high. For the full year 2022, the demand is expected to be slightly higher than in the previous year. The prevailing market conditions make the outlook uncertain.

Håkan Agnevall, President & CEO: Orders continued to increase

“During the third quarter of 2022, uncertainty about economic development and geopolitical tensions continued. Intensifying cost inflation, prevailing disturbances in supply chains, tightening monetary policies, and challenging macro environment are creating turbulence within the global business environment. Despite the challenging market conditions, we were able to clearly grow our order intake.

The energy market remained volatile. Nevertheless, we again received important orders notably for thermal balancing and energy storage solutions. For example, we will deliver a total of 2 GWh of energy storage systems for one of the world’s largest solar-plus-storage project portfolios in California and Hawaii. One of the proof points on how we integrate renewables with our flexible engine technology is the order of ten Wärtsilä 34SG gas engines to a

Japanese power plant, where they will replace a 100 MW combined cycle gas turbine. In Q3, 70% of thermal orders were related to balancing power. The service business in Energy also continued to perform very well, and we were awarded several upgrade projects and long-term service agreements.

Similarly in the marine markets, the service business remained on a good track. The active cruise fleet has been well over 90% on average during the quarter, the offshore fleet witnessed increasing utilisation and day rates, and the demand for LNG cargoes has exceeded the available supply. However, the demand for new ships has moderated during the year, as many shipyards are operating at close to full capacity, and prices have increased. Our position as a frontrunner in marine technology was demonstrated with an order to supply a propulsion package for the world's largest aluminium catamaran. It will operate between Argentina and Uruguay with our dual-fuel engine technology.

Total order intake increased by 36% and service order intake by 27%. High utilisation of vessels and power plants continued to support the service business in both Marine Power and Energy. Our customers are also showing increasing interest in long-term agreements. The positive development of equipment orders was driven by demand for both energy and marine equipment. Net sales increased by 30%, driven by growth in all businesses, except Voyage. New equipment sales grew by 49%, while services grew by 13%. Our comparable operating result decreased by 6%, mainly due to cost inflation, a less favourable sales mix between equipment and services, higher storage volumes, and declined profitability of Voyage.

In October, we announced that we are taking the next step to further strengthen our marine end-to-end lifecycle offering by integrating the Voyage business into Marine Power as a business unit. During the last years Voyage has taken important steps to bring together the teams and competences from several Wärtsilä acquisitions in the marine digital space. During the same period, the Voyage business has been severely impacted by the pandemic and recently the closure of Wärtsilä's operations in Russia. However, the turnaround of Voyage continues, and the intention is to accelerate these efforts through the outlined changes. By linking the unique digital expertise in Voyage with our well-established Performance Services, we take the next step in creating end-to-end digital solutions for maritime customers. With this offering we can further optimise marine operations for lower costs and reduced emissions. Customers can benefit from Wärtsilä's unique set of capabilities, combining the optimisation of vessel operations with ports traffic management and performance-based services for port-to-port operations.

On the technology side, we introduced the new Wärtsilä 25 medium-speed 4-stroke engine, designed to accelerate and support the maritime sector's efforts in achieving decarbonised operations. The engine is already capable of operating on diesel, LNG, or on either gas or liquid carbon-neutral biofuels. In the future it can easily be upgraded to operate with future carbon-free fuels as they become available. The Wärtsilä 25 engine is intended to be the first Wärtsilä engine to run on ammonia as a fuel.

We expect the demand environment in the fourth quarter to be weaker than that of the corresponding period in the previous year. This reflects the fact that order intake in the last quarter of 2021 was at an all-time high. For the full year 2022, the demand is expected to be slightly higher than in the previous year. The share of equipment sales relative to service sales will be higher in 2022 compared to 2021. Cost inflation is anticipated to remain high in the last quarter of 2022 and we continue to implement price realisation and continuous improvement to mitigate the impact of cost inflation. We are executing our strategy to make Wärtsilä a stronger and a better company. Order intake and sales are growing and we are making considerable progress in developing the solutions to shape the decarbonisation of marine and energy. We are moving up the service value ladder and increasing the performance-based service agreements. We are also simplifying our organisation and are addressing our cost structure. The decarbonisation journey will transform our industries and Wärtsilä is very well positioned to play a key role there."

Key figures

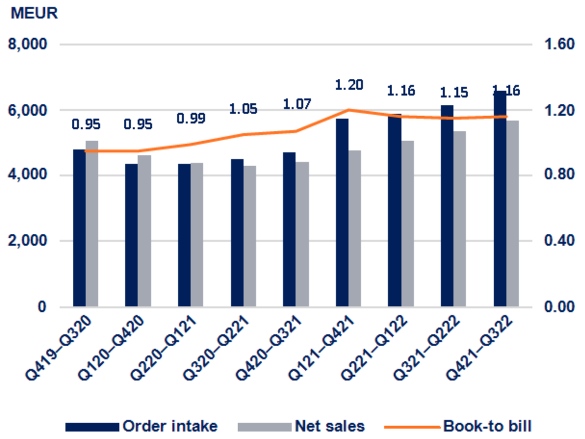
MEUR	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Order intake	**1,616**	1,186	36%	**4,436**	3,584	24%	5,735
of which services	**732**	578	27%	**2,275**	1,868	22%	2,615
Order book, end of period				**6,229**	5,325	17%	5,859
Net sales	**1,433**	1,103	30%	**4,072**	3,181	28%	4,778
of which services	**664**	589	13%	**1,991**	1,717	16%	2,467
Book-to-bill	**1.13**	1.07		**1.09**	1.13		1.20
Operating result	**10**	75	-87%	**-62**	170	-137%	314
% of net sales	**0.7**	6.8		**-1.5**	5.3		6.6
Comparable operating result	**82**	87	-6%	**232**	199	17%	357
% of net sales	**5.7**	7.9		**5.7**	6.3		7.5
Comparable adjusted EBITA*	**87**	95	-8%	**250**	223	12%	388
% of net sales	**6.1**	8.6		**6.1**	7.0		8.1
Profit before taxes	**7**	74	-90%	**-67**	162	-141%	296
Basic earnings/share, EUR	**0.00**	0.08		**-0.16**	0.19		0.33
Cash flow from operating activities	**100**	49		**-113**	360		731
Net interest-bearing debt, end of period				**377**	309		4
Gross capital expenditure				**111**	98		143
Gearing				**0.18**	0.14		0.00
Solvency, %				**34.5**	39.3		38.6
Personnel, end of period				**17,585**	17,303	2%	17,305

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

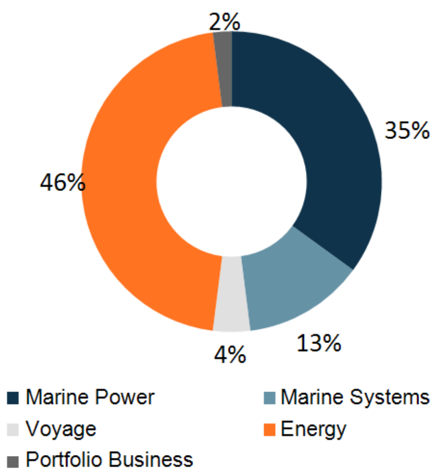
Wärtsilä's financial information for the year 2021 has been adjusted to reflect a change in categorisation between equipment and services in Wärtsilä Marine Power and Wärtsilä Marine Systems. This restatement has no impact on the group's total financial figures.

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.

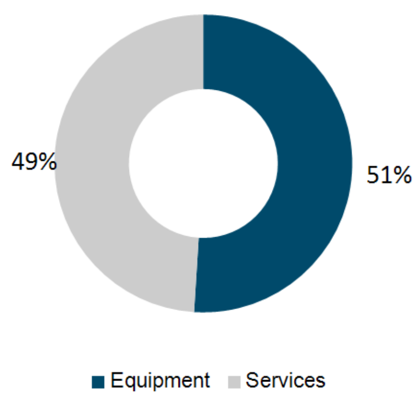
Book-to-bill, 12 months rolling



Net sales by business area, January–September



Net sales by business type, January–September



Comparable operating result, 12 months rolling

Group financial and strategic development

Operating environment

Marine

During the review period January-September, the shipping and shipbuilding markets in general continued to show good development in activity levels and demand for tonnage in many segments. However, growing concerns regarding the macroeconomic outlook following the Russian invasion of Ukraine, inflation, and softer trends in the Chinese economy are having an impact on the market outlook. The on-going war in Ukraine has resulted in slower growth for seaborne trade and have altered trade flows. Furthermore, it has resulted in a shortage of various commodities and raw materials, widespread and surging inflation, hikes in interest rates, and a reduction in the credit ratings of highly indebted shipowners and operators. While some vessel segments might be better positioned than others, all segments are impacted by these factors to varying degrees.

Overall, the demand for new ships has moderated as many shipyards, especially those in China and South Korea are operating at close to full capacity, forcing owners to wait longer for their new ships and at a substantially higher price. This, coupled with uncertainties related to future demand for tonnage resulted in 1095 contracts for new vessels being registered in the review period January–September (1402 in the corresponding period last year, excluding late reporting of contracts), largely driven by containerships and record-high orders for LNG carriers.

In the key vessel segments for Wärtsilä, the market sentiment continued to improve despite growing concerns on the macroeconomic outlook. The improvement was mostly due to increasing demand for tonnage, improving volumes in the passenger travel segment, and continued fleet reactivation. In the cruise sector, cruise lines had reactivated 93% of the fleet capacity by the end of September, up from 90% at the end of June. The sector's focus has now shifted towards improving onboard occupancy levels in a profitable way, and on mitigating the impact of rising operating costs. In the ferry sector, fleet reactivation has continued with operators reporting encouraging progress in traffic volumes for both passengers and cargo. The market sentiment across the offshore segment continues to be positive, and high oil and gas prices have driven activity and investments in offshore projects, resulting in further gains for utilisation rates and day rates across the offshore fleet. The demand for offshore wind vessels has remained solid with contracting volumes, especially for Wind Turbine Installation Vessels (WTIV), exceeding expectations. The situation in the Liquified Natural Gas (LNG) carrier sector has remained extraordinary, with vessel contracting and spot freight rates reaching new record levels. Contracting has been supported by orders linked to the capacity extension of the Qatari LNG export terminal. Simultaneously, as Russia has stopped the supply of natural gas through pipelines to various countries in Europe, the demand for LNG cargoes has exceeded available supply, sending prices for natural gas and electricity to new highs, especially in Europe. The container shipping markets have remained strong in a longer-term perspective. However, freight rates have clearly eased from the peak levels in March as inflation and higher interest rates have led to weaker demand for goods. At the same time, port congestions have remained at or close to record-levels in key container ports, absorbing vessel capacity and dampening the impact of weaker demand.

Decarbonisation remains the main underlying trend, despite the recent focus on energy independence and security. As global pressure builds to find solutions to abate climate change and become more environmentally friendly, ship owners are considering a number of options. These include slow steaming, energy saving devices, voyage optimisation solutions, hybrid and full-electric power systems, carbon capture and storage, exhaust gas scrubbers, and alternative fuels. The transition to cleaner fuels has continued to gather pace, with 326 orders placed globally for alternative fuel capable vessels, representing 30% (21%) of all newbuild contracting in the review period January–September. Despite the currently high price for LNG, it continues to represent close to 90% of all alternative fuel capable vessel orders, although other alternative fuels are slowly emerging.

Following increasing concerns on the global macroeconomic outlook, and the potential impact on demand for oil, the prices for crude oil and bunker fuels respectively began to decline towards the end of September, to the benefit of shipowners and operators. However, due to various supply-related issues, the price spread between high- and low-sulphur fuels has remained at around $300/tonne on average over the third quarter. This has improved the business case for scrubbers, although the demand for scrubber systems has remained focused mainly on newbuilds. While interest in scrubber retrofits has increased, customer decision-making has been delayed because of high freight rates specifically in the containership segment. This has encouraged the postponement of scheduled dry dockings. Meanwhile, Europe is facing an energy crisis. The dramatically reduced flow of natural gas into Europe ahead of the winter high demand season sent its price in Europe to a new record-high of over 300 EUR/MWh in late August. Since then, the price of natural gas in Europe has halved, but remains eightfold in comparison to the previous decade's average price.

Energy

The war in Ukraine, related sanctions, and the Covid-19 pandemic have together contributed to global cost inflation and price volatility. This has resulted in higher quotation prices, slower customer decision-making and considerable uncertainty in the investment environment for liquid and gas fuelled power plants and energy storage during 2022. Supply chains and trade routes are in turmoil as inflation, exchange rate fluctuations and trade restrictions shadow global business. Covid-19 related uncertainty has eased to some extent while, for example, restrictions in China have continued to disrupt supply chains.

In Europe, the energy crisis has created a clear need and ambition for a structural change in the energy sector. The advancing build-up in renewable energy strengthens security of supply by reducing dependency on imported fossil fuels from Russia. The global markets for liquified natural gas are being transformed as decreased pipeline gas flows from Russia to Europe place new constraints and demands on gas trading. Energy and climate policies around the world continue to evolve towards more ambitious decarbonisation targets. Utilities continue to update their investment strategies accordingly, which can cause delays in investment decisions. A notable step forward in climate policy was the Inflation Reduction Act in the USA, which allocates substantial incentives for renewables, battery energy storage, and other clean energy technologies. Going forward, the increasing levels of intermittent renewable energy in power systems are expected to further accelerate the need for various flexible balancing solutions, such as energy storage and grid balancing power plants. Demand for services continued at a good level, and customers are showing interest in long-term agreements, thus providing stability to the business, which is lumpy by nature.

Wärtsilä's market share in the up to 500 MW market segment declined to 7% (9), as global orders for natural gas and liquid fuelled power plants increased by 23% to 23.5 GW during the twelve-month period ending in June 2022 (19.1 GW at the end of March). 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 July-September** increased by 36% to EUR 1,616 million (1,186) compared to the corresponding period in the previous year. Book-to-bill was 1.13 (1.07). Service order intake increased by 27% to EUR 732 million (578), supported by high utilisation of vessels and power plants. Equipment order intake increased by 45% to EUR 884 million (608), driven by demand in Energy, Marine Power, and Voyage equipment.

Order intake in January–September increased by 24% to EUR 4,436 million (3,584) compared to the corresponding period in the previous year. Book-to-bill was 1.09 (1.13). Service order intake increased by 22% to EUR 2,275 million (1,868). Equipment order intake increased by 26% to EUR 2,161 million (1,716), driven by order growth in Marine Power, and good demand for Energy equipment, both thermal power plants and energy storage solutions.

The **order book** at the end of the period increased by 17% to EUR 6,229 million (5,325). Russia related projects amounting to approximately EUR 240 million were removed from the order book in the second quarter. Wärtsilä's current order book for 2022 deliveries is EUR 1,651 million (1,402).

Order intake and order book by reporting segment

MEUR	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Order intake	**1,616**	**1,186**	**36%**	**4,436**	**3,584**	**24%**	**5,735**
Marine Power	**588**	443	33%	**1,746**	1,352	29%	2,011
Marine Systems	**126**	191	-34%	**464**	526	-12%	835
Voyage	**83**	53	58%	**215**	199	8%	292
Energy	**805**	486	66%	**1,965**	1,413	39%	2,444
Portfolio Business	**13**	14	-2%	**45**	94	-52%	153
Order book, end of period				**6,229**	**5,325**	**17%**	**5,859**
Marine Power				**2,148**	1,930	11%	1,994
Marine Systems				**953**	944	1%	1,042
Voyage				**308**	280	10%	288
Energy				**2,702**	2,056	31%	2,393
Portfolio Business				**118**	115	3%	142

Net sales and operating result

Wärtsilä's **net sales in July-September** increased by 30% to EUR 1,433 million (1,103) compared to the corresponding period in the previous year. Service net sales increased by 13% to EUR 664 million (589), supported by sales to the merchant segment in the marine market. Equipment net sales increased by 49% to EUR 769 million (514), driven by increasing energy equipment deliveries.

The **operating result in July-September** amounted to EUR 10 million (75) or 0.7% of net sales (6.8). The operating result was supported by good service performance in Marine Power, while being burdened by cost inflation, a less favourable sales mix between equipment and services, higher storage volumes, and declined profitability of Voyage. The comparable operating result totalled EUR 82 million (87) or 5.7% of net sales (7.9). Items affecting comparability amounted to EUR -72 million (-12) related mostly to the Trieste factory closure. The comparable adjusted EBITA amounted to EUR 87 million (95) or 6.1% of net sales (8.6). Purchase price allocation amortisation amounted to EUR 6 million (8).

Net sales in January–September increased by 28% to EUR 4,072 million (3,181) compared to the corresponding period in the previous year. Service net sales increased by 16% to EUR 1,991 million (1,717). Equipment net sales increased by 42% to EUR 2,080 million (1,464), driven by growth especially in Energy deliveries. Of Wärtsilä's net sales, approximately 43% was EUR denominated and 42% USD denominated, with the remainder being split between several currencies.

The **operating result in January–September** amounted to EUR -62 million (170) or -1.5% of net sales (5.3). The operating result was supported by higher sales volumes, while being burdened by cost inflation, a less favourable sales mix between equipment and services, as well as a write-down of approximately EUR 200 million made in the first quarter as a result of the decision to downscale operations in Russia. The comparable operating result totalled EUR 232 million (199) or 5.7% of net sales (6.3). In the comparison period, the comparable operating result was burdened by approximately EUR 20 million in net provisions arising from a detailed project risk review in Wärtsilä Energy. Items affecting comparability amounted to EUR -294 million (-29) related to divestments, restructuring programmes, and footprint adjustments, including the above mentioned write-down of approximately EUR 200 million and EUR 75 million related to closing of the Trieste factory. The comparable adjusted EBITA amounted to EUR 250 million (223) or 6.1% of net sales (7.0). Purchase price allocation amortisation amounted to EUR 18 million (24).

Financial items amounted to EUR -5 million (-7) in January–September. Net interest totalled EUR -8 million (-9). Profit before taxes amounted to EUR -67 million (162). Taxes amounted to EUR -20 million (-54), implying a negative effective tax rate (33.2%). Profit for the financial period amounted to EUR -87 million (108). Basic earnings per share totalled -0.16 euro (0.19). Return on investments (ROI) was 3.5% (8.0), while return on equity (ROE) was -0.1% (7.7).

Net sales and operating result by reporting segment

MEUR	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Net sales	**1,433**	**1,103**	**30%**	**4,072**	**3,181**	**28%**	**4,778**
Marine Power	**462**	382	21%	**1,421**	1,273	12%	1,863
Marine Systems	**184**	142	30%	**532**	433	23%	654
Voyage	**61**	68	-10%	**179**	195	-8%	279
Energy	**696**	487	43%	**1,864**	1,190	57%	1,861
Portfolio Business	**30**	25	18%	**76**	89	-15%	121
Operating result	**10**	**75**	**-87%**	**-62**	**170**	**-137%**	**314**
Marine Power	**-24**	36	-168%	**-13**	112	-111%	180
Marine Systems	**17**	14	19%	**33**	34	-1%	47
Voyage	**-16**	-11	-45%	**-174**	-37	-376%	-39
Energy	**34**	42	-20%	**94**	71	33%	134
Portfolio Business	**-1**	-6	84%	**-4**	-11	68%	-9
Operating result, % of net sales	**0.7**	**6.8**		**-1.5**	**5.3**		**6.6**
Marine Power	**-5.3**	9.4		**-0.9**	8.8		9.7
Marine Systems	**9.3**	10.1		**6.3**	7.8		7.2
Voyage	**-26.4**	-16.4		**-97.1**	-18.8		-14.1
Energy	**4.9**	8.7		**5.1**	6.0		7.2
Portfolio Business	**-3.1**	-23.5		**-4.7**	-12.4		-7.5
Comparable operating result	**82**	**87**	**-6%**	**232**	**199**	**17%**	**357**
Marine Power	**48**	37	30%	**137**	120	14%	195
Marine Systems	**17**	14	18%	**40**	35	15%	52
Voyage	**-17**	-5	-235%	**-43**	-29	-49%	-28
Energy	**34**	43	-21%	**99**	72	38%	136
Portfolio Business	**0**	-2	78%	**-1**	1	-311%	2
Comparable operating result, % of net sales	**5.7**	**7.9**		**5.7**	**6.3**		**7.5**
Marine Power	**10.3**	9.7		**9.6**	9.5		10.5
Marine Systems	**9.3**	10.2		**7.6**	8.1		7.9
Voyage	**-27.4**	-7.4		**-23.8**	-14.7		-9.9
Energy	**4.9**	8.8		**5.3**	6.0		7.3
Portfolio Business	**-1.5**	-8.1		**-1.5**	0.6		1.6

Net sales bridge

MEUR	7–9/2022	1–9/2022
2021	**1,103**	**3,181**
Organic	**22%**	**23%**
Acquisitions and divestments	**0%**	**-1%**
FX impact	**8%**	**5%**
2022	**1,433**	**4,072**

Financing and cash flow

Wärtsilä's cash flow from operating activities in July-September amounted to EUR 100 million (49). Positive development of the cash flow was supported by customer payments received and increased payables, whereas inventory increase had a negative impact.

During January–September, cash flow from operating activities totalled EUR -113 million (360). Working capital totalled EUR 108 million at the end of the period (-100 at the end of 2021). Advances received totalled EUR 498 million (498 at the end of 2021).

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 554 million (964 at the end of 2021). Unutilised committed credit facilities totalled EUR 650 million (650 at the end of 2021).

Wärtsilä had interest-bearing debt totalling EUR 936 million at the end of the period (973 at the end of 2021). The total amount of short-term debt maturing within the next 12 months was EUR 209 million. Long-term loans amounted to EUR 727 million.

Net interest-bearing debt totalled EUR 377 million (4 at the end of 2021). Gearing was 0.18 (0.00 at the end of 2021), while the solvency ratio was 34.5% (38.6 at the end of 2021). Equity per share was 3.57 euro (3.92 at the end of 2021).

Key financing items

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Cash flow from operating activities	**100**	49	**-113**	360	731
Working capital			**108**	107	-100
Net interest-bearing debt, end of period			**377**	309	4
Gearing			**0.18**	0.14	0.00
Solvency, %			**34.5**	39.3	38.6
Equity/share, EUR			**3.57**	3.73	3.92

Capital expenditure

Capital expenditure related to intangible assets and property, plant, and equipment amounted to EUR 107 million (98) for the period January–September. Capital expenditure related to acquisitions and investments in securities totalled EUR 4 million (0). Depreciation, amortisation, and impairment amounted to EUR 207 million (122), including depreciation of right of use assets of EUR 37 million (35).

In 2022, capital expenditure related to intangible assets and property, plant, and equipment is expected to be above depreciation, amortisation, and impairment, excluding the write-down made as a result of the decision to downscale operations in Russia.

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, and environmentally friendly 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.

In September, Wärtsilä introduced its new Wärtsilä 25 medium-speed 4-stroke engine. The Wärtsilä 25 engine portfolio is designed to accelerate and support the maritime sector's efforts in achieving decarbonised operations. The engine's modularity offers shipowners and operators maximised flexibility, while its efficiency and fuel economy enables minimised emissions. The engine is already capable of operating on diesel, LNG, and either gas or liquid carbon-neutral biofuels, and can easily be upgraded to operate with future carbon-free fuels as they become available. The Wärtsilä 25 is intended to be the first Wärtsilä engine to run on ammonia as a fuel.

In September, Wärtsilä released the Rethinking Energy in Southeast Asia report, revealing that renewable-based power systems, backed by grid balancing engines and energy storage, can enable Southeast Asian countries to reach net zero by mid-century. At the same time, the levelised cost of electricity (LCOE) can be cut by over 20%, when taking into account likely future carbon taxes.

Strategic projects and acquisitions

In July, Wärtsilä announced that it has completed its exit from the Russian market following the announcement in April 2022 to scale down its activities there. The company has been fully committed to complying with all trade sanctions applicable to its operations from the beginning of the war in Ukraine, and has now closed business operations in Russia across all business units.

Capacity adjustments

In July, Wärtsilä announced its plan to ramp down manufacturing in Trieste, Italy and to centralise its 4-stroke engine manufacturing in Europe to Vaasa, Finland. The discontinuation of manufacturing in Trieste is expected to impact approximately 450 employees with potential redundancy. The estimated full annual cost savings will be approximately EUR 35 million by 2025, and the associated transformation costs are expected to be approximately EUR 130 million, out of which the cash flow impact is approximately EUR 75 million. The planned changes will not impact Wärtsilä's engine portfolio, and service levels and commitment towards customers will remain intact. The supply chain will remain largely as-is today, including Italian suppliers, thus ensuring that we maintain the competitiveness of Wärtsilä's supply chain.

Personnel

Wärtsilä had 17,585 (17,303) employees at the end of the period. On average, the number of personnel totalled 17,438 (17,516) during the period January–September.

Of Wärtsilä's total number of employees, 22% (21) were located in Finland and 38% (40) elsewhere in Europe. Personnel employed in Asia represented 22% (22) of the total, personnel in the Americas 14% (12), and personnel in other countries 5% (5).

Personnel by reporting segment

MEUR	30.9.2022	30.9.2021	Change	31.12.2021
Personnel	**17,585**	**17,303**	**2%**	**17,305**
Marine Power	**8,534**	8,157	5%	8,224
Marine Systems	**1,899**	1,891	0%	1,894
Voyage	**1,428**	1,799	-21%	1,725
Energy	**5,309**	4,975	7%	4,980
Portfolio Business	**415**	481	-14%	482

Changes in management

In September, Wärtsilä announced the decision by Mr Sushil Purohit, President of Wärtsilä Energy and Executive Vice President, to leave Wärtsilä for a position outside the Group by the end of February 2023. Wärtsilä has started the process to recruit a successor to Mr Purohit.

In October, Wärtsilä announced its plan to integrate Voyage business with Marine Power. The President of Wärtsilä Voyage Mr Sean Fernback will leave the company and he will be succeeded by Mr Hannu Mäntymaa (45), (M.Sc.Eng) with immediate effect. Mr Mäntymaa, currently VP, Performance Services in Wärtsilä Marine Power, will take over to lead the integration process until year-end and will join Wärtsilä's Board of Management for the interim period. He will then continue as the Head of the future Voyage business unit as the integrated organisation becomes effective as of January 1, 2023.

Sustainability

Thanks to its various technologies and specialised services, Wärtsilä is well positioned to support its customers on their decarbonisation journey, 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 July-September included the following:

In July, the 50 MW / 50 MWh lithium-ion battery supplied by Wärtsilä to Pivot Power was officially launched at the opening of Energy Superhub Oxford (ESO). The system will play an essential role in the UK's shift to renewables. The site forms one part of the GBP 41 million ESO project, which integrates energy storage, electric vehicle (EV) charging, low carbon heating, and smart energy management technologies to decarbonise Oxford by 2040 and create a blueprint for other towns and cities to achieve net zero. Wärtsilä provided both the lithium-ion battery and GEMS Digital Energy Platform for the project.

In July, Wärtsilä received an order to supply the propulsion package for the world's largest aluminium catamaran being built in Tasmania, Australia on behalf of Argentinian ferry operator, Buquebus. The vessel will operate between Argentina and Uruguay with Wärtsilä's 31 dual-fuel engine technology using primarily LNG fuel. It will also incorporate shaft e-motors powered via the main engine gearboxes taking further advantage of Wärtsilä's LNG technology. With LNG, the minimised emissions of CO2, nitrous oxides (NOx), sulphur oxides (SOx), and particulate matter will make the ferry Tier III compliant and able to operate in emission control areas (ECAs).

In July, Wärtsilä received an order to supply an additional energy storage system to Clearway Energy Group for one of the world's largest solar-plus-storage project portfolios. The energy storage systems are being built in California and Hawaii, USA. Together with the previously received four orders, Wärtsilä is delivering a portfolio of energy storage systems totalling 500-megawatt (MWac) / 2-gigawatt hour (GWh). This will support the state of California in reaching its goal of 100 percent carbon-free electricity by 2045, and Hawaii's goal of reaching 100 percent renewable energy generation by 2045.

In August, Wärtsilä organised its annual Dive Against Debris event, this time in two cities: Vaasa and Helsinki. In the Dive Against Debris event, volunteer divers clean the seafloor of garbage of all kinds. The events were made possible by Wärtsilä volunteers and divers as well as various local partners. From Vaasa and Helsinki combined, the divers lifted approximately 800 kilograms of garbage. It was also possible for everyone to join the clean-up on land by collecting trash with garbage tongs.

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.

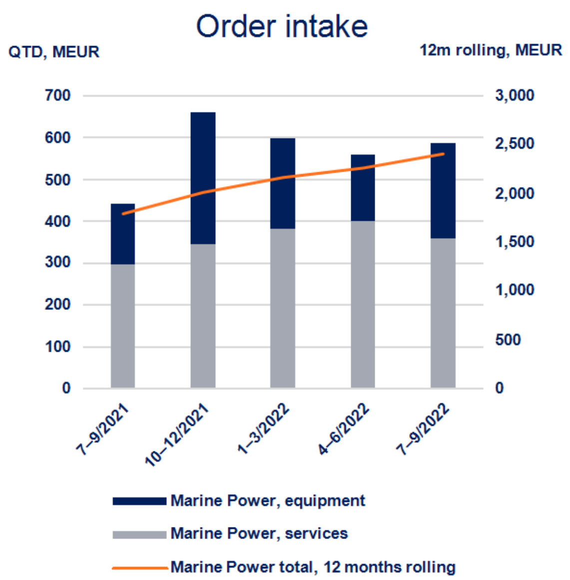
Reporting segment: Wärtsilä Marine Power

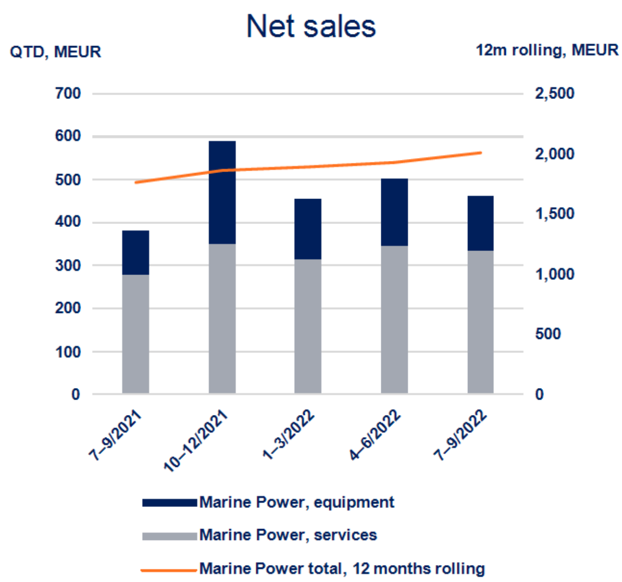
Wärtsilä Marine Power leads the industry in its journey towards a decarbonised and sustainable future. Our broad portfolio of engines, propulsion systems, hybrid technology, and integrated powertrain systems delivers the efficiency, reliability, safety, and environmental performance needed to support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

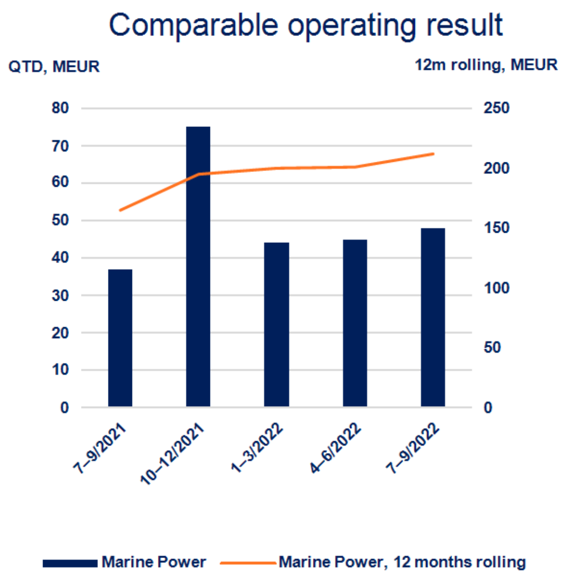
- Despite the growing concerns on the macroeconomic outlook, market sentiment improved in Q3. This was mostly due to increasing demand for tonnage, improving volumes in the passenger travel segment, and continued fleet reactivation.
- Service business performance continued to improve, as activity in the market has increased, impacting both the transactional and agreement business positively.
- Profitability improved due to strong service sales but was offset by cost inflation, affecting especially material, component, transportation, and test fuel costs, as well as component unavailability and high energy prices.

Key figures

MEUR	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Order intake	**588**	443	33%	**1,746**	1,352	29%	2,011
of which services	**359**	297	21%	**1,143**	925	24%	1,270
Order book, end of period				**2,148**	1,930	11%	1,994
Net sales	**462**	382	21%	**1,421**	1,273	12%	1,863
of which services	**334**	278	20%	**992**	850	17%	1,201
Book-to-bill	**1.27**	1.16		**1.23**	1.06		1.08
Operating result	**-24**	36	-168%	**-13**	112	-111%	180
% of net sales	**-5.3**	9.4		**-0.9**	8.8		9.7
Comparable operating result	**48**	37	30%	**137**	120	14%	195
% of net sales	**10.3**	9.7		**9.6**	9.5		10.5
Personnel, end of period				**8,534**	8,157	5%	8,224







Financial development

Marine Power's **order intake in July-September** increased by 33% to EUR 588 million (443) compared to the corresponding period in the previous year. Book-to-bill was 1.27 (1.16). Service order intake increased by 21% to EUR 359 million (297), as the market continued to recover. In particular, the merchant segment, including container vessels and tankers, is operating at high capacity. Equipment order intake increased by 58% to EUR 229 million (145) as a result of the merchant segment's good performance, which was largely driven by containerships, record-high orders for LNG carriers, and by increases in the ferry segment. Orders received during the period included an order for engines, waterjets, and the fuel storage and supply system for a new high speed catamaran ferry. The vessel is being built at the Incat yard in Tasmania.

Net sales in July-September increased by 21% to EUR 462 million (382) compared to the corresponding period in the previous year. Service net sales increased by 20% to EUR 334 million (278), driven by sales to the merchant segment. Equipment net sales increased by 23% to EUR 128 million (104), mainly related to merchant and special vessels. The **comparable operating result** amounted to EUR 48 million (37) or 10.3% of net sales (9.7). The result was supported by the good service performance that continued in Q3, driven by high customer activity and extended running hours. The overall market situation was challenging, with cost inflation (material, component, transportation, and test fuel costs) and component unavailability resulting in increased supply chain costs. Increased energy prices impacted in particular our suppliers that manufacture components consuming a lot of energy in the production process such as forging and castings. High inflation in several countries also put pressure on salary adjustments. Continued price adjustments are made to cope with cost inflation, although re-negotiating existing contracts for inflation corrections is typically not possible. The ramp-up of the new Sustainable Technology Hub is also impacting operating costs during 2022, as we continue to operate the old Vaasa factory in parallel with the Sustainable Technology Hub during the transition period. Items affecting comparability totalled EUR -72 million (-1).

Order intake in January–September increased by 29% to EUR 1,746 million (1,352) compared to the corresponding period in the previous year. Book-to-bill was 1.23 (1.06). Service order intake increased by 24% to EUR 1,143 million (925) as the market continued to recover, especially with the merchant segment operating at high capacity due to favourable rates. Equipment order intake increased by 41% to EUR 604 million (427), as a result of strong performance in the merchant segment, driven mainly by containerships, record-high orders for LNG carriers, and by increases in the ferry segment. The **order book** at the end of the period increased by 11% to EUR 2,148 million (1,930) despite cleaning out Russia related projects.

Net sales in January–September increased by 12% to EUR 1,421 million (1,273) compared to the corresponding period in the previous year. Service net sales increased by 17% to EUR 992 million (850), driven by sales to the merchant segment. Equipment net sales increased by 1% to EUR 428 million (423). The **comparable operating**

result amounted to EUR 137 million (120) or 9.6% of net sales (9.5). The result was supported by the continuing good service performance, driven by high customer activity and extended running hours. The overall market situation was challenging with cost inflation (material, component, transportation, and test fuel costs) and component unavailability, resulting in increased supply chain costs. Increased energy prices impacted in particular our suppliers that manufacture components consuming a lot of energy in the production process, such as forging and castings. High inflation in several countries also put pressure on salary adjustments. Continued price adjustments are made to cope with cost inflation, although re-negotiating existing contracts for inflation corrections is usually not possible. The ramp-up of the new Sustainable Technology Hub is also impacting operating costs during 2022, as we continue to operate the old Vaasa factory in parallel with the Sustainable Technology Hub during the transition period. Items affecting comparability totalled EUR -150 million (-8), with EUR 70 million related to the write down of Russia related activities and EUR 75 million related to the Trieste factory write down. The remainder was related to footprint optimisations in other units.

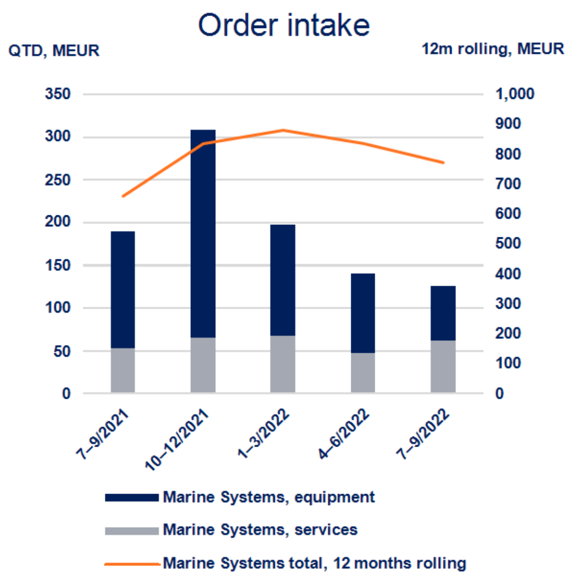
Reporting segment: Wärtsilä Marine Systems

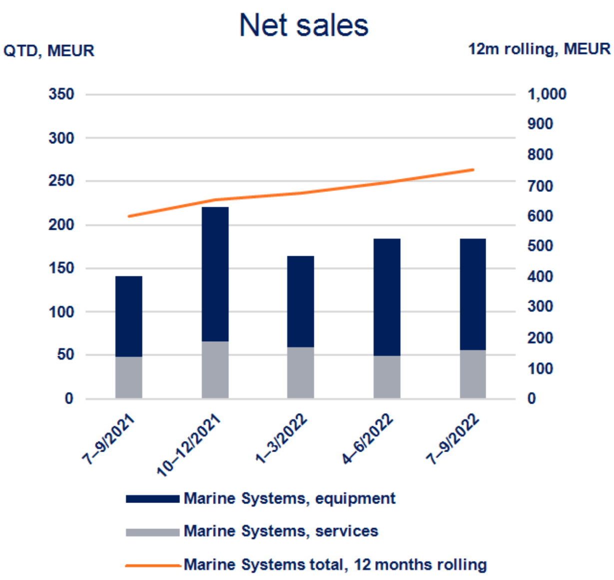
Wärtsilä Marine Systems supports customers with high quality products and lifecycle services related to the gas value chain, exhaust treatment, shaft line, underwater repair and electrical integrations. We are committed to providing the latest and most efficient solutions, in line with Wärtsilä's vision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

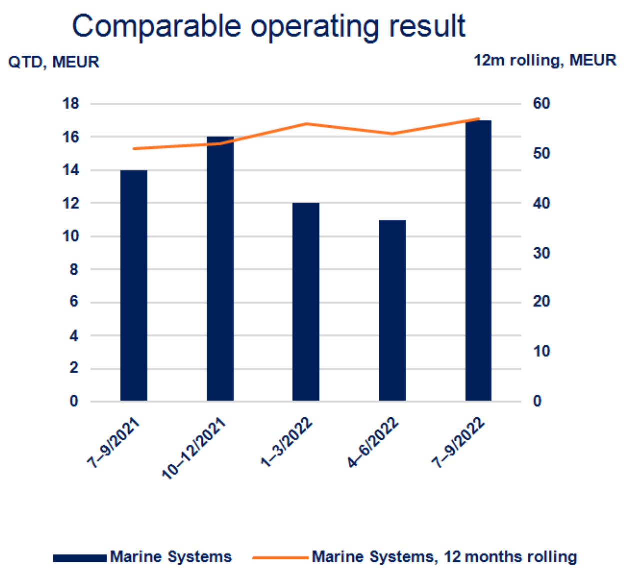
- Market activity in the equipment business continued at a good level, but new equipment orders especially in Gas Solutions decreased from the high level in Q3/2021. Pressure on pricing remains high throughout all equipment business markets.
- Activity levels, as well as the outlook for the transactional service market, continue to be cautiously positive.
- Comparable operating result improved.

Key figures

MEUR	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Order intake	**126**	191	-34%	**464**	526	-12%	835
of which services	**62**	53	17%	**178**	164	9%	229
Order book, end of period				**953**	944	1%	1,042
Net sales	**184**	142	30%	**532**	433	23%	654
of which services	**56**	48	16%	**164**	138	18%	204
Book-to-bill	**0.69**	1.35		**0.87**	1.21		1.28
Operating result	**17**	14	19%	**33**	34	-1%	47
% of net sales	**9.3**	10.1		**6.3**	7.8		7.2
Comparable operating result	**17**	14	18%	**40**	35	15%	52
% of net sales	**9.3**	10.2		**7.6**	8.1		7.9
Personnel, end of period				**1,899**	1,891	0%	1,894







Financial development

Marine Systems' **order intake in July-September** decreased by 34% to EUR 126 million (191) compared to the corresponding period in the previous year. Book-to-bill was 0.69 (1.35). Service order intake increased by 17% to EUR 62 million (53), with minor growth in all business units. Equipment order intake decreased by 54% to EUR 64 million (137), as a result of high amount of orders by the Gas Solution business unit in the comparison period. Orders signed during the period included two-year service agreement with Denmark based Nature Energy covering six existing biogas plants, all of which feature Wärtsilä biogas upgrading technology (Puregas).

Net sales in July-September increased by 30% to EUR 184 million (142) compared to the corresponding period in the previous year. Service net sales increased by 16% to EUR 56 million (48). Equipment net sales increased by 37% to EUR 128 million (93) and was particularly strong in the Gas Solutions business unit. The **comparable operating result** amounted to EUR 17 million (14) or 9.3% of net sales (10.2).

Order intake in January–September decreased by 12% to EUR 464 million (526) compared to the corresponding period in the previous year, with an increase in the Marine Electrical Systems business unit and a decline in the Gas Solutions business unit. Book-to-bill was 0.87 (1.21). Service order intake increased by 9% to EUR 178 million (164). Equipment order intake decreased by 21% to EUR 286 million (363). The **order book** at the end of the period increased by 1% to EUR 953 million (944).

Net sales in January–September increased by 23% to EUR 532 million (433) compared to the corresponding period in the previous year. Service net sales increased by 18% to EUR 164 million (138). Equipment net sales increased by 25% to EUR 368 million (295). The **comparable operating result** amounted to EUR 40 million (35) or 7.6% of net sales (8.1), with an increase resulting from good services development, and a decline due to decreased scrubber volumes. Items affecting comparability totalled EUR -7 million (-1).

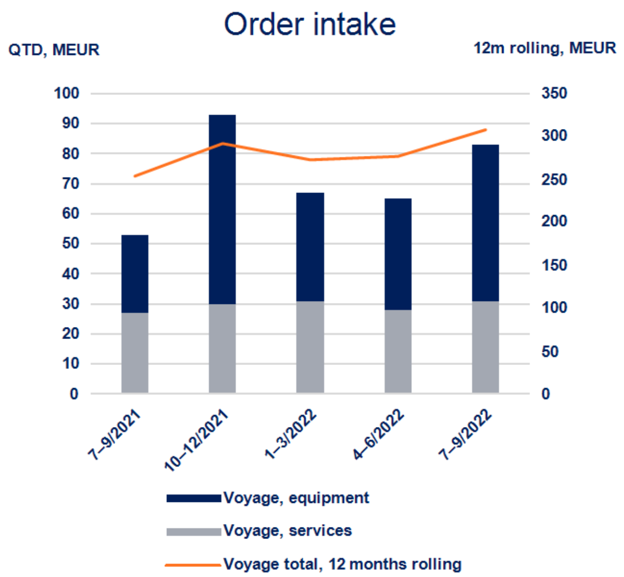
Reporting segment: Wärtsilä Voyage

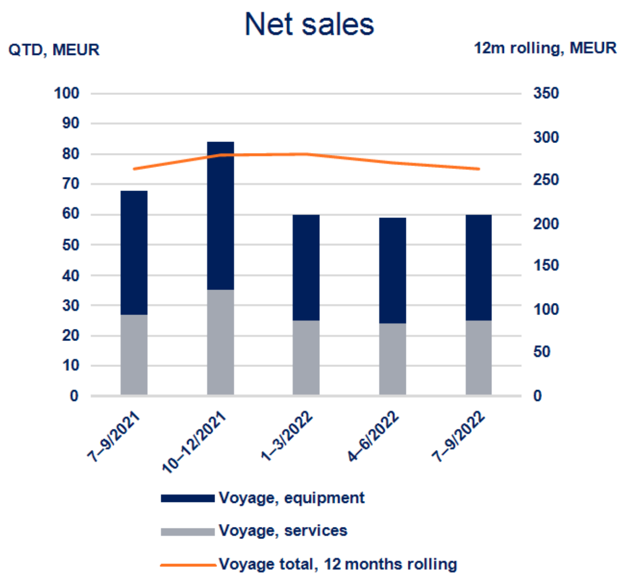
Wärtsilä Voyage transforms how vessels perform their journeys and ports manage their operations by leveraging the latest digital technologies. Using data and AI-driven software, we deliver real-time insights into operations, performance, and energy use to enhance safety, efficiency, and reliability, saving fuel and 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 and ports are integrated, and all operations are safe and sustainable.

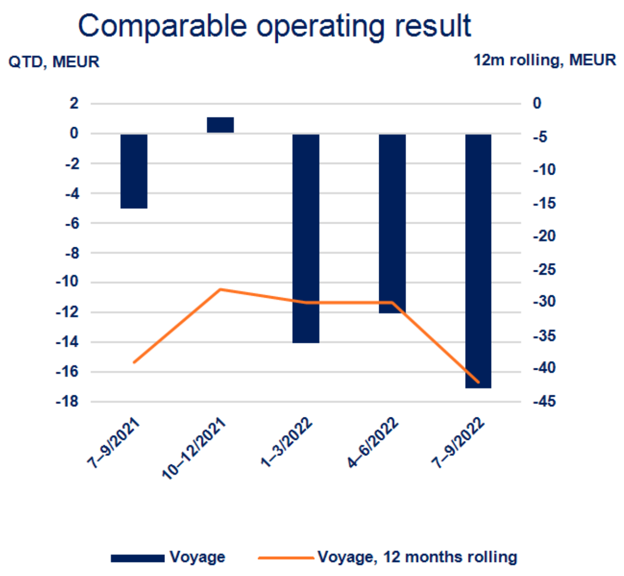
- Voyage managed to ensure business continuity for its customers without significant disruption to the business by relocating software developers primarily to Serbia and Helsinki. Serbia was ramped up as a new R&D hub for Voyage.
- Order intake further improved in the third quarter, driven by some large orders placed.
- Sales declined due to the closing down of business activities in Russia, project timing, and supply chain issues.
- Profitability declined, mainly due to closure of profitable Russian turnkey business and cost inflation.

Key figures

MEUR	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Order intake	**83**	53	58%	**215**	199	8%	292
of which services	**31**	27	17%	**90**	79	14%	109
Order book, end of period				**308**	280	10%	288
Net sales	**61**	68	-10%	**179**	195	-8%	279
of which services	**25**	27	-6%	**74**	70	5%	105
Book-to-bill	**1.37**	0.78		**1.20**	1.02		1.05
Operating result	**-16**	-11	-45%	**-174**	-37	-376%	-39
% of net sales	**-26.4**	-16.4		**-97.1**	-18.8		-14.1
Comparable operating result	**-17**	-5	-235%	**-43**	-29	-49%	-28
% of net sales	**-27.4**	-7.4		**-23.8**	-14.7		-9.9
Personnel, end of period				**1,428**	1,799	-21%	1,725







Financial development

Voyage's **order intake in July-September** increased by 58% to EUR 83 million (53) compared to the corresponding period in the previous year. Book-to-bill was 1.37 (0.78). Service order intake increased by 17% to EUR 31 million (27). Equipment order intake increased by 100% to EUR 52 million (26). The increase in order intake was mainly the result of increased economic activity and the signing of large, individual orders.

Net sales in July-September decreased by 10% to EUR 61 million (68) compared to the corresponding period in the previous year, primarily due to the closing down of business activities in Russia, as well as project timing and supply chain delays. Service net sales decreased by 6% to EUR 25 million (27). Equipment net sales decreased by 13% to EUR 35 million (41). The **comparable operating result** amounted to EUR -17 million (-5) or -27.4% of net sales (-7.4). The result was negatively impacted by closure of profitable Russian turnkey business and cost inflation. Items affecting comparability totalled EUR 1 million (-6).

Order intake in January–September increased by 8% to EUR 215 million (199) compared to the corresponding period in the previous year. Book-to-bill was 1.20 (1.02). Service order intake increased by 14% to EUR 90 million (79). Equipment order intake increased by 4% to EUR 125 million (120). The increase in order intake was mainly the result of increased economic activity, partly offset by the impact of closing down all business activities in Russia. The **order book** at the end of the period increased by 10% to EUR 308 million (280).

Net sales in January–September decreased by 8% to EUR 179 million (195) compared to the corresponding period in the previous year, primarily due to the closing down of business activities in Russia. Service net sales increased by 5% to EUR 74 million (70). Equipment net sales decreased by 15% to EUR 105 million (124). The **comparable operating result** amounted to EUR -43 million (-29) or -23.8% of net sales (-14.7). Items affecting comparability totalled EUR -131 million (-8) related to the write-down made as a result of the decision to downscale operations in Russia, as well as restructuring programmes.

Divestments

In July, Wärtsilä completed its orderly exit from the Russian market. All adjustments and closures of Wärtsilä's operations were completed in accordance with local regulations. As part of the exit, the Wärtsilä Digital Technologies office in St. Petersburg has been closed. In addition, Wärtsilä Vostok LLC was divested to the local management of the company. The financial impact of these divestments is in line with the provisions taken in the first quarter of 2022.

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.

- Strong order intake in thermal power plants, storage and service.
- Service order intake was supported by new and renewed long-term agreements across all geographical areas.
- Profitability was burdened by less favourable sales mix between equipment and services, higher volumes in storage business, which is currently loss-making, and cost inflation.

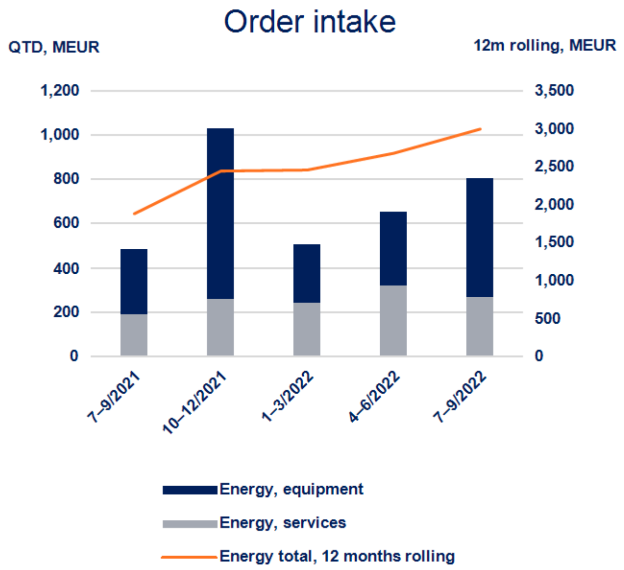
Key figures

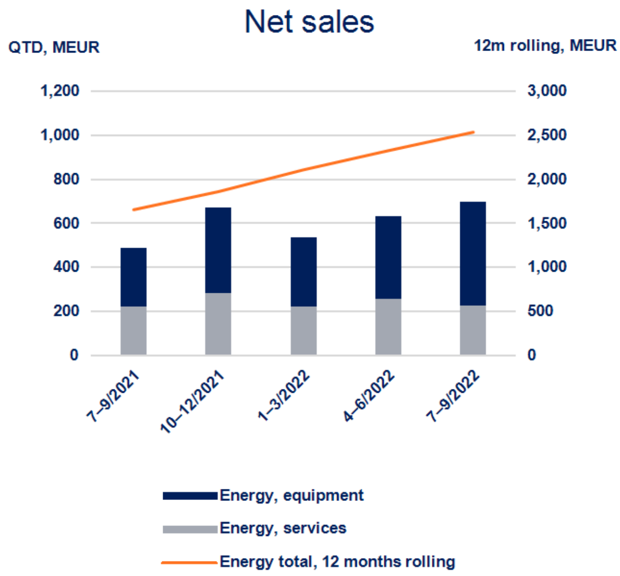
MEUR	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Order intake	**805**	486	66%	**1,965**	1,413	39%	2,444
of which services	**268**	191	40%	**829**	657	26%	916
Order book, end of period				**2,702**	2,056	31%	2,393
Net sales	**696**	487	43%	**1,864**	1,190	57%	1,861
of which services	**228**	220	3%	**708**	610	16%	891
Book-to-bill	**1.16**	1.00		**1.05**	1.19		1.31
Operating result	**34**	42	-20%	**94**	71	33%	134
% of net sales	**4.9**	8.7		**5.1**	6.0		7.2
Comparable operating result	**34**	43	-21%	**99**	72	38%	136
% of net sales	**4.9**	8.8		**5.3**	6.0		7.3
Personnel, end of period				**5,309**	4,975	7%	4,980

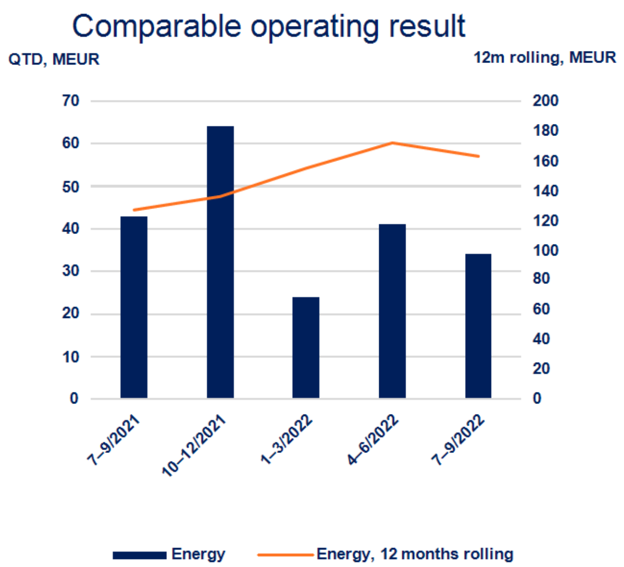
Order intake Energy

	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Gas, MW	**353**	10	3430%	**889**	366	143%	1,322
Oil, MW	**55**	19	189%	**187**	47	298%	80
Storage, MWh	**804**	1,131	-29%	**1,682**	2,456	-32%	3,053
Other*, MW	**-**	-	-	**-**	-	-	-

*Includes biofuel power plants and solar installations







Financial development

Energy's **order intake in July-September** increased by 66% to EUR 805 million (486) compared to the corresponding period in the previous year. Book-to-bill was 1.16 (1.00). Service order intake increased by 40% to EUR 268 million (191), due to new long-term agreements across all geographical areas. Equipment order intake increased by 82% to EUR 537 million (295). Strong growth specifically in thermal power plants and services, but also in storage.

Net sales in July-September increased by 43% to EUR 696 million (487) compared to the corresponding period in the previous year, with growth mainly in energy storage and thermal power plants. Service net sales increased by 3% to EUR 228 million (220), with growth in spare parts and long-term service agreements. Equipment net sales increased by 76% to EUR 468 million (267). Growth occurred in both thermal power plants and energy storage. The **comparable operating result** amounted to EUR 34 million (43) or 4.9% of net sales (8.8). Relative profitability was burdened by less favourable sales mix between equipment and services, higher volumes in storage business, which is currently loss-making, and cost inflation.

Order intake in January–September increased by 39% to EUR 1,965 million (1,413) compared to the corresponding period in the previous year. Book-to-bill was 1.05 (1.19). Service order intake increased by 26% to EUR 829 million (657). Equipment order intake increased by 50% to EUR 1,136 million (755). The **order book** at the end of the period increased by 31% to EUR 2,702 million (2,056) with growth across all business units, namely thermal power plants, energy storage, and services.

Net sales in January–September increased by 57% to EUR 1,864 million (1,190) compared to the corresponding period in the previous year. Service net sales increased by 16% to EUR 708 million (610), driven by long-term agreements and spare parts. Equipment net sales increased by 99% to EUR 1,157 million (581), with growth both in thermal power plants and energy storage, where the ramp-up of deliveries further continued. The **comparable operating result** amounted to EUR 99 million (72) or 5.3% of net sales (6.0). Relative profitability was burdened by less favourable sales mix between equipment and services, higher volumes in storage business, which is currently loss-making, and cost inflation. Items affecting comparability totalled EUR -4 million (-1) related to the write-down made as a result of the decision to downscale operations in Russia.

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	7–9/2022	7–9/2021	Change	1–9/2022	1–9/2021	Change	2021
Order intake	**13**	14	-2%	**45**	94	-52%	153
Order book, end of period				**118**	115	3%	142
Net sales	**30**	25	18%	**76**	89	-15%	121
Operating result	**-1**	-6	84%	**-4**	-11	68%	-9
% of net sales	**-3.1**	-23.5		**-4.7**	-12.4		-7.5
Comparable operating result	**0**	-2	78%	**-1**	1	-311%	2
% of net sales	**-1.5**	-8.1		**-1.5**	0.6		1.6
Personnel, end of period				**415**	481	-14%	482

Financial development

Portfolio Business' **order intake in July-September** decreased by 2% to EUR 13 million (14) compared to the corresponding period in the previous year.

Net sales in July-September increased by 18% to EUR 30 million (25) compared to the corresponding period in the previous year, due to good development in Water & Waste, as well as in the American Hydro business units. The **comparable operating result** amounted to EUR 0 million (-2) or -1.5% of net sales (-8.1) due to the improvement in Water & Waste, as well as in the American Hydro business units. Items affecting comparability totalled EUR 0 million (-4).

Order intake in January–September decreased by 52% to EUR 45 million (94) compared to the corresponding period in the previous year, due to completed divestments. The **order book** at the end of the period increased by 3% to EUR 118 million (115).

Net sales in January–September decreased by 15% to EUR 76 million (89) compared to the corresponding period in the previous year, due to completed divestments. The **comparable operating result** amounted to EUR -1 million (1) or -1.5% of net sales (0.6). Items affecting comparability totalled EUR -2 million (-12), related to completed divestment impacts.

Risks and business uncertainties

The ongoing war in Ukraine has resulted in various risks to both the demand and supply environment of various commodities globally, and increased uncertainty over the macroeconomic outlook. Business operations globally are being impacted by the increased inflationary pressure, changing trade flows and volumes, altered financial conditions, concerns over the Chinese economy, and the sanctions in place and planned against Russia. These are all contributing to a deepened slowdown in global economic growth. Further escalation of any of the abovementioned factors could result in increased uncertainty over future demand for tonnage, and higher costs to acquire, finance and operate assets. This could potentially lead to delays or reassessment of customer investments into new or existing tonnage. Furthermore, the volatility of the geopolitical environment, and the enforcement of sanctions or embargos, pose a risk to the company's customer relations and international business activities.

Ignited by the implications of the war in Ukraine, the interest rate hikes introduced by the US Federal Reserve and the European Central Bank to control surging and widespread inflation may result in a further economic slowdown and cause an elevated risk of a recession. Simultaneously, geopolitical tensions are affecting cyber security. 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.

Continued congestions at ports and disruptions to global supply chains may impact factory activities and the delivery of spare parts, while amplifying the risks associated with raw material and component prices and availability, as well as transportation costs. The announced plan to optimise the company's European engine manufacturing footprint is subject to various disruption risks.

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 as well as a lack of sufficient regulatory and financial incentives or mechanisms to support the transition may affect the investment appetite of ship owners and operators. This concerns both newbuilding programmes and the management of existing fleets. At the same time, the limited development of alternative fuel infrastructures, uncertainties concerning the regulatory environment, and the uptake of new technology may raise barriers for the green transition.

The limited ability or desire of people to travel, a new escalation of Covid-19 or any of its variants, along with higher voyage, operating and financing costs pose risks to the business profitability of ship owners and operators. Highly indebted shipowners or operators may not withstand the potential risk of higher cost of finance, a slower than expected growth in demand, and a lowered credit rating. In the offshore oil and gas industry, the uncertainty around longer-term demand for crude oil and oil price volatility are pushing oil majors to re-evaluate their spending on exploration activities and operational costs, while in the shorter term investments might pick-up due to higher oil prices and a growing focus on energy security. Any changes to the allocation of investments between traditional offshore upstream oil & gas and renewables might limit the demand for drilling or support vessels. The volatility of oil prices and any disruptions to the supply of high-sulphur fuel oil can also have a sizable impact on the price spread between high- and low-sulphur fuels. A narrower price differential, or reduced future availability of high-sulphur fuel, might weaken the case for scrubber investments.

In the energy markets, the increased probability of a global recession poses a risk for top-line growth if the economy stagnates. Uncertainty over inflation complicates investment decisions through high sensitivity to the cost of capital. Gas price volatility and increasing prices in the energy markets have a negative impact on the competitiveness of thermal baseload gas plants, and may lead to more running hours of coal and nuclear power plants. Higher fuel prices may have an impact on project viability and customer decision making. However, these are expected to have less of an impact on thermal balancing power plants with fewer running hours. The prevailing Covid-19 pandemic, currency fluctuations, and potential financing constraints are likely to postpone investment decisions on new power generation capacity. A number of countries are still struggling with the pandemic, which limits their ability to implement new infrastructure projects. This causes disturbances within global supply chains, and may temporarily slow the energy transition. 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 power system balancing will be emphasised. Changes in climate policies and regulations cause uncertainty in the markets, as they may impact technology choices for customers. Price pressure resulting from the prevailing competitive environment remains a risk. 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 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 annual report contains a more detailed description of Wärtsilä's risks and risk management.

Shares and shareholders

In January–September, the number of shares traded on Nasdaq Helsinki was 357,066,335, equivalent to a turnover of EUR 3,131 million. Wärtsilä's shares are also traded on alternative exchanges, such as CBOE DXE, Turquoise, and BATS. The total trading volume on these alternative exchanges was 148,337,134 shares.

Shares on Nasdaq Helsinki

30.9.2022	Number of shares outstanding	Number of treasury shares	Total number of shares	Number of shares traded 1–9/2022
WRT1V	590,023,390	1,700,000	591,723,390	357,066,335

1.1.2022-30.9.2022	High	Low	Average*	Close
Share price	13.22	6.48	8.78	6.58

*Trade-weighted average price

	30.9.2022	30.9.2021
Market capitalisation, EUR million	3,895	6,127
Foreign shareholders, %	50.0	52.6

Flagging notifications

During January–September, Wärtsilä was informed of the following changes in ownership:

Transaction date	Shareholder	Threshold	Direct holding, %	Total holding, %
22.2.2022	BlackRock, Inc.	Above 5%	4.81	5.01
23.2.2022	BlackRock, Inc.	Below 5%	Below 5%	Below 5%
8.4.2022	BlackRock, Inc.	Above 5%	4.86	5.00
11.4.2022	BlackRock, Inc.	Below 5%	Below 5%	Below 5%
28.4.2022	BlackRock, Inc.	Above 5%	4.88	5.04
2.5.2022	BlackRock, Inc.	Below 5%	Below 5%	Below 5%
4.5.2022	BlackRock, Inc.	Above 5%	4.83	5.01
21.6.2022	BlackRock, Inc.	Below 5%	Below 5%	Below 5%

Decisions taken by the Annual General Meeting

Wärtsilä's Annual General Meeting, held on 3 March 2022, approved the financial statements, reviewed the Remuneration Policy and Remuneration Report 2021 for Governing Bodies, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2021.

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

The audit firm PricewaterhouseCoopers Oy was elected as the company's auditor for the year 2022.

Dividend distribution

The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.24 per share in two instalments. The first instalment of EUR 0.12 per share was paid on 14 March 2022 and the second instalment of EUR 0.12 was paid on 6 October 2022.

Remuneration of the Board of Directors

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

- to the Chair EUR 200,000/year
- to the Deputy Chair EUR 105,000/year
- to the ordinary members EUR 80,000/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 25,000 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 4 March 2021 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, Risto Murto, Karen Bomba

People Committee: Chair Tom Johnstone, Johan Forssell, Karin Falk

Events after the reporting period

Wärtsilä to integrate Voyage business into Marine Power as a business unit

Wärtsilä Corporation strengthens its lifecycle offering by integrating the Voyage business into Marine Power as a business unit. The President of Wärtsilä Voyage Mr Sean Fernback will leave the company and he will be succeeded by Mr Hannu Mäntymaa (45), (M.Sc.Eng) with immediate effect. Mr Mäntymaa, currently VP, Performance Services in Wärtsilä Marine Power, will take over to lead the integration process until year-end and will join Wärtsilä's Board of Management for the interim period. He will then continue as the Head of the future Voyage business unit as the integrated organisation becomes effective as of January 1, 2023. With the same starting date, the financial figures of the Voyage business unit will be consolidated into Marine Power financials.

Wärtsilä's interim report January–September 2022

This interim report 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 2021, except for the IFRS amendments 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 benefit pension 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.

The economic uncertainties caused by the Russia-Ukraine war, and the consequential political events and sanctions have resulted in a situation where it is not viable for Wärtsilä to maintain activities in Russia. Considering the current operating environment, Wärtsilä has written down the related assets. In Wärtsilä Voyage, goodwill and other intangible assets have been impaired. The impairment recognised is a result of the management's best estimate of the recoverability of the intangible assets under current circumstances. More information on the impairment testing is available in section Intangible assets and property, plant and equipment. As the sanctions prevent Wärtsilä from doing business in Russia, as well as with Russian customers, also accumulated project costs and receivables have been written down. Changes in the sanctions regimes can have a significant impact on the estimates of their recoverability. The full impact of the war is difficult to estimate. More details in section Impacts of Russia-Ukraine war.

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.

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 168,851 shares. These shares are considered as potential ordinary shares causing dilutive effect to the EPS.

Weighted average number of shares outstanding during the period	**590,023,390**
Weighted average number of dilutive potential ordinary shares during the period	**168,851**
Weighted average number of shares outstanding during the period to be used in the calculation of diluted EPS	**590,192,241**

New and amended IFRS standards

In 2022, the Group has adopted the following 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 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 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 do not have a significant impact on the consolidated financial statements.

In 2023 or later, the Group will adopt the following new or amended standards issued by the IASB.

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, and they are not expected to have a significant impact on the consolidated financial statements.

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 standard is not expected to have a significant impact on the consolidated financial statements.

* Not yet endorsed for use by the European Union as of 30 September 2022.

This interim report is unaudited.

Condensed statement of income

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Net sales	**1,433**	1,103	**4,072**	3,181	4,778
Other operating income	**21**	32	**47**	55	85
Expenses	**-1,398**	-1,020	**-3,979**	-2,945	-4,388
Result from net position hedges	**3**		**3**	-2	-2
Depreciation, amortisation and impairment	**-51**	-41	**-207**	-122	-162
Share of result of associates and joint ventures	**2**	1	**2**	2	3
Operating result	**10**	75	**-62**	170	314
Financial income and expenses	**-2**	-1	**-5**	-7	-18
Profit before taxes	**7**	74	**-67**	162	296
Income taxes	**-5**	-25	**-20**	-54	-103
Profit for the reporting period	**3**	50	**-87**	108	193
Attributable to:					
equity holders of the parent company	**-1**	49	**-93**	110	194
non-controlling interests	**3**	1	**5**	-1	
	3	50	**-87**	108	193
Earnings per share attributable to equity holders of the parent company:					
Earnings per share (EPS), basic, EUR	**0.00**	0.08	**-0.16**	0.19	0.33
Earnings per share (EPS), diluted, EUR	**0.00**	0.08	**-0.16**	0.19	0.33

Statement of other comprehensive income

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Profit for the reporting period	**3**	50	**-87**	108	193
Other comprehensive income, net of taxes:					
Items that will not be reclassified to the statement of income					
Remeasurements of defined benefit liabilities	**1**	1	**25**		10
Tax on items that will not be reclassified to the statement of income			**-5**		-2
Total items that will not be reclassified to the statement of income	**1**		**20**		9
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	**-1**	7	**9**	48	72
for non-controlling interests					-1
Associates and joint ventures, share of other comprehensive income		1	**1**	2	3
Cash flow hedges	**4**	-7	**-6**	-3	-9
Tax on items that may be reclassified to the statement of income	**-2**	1		-1	
Total items that may be reclassified to the statement of income	**1**	1	**3**	46	65
Other comprehensive income for the reporting period, net of taxes	**2**	2	**23**	46	73
Total comprehensive income for the reporting period	**5**	51	**-65**	154	267
Total comprehensive income attributable to:					
equity holders of the parent company	**5**	50	**-65**	155	268
non-controlling interests		1		-1	-1
	5	51	**-65**	154	267

Condensed statement of financial position

MEUR	30.9.2022	30.9.2021	31.12.2021
Non-current assets			
Intangible assets	**1,720**	1,752	1,776
Property, plant and equipment	**312**	302	312
Right-of-use assets	**237**	184	192
Investments in associates and joint ventures	**28**	24	27
Other investments	**19**	18	18
Deferred tax assets	**201**	205	167
Other receivables	**39**	48	48
Total non-current assets	**2,555**	2,534	2,539
Current assets			
Inventories	**1,346**	1,310	1,185
Other receivables	**2,173**	1,581	1,833
Cash and cash equivalents	**554**	707	964
Total current assets	**4,073**	3,598	3,982
Assets held for sale	**3**	2	2
Total assets	**6,630**	6,134	6,523
Equity			
Share capital	**336**	336	336
Other equity	**1,770**	1,865	1,979
Total equity attributable to equity holders of the parent company	**2,106**	2,201	2,315
Non-controlling interests	**11**	8	8
Total equity	**2,117**	2,209	2,323
Non-current liabilities			
Lease liabilities	**203**	149	157
Other interest-bearing debt	**524**	703	694
Deferred tax liabilities	**62**	66	65
Other liabilities	**221**	248	236
Total non-current liabilities	**1,010**	1,165	1,153
Current liabilities			
Lease liabilities	**43**	40	39
Other interest-bearing debt	**166**	130	82
Other liabilities	**3,294**	2,589	2,925
Total current liabilities	**3,503**	2,759	3,047
Total liabilities	**4,513**	3,924	4,199
Total equity and liabilities	**6,630**	6,134	6,523

Condensed statement of cash flows

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Cash flow from operating activities:					
Profit for the reporting period	**3**	50	**-87**	108	193
Adjustments for:					
depreciation, amortisation and impairment	**51**	41	**207**	122	162
financial income and expenses	**2**	1	**5**	7	18
gains and losses on sale of intangible assets and property, plant and equipment and other changes	**4**	-1	**24**	1	
share of result of associates and joint ventures	**-2**	-1	**-2**	-2	-3
income taxes	**5**	25	**20**	54	103
other non-cash flow adjustments	**-11**	2	**67**	5	6
Cash flow before changes in working capital	**52**	117	**233**	295	478
Changes in working capital	**54**	-49	**-277**	151	363
Cash flow from operating activities before financial items and taxes	**107**	68	**-44**	446	841
Financial items and paid taxes	**-7**	-19	**-68**	-85	-111
Cash flow from operating activities	**100**	49	**-113**	360	731
Cash flow from investing activities:					
Investments in shares and acquisitions			**-4**		-1
Net investments in property, plant and equipment and intangible assets	**-23**	-34	**-92**	-96	-137
Proceeds from sale of shares in subsidiaries, associated companies and other investments	**-5**	-2	**-9**	10	10
Cash flow from investing activities	**-28**	-36	**-106**	-86	-128
Cash flow from financing activities:					
Repurchase of own shares				-18	-18
Repayments and other changes in non-current debt	**-22**	-172	**-128**	-375	-433
Changes in current loans and other changes	**-2**	1	**-5**	-3	-8
Dividends paid	**-1**	-50	**-74**	-111	-121
Cash flow from financing activities	**-26**	-221	**-206**	-507	-580
Change in cash and cash equivalents, increase (+)/decrease (-)	**46**	-209	**-425**	-232	22
Cash and cash equivalents at the beginning of the reporting period*	**506**	912	**964**	932	932
Exchange rate changes	**2**	3	**15**	7	10
Cash and cash equivalents at the end of the reporting period*	**554**	707	**554**	707	964

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

Consolidated statement of changes in equity

MEUR	Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Non-controlling interests	Total equity
	Total equity attributable to equity holders of the parent company							
Equity on 1 January 2022	**336**	**61**	**-122**	**-18**	**-36**	**2,094**	**8**	**2,323**
Total comprehensive income for the reporting period			**10**	**-7**	**20**	**-93**	**5**	**-65**
Transactions with equity holders of the parent company and non-controlling interests								
Dividends paid						**-142**	**-2**	**-144**
Share-based payments						**3**		**3**
Equity on 30 September 2022	**336**	**61**	**-112**	**-25**	**-16**	**1,862**	**11**	**2,117**

MEUR	Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Non-controlling interests	Total equity
	Total equity attributable to equity holders of the parent company							
Equity on 1 January 2021	336	61	-197	-9	-45	2,030	11	2,188
Total comprehensive income for the reporting period			50	-4		110	-1	154
Transactions with equity holders of the parent company and non-controlling interests								
Dividends paid						-118	-2	-120
Repurchase of own shares						-18		-18
Share-based payments						5		5
Equity on 30 September 2021	336	61	-147	-13	-45	2,009	8	2,209

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 included Tank Control Systems business unit until it was divested on 14 January 2022.

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Net sales					
Marine Power	**462**	382	**1,421**	1,273	1,863
Marine Systems	**184**	142	**532**	433	654
Voyage	**61**	68	**179**	195	279
Energy	**696**	487	**1,864**	1,190	1,861
Portfolio Business	**30**	25	**76**	89	121
Total	**1,433**	1,103	**4,072**	3,181	4,778
Depreciation, amortisation and impairment					
Marine Power	**-33**	-18	**-71**	-55	-73
Marine Systems	**-4**	-5	**-13**	-15	-20
Voyage	**-4**	-6	**-95**	-17	-23
Energy	**-9**	-7	**-24**	-22	-31
Portfolio Business	**-1**	-4	**-3**	-13	-14
Total	**-51**	-41	**-207**	-122	-162
Share of result of associates and joint ventures					
Marine Power	**2**	1	**2**	2	3
Total	**2**	1	**2**	2	3
Operating result					
Marine Power	**-24**	36	**-13**	112	180
Marine Systems	**17**	14	**33**	34	47
Voyage	**-16**	-11	**-174**	-37	-39
Energy	**34**	42	**94**	71	134
Portfolio Business	**-1**	-6	**-4**	-11	-9
Total	**10**	75	**-62**	170	314
Operating result as a percentage of net sales (%)					
Marine Power	**-5.3**	9.4	**-0.9**	8.8	9.7
Marine Systems	**9.3**	10.1	**6.3**	7.8	7.2
Voyage	**-26.4**	-16.4	**-97.1**	-18.8	-14.1
Energy	**4.9**	8.7	**5.1**	6.0	7.2
Portfolio Business	**-3.1**	-23.5	**-4.7**	-12.4	-7.5
Total	**0.7**	6.8	**-1.5**	5.3	6.6

Comparable operating result					
Marine Power	**48**	37	**137**	120	195
Marine Systems	**17**	14	**40**	35	52
Voyage	**-17**	-5	**-43**	-29	-28
Energy	**34**	43	**99**	72	136
Portfolio Business		-2	**-1**	1	2
Total	**82**	87	**232**	199	357
Comparable operating result as a percentage of net sales (%)					
Marine Power	**10.3**	9.7	**9.6**	9.5	10.5
Marine Systems	**9.3**	10.2	**7.6**	8.1	7.9
Voyage	**-27.4**	-7.4	**-23.8**	-14.7	-9.9
Energy	**4.9**	8.8	**5.3**	6.0	7.3
Portfolio Business	**-1.5**	-8.1	**-1.5**	0.6	1.6
Total	**5.7**	7.9	**5.7**	6.3	7.5

Net sales by geographical areas

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Europe	**360**	362	**1,215**	1,115	1,591
Asia	**388**	295	**1,082**	938	1,464
The Americas	**549**	321	**1,386**	814	1,286
Other	**136**	126	**389**	314	437
Total	**1,433**	1,103	**4,072**	3,181	4,778

Service net sales

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Net sales					
Marine Power, service*	**334**	278	**992**	850	1,201
Marine Systems, service*	**56**	48	**164**	138	204
Voyage, service	**25**	27	**74**	70	105
Energy, service	**228**	220	**708**	610	891
Portfolio Business, service	**21**	16	**54**	48	67
Total	**664**	589	**1,991**	1,717	2,467

* Comparison figures have been adjusted to reflect a change in categorisation between equipment and service net sales.

Measures of profit and items affecting comparability

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
Comparable adjusted EBITA	**87**	95	**250**	223	388
Purchase price allocation amortisation	**-6**	-8	**-18**	-24	-31
Comparable operating result	**82**	87	**232**	199	357
Items affecting comparability:					
Social plan costs	**-43**	-4	**-43**	-10	-14
Impairment and write-downs	**-10**	-3	**-181**	-10	-10
Gains and losses on disposal of assets	**2**		**-18**	-1	-1
Other costs	**-21**	-4	**-53**	-8	-18
Items affecting comparability, total	**-72**	-12	**-294**	-29	-43
Operating result	**10**	75	**-62**	170	314

Impacts of Russia-Ukraine war

After Russia's attack on Ukraine, Wärtsilä suspended all deliveries, sales, orders, and bidding to Russia. Wärtsilä complies with all trade sanctions applicable to its operations. In the current environment, it is not viable for Wärtsilä to maintain activities in Russia, and therefore all operations in Russia will be adjusted and closed in accordance with the local regulations.

As a result, Wärtsilä has recognised write-downs of approximately EUR 200 million during the first quarter of 2022. The write-downs include an impairment of approximately EUR 75 million related to goodwill and other intangible assets in Voyage, an impairment of approximately EUR 50 million related to assets in Russia, and write-downs of approximately EUR 75 million related to trade-sanctioned projects and receivables. The write-downs are recognised as expenses and depreciation, amortisation and impairment in the statement of income. Comparable operating result is not affected as the write-downs are treated as items affecting comparability.

Wärtsilä completed its orderly exit from the Russian market in July. As part of the exit, Wärtsilä divested Transas Newbuilding Limited and Transas Navigator Ltd. in June, and Vostok LLC in July. In addition, the Wärtsilä Digital Technologies office in Saint Petersburg was closed. The disposals' financial impact was included in the write-downs recognised already during the first quarter.

Acquisitions

In June, Wärtsilä acquired 100% of Altyn Consulting Inc. (PortLink), a global port solutions company headquartered in Vancouver, Canada. PortLink is a leading provider of port efficiency solutions, including Port Management Information Systems (PMIS), Port Community Systems (PCS), Pilotage Dispatch systems and Local Port Services (LPS). The move will speed Wärtsilä Voyage along its path towards creating an end-to-end connected maritime ecosystem in which intelligent port logistics solutions play a nodal role.

The purchase price is approximately EUR 8 million resulting in a goodwill of approximately EUR 7 million.

Disposals

On 11 July, Wärtsilä divested Vostok LLC, and on 28 June, Wärtsilä divested Transas Newbuilding Limited and Transas Navigator Ltd. All companies were sold to their local management. The impact of the divestments on the profit for the reporting period is approximately EUR -36 million, which was recognised in the statement of income during the first quarter of 2022 as part of the impacts of Russia-Ukraine war. All companies belonged to Voyage.

On 14 January, Wärtsilä divested Tank Control Systems business unit to Svanehøj, a Danish gas pump specialist. The divestment was announced in September 2021.

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 impact of the divestment on the profit for the reporting period is not significant. Tank Control Systems business unit belonged to Portfolio Business.

Assets held for sale

Wärtsilä has classified Delivery Centre Santander as assets held for sale since the second quarter of 2021. The divestment of Delivery Centre Santander to Javier Cavada Corporación Cantabria was announced in May 2021. Completion of the transaction is expected in the fourth quarter of 2022. Delivery Centre Santander belongs to Marine Power.

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 and timing of satisfying performance obligations

MEUR	7–9/2022	7–9/2021	1–9/2022	1–9/2021	2021
At a point in time					
Products	**328**	281	**982**	822	1,165
Goods and services	**138**	130	**424**	372	535
Projects	**284**	269	**785**	868	1,332
Total	**749**	679	**2,191**	2,062	3,032
Over time					
Projects	**534**	312	**1,442**	775	1,252
Long-term agreements	**150**	112	**439**	344	494
Total	**684**	424	**1,881**	1,119	1,746
Total	**1,433**	1,103	**4,072**	3,181	4,778

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	1–9/2022	1–9/2021	2021
Intangible assets			
Carrying amount on 1 January	**1,776**	1,716	1,716
Changes in exchange rates	**1**	35	54
Acquisitions and disposals	**8**	-4	
Additions	**57**	40	62
Amortisation and impairment	**-120**	-40	-53
Decreases and reclassifications	**-2**	5	-4
Carrying amount at the end of the reporting period	**1,720**	1,752	1,776
Property, plant and equipment			
Carrying amount on 1 January	**312**	282	282
Changes in exchange rates	**4**	3	4
Acquisitions and disposals		-3	
Additions	**50**	59	82
Depreciation and impairment	**-48**	-38	-51
Decreases and reclassifications	**-7**		-5
Carrying amount at the end of the reporting period	**312**	302	312

Additional impairment testing of cash generating unit Voyage

Due to the uncertainties in the current operating environment resulting from the Russia-Ukraine war, Wärtsilä has performed an additional impairment testing for cash generating unit (CGU) Voyage during the first quarter of 2022. The recoverable amount of the CGU was based on four-year cash flow projections. Cash flows beyond the four-year period were calculated using a terminal value method. Due to exceptionally volatile circumstances, a weighted average of different scenarios was applied. As a result of the additional impairment testing, an impairment loss of EUR 73 million has been recognised in the statement of income related to goodwill and other intangible assets.

Leases

MEUR	1–9/2022	1–9/2021	2021
Land and buildings, right-of-use assets			
Carrying amount on 1 January	**181**	151	151
Changes in exchange rates	**1**	2	3
Acquisitions and disposals	**-3**	-1	-1
Additions	**84**	56	75
Depreciation and impairment	**-33**	-30	-41
Decreases and reclassifications	**-2**	-4	-6
Carrying amount at the end of the reporting period	**228**	173	181
Machinery and equipment, right-of-use assets			
Carrying amount on 1 January	**11**	11	11
Additions	**4**	5	7
Depreciation and impairment	**-6**	-5	-6
Carrying amount at the end of the reporting period	**9**	11	11
Lease liabilities			
Carrying amount on 1 January	**197**	166	166
Changes in exchange rates		2	3
Acquisitions and disposals	**-3**	-1	
Additions	**88**	61	82
Payments	**-35**	-35	-47
Other adjustments	**-3**	-4	-8
Carrying amount at the end of the reporting period	**246**	189	197
Amounts recognised in statement of income			
Depreciation and impairment	**-38**	-35	-47
Interest expenses	**-3**	-3	-4
Expense – short-term leases	**-21**	-21	-28
Expense – leases of low-value assets	**-4**	-4	-5
Expense – variable lease payments	**-4**	-4	-5

Gross capital expenditure

MEUR	1–9/2022	1–9/2021	2021
Investments in securities and acquisitions	**4**		1
Investments in intangible assets and property, plant and equipment	**107**	98	142
Total	**111**	98	143

Net interest-bearing debt

MEUR	1–9/2022	1–9/2021	2021
Lease liabilities, non-current	**203**	149	157
Other interest-bearing debt, non-current	**524**	703	694
Lease liabilities, current	**43**	40	39
Other interest-bearing debt, current	**166**	130	82
Total interest-bearing liabilities	**936**	1,021	973
Interest-bearing receivables	**-5**	-6	-5
Cash and cash equivalents	**-554**	-707	-964
Total interest-bearing assets	**-560**	-712	-969
Total net interest-bearing debt	**377**	309	4

Financial ratios

	1–9/2022	1–9/2021	2021
Earnings per share (EPS), basic, EUR	**-0.16**	0.19	0.33
Earnings per share (EPS), diluted, EUR	**-0.16**	0.19	0.33
Equity per share, EUR	**3.57**	3.73	3.92
Solvency ratio, %	**34.5**	39.3	38.6
Gearing	**0.18**	0.14	0.00
Return on investment (ROI), %	**3.5**	8.0	9.7
Return on equity (ROE), %	**-0.1**	7.7	8.6

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

Personnel

	1–9/2022	1–9/2021	2021
On average	**17,438**	17,516	17,461
At the end of the reporting period	**17,585**	17,303	17,305

Contingent liabilities

MEUR	1–9/2022	1–9/2021	2021
Mortgages	**10**	10	10
Chattel mortgages and other pledges and securities	**15**	9	7
Total	**25**	19	17
Guarantees and contingent liabilities			
on behalf of Group companies	**1,041**	1,079	1,065
Nominal amounts of lease liabilities			
Low-value lease liabilities	**12**	11	11
Short-term lease liabilities	**3**	3	4
Leases not yet commenced, but to which Wärtsilä is committed	**14**	146	120
Residual value guarantee	**90**	18	30
Total	**1,160**	1,257	1,231

Nominal values of derivative instruments

MEUR	Total amount	of which closed
Interest rate swaps	**207**	
Cross currency swaps	**142**	
Foreign exchange forward contracts	**1,548**	**825**
Total	**1,897**	**825**

In addition, the Group had copper futures and swaps amounting to 1,073 tons.

Fair values

Fair value measurements at the end of the reporting period:

MEUR	Carrying amounts of the statement of financial position items	Fair value
Financial assets		
Other investments (level 3)	**19**	**19**
Interest-bearing investments, non-current (level 2)	**5**	**5**
Other receivables, non-current (level 2)	**1**	**1**
Derivatives (level 2)	**38**	**38**
Financial liabilities		
Interest-bearing debt, non-current (level 2)	**727**	**715**
Derivatives (level 2)	**56**	**56**

Events after the reporting period

In October, Wärtsilä announced that, effective as of 1 January 2023, Wärtsilä Voyage Business will be integrated into Wärtsilä Marine Power Business as a business unit to strengthen end-to-end offering and to accelerate net sales.

Quarterly figures

MEUR	7–9/ 2022	4–6/ 2022	1–3/ 2022	10–12/ 2021	7–9/ 2021	4–6/ 2021	1–3/ 2021	10–12/ 2020	7–9/ 2020
Order intake									
Marine Power	**588**	**559**	**599**	659	443	463	446	440	410
Marine Systems	**126**	**140**	**198**	308	191	183	153	133	174
Voyage	**83**	**65**	**66**	93	53	60	86	55	44
Energy	**805**	**654**	**507**	1,031	486	433	493	469	319
Portfolio Business	**13**	**22**	**10**	59	14	14	66	21	34
Total	**1,616**	**1,440**	**1,380**	2,150	1,186	1,154	1,244	1,118	981
Order book at the end of the reporting period									
Marine Power	**2,148**	**2,003**	**2,151**	1,994	1,930	1,860	1,882	1,839	1,908
Marine Systems	**953**	**1,013**	**1,089**	1,042	944	912	887	857	872
Voyage	**308**	**284**	**293**	288	280	295	305	275	289
Energy	**2,702**	**2,506**	**2,442**	2,393	2,056	2,035	2,029	1,830	1,865
Portfolio Business	**118**	**131**	**132**	142	115	135	297	257	331
Total	**6,229**	**5,936**	**6,107**	5,859	5,325	5,238	5,399	5,057	5,265
Net sales									
Marine Power	**462**	**503**	**455**	589	382	466	426	489	382
Marine Systems	**184**	**185**	**163**	221	142	150	142	167	169
Voyage	**61**	**58**	**60**	84	68	68	59	68	54
Energy	**696**	**633**	**535**	670	487	416	288	465	347
Portfolio Business	**30**	**28**	**18**	32	25	31	33	30	43
Total	**1,433**	**1,407**	**1,231**	1,597	1,103	1,131	946	1,220	995
Share of result of associates and joint ventures	**2**			1	1	1	1		
Comparable adjusted EBITA	**87**	**91**	**72**	165	95	79	49	111	69
as a percentage of net sales	**6.1**	**6.4**	**5.9**	10.4	8.6	7.0	5.1	9.1	7.0
Depreciation, amortisation and impairment	**-51**	**-34**	**-122**	-40	-41	-42	-39	-49	-47
Purchase price allocation amortisation	**-6**	**-5**	**-7**	-8	-8	-8	-8	-8	-8
Comparable operating result	**82**	**85**	**65**	158	87	71	41	103	61

as a percentage of net sales	**5.7**	**6.1**	**5.3**	9.9	7.9	6.3	4.3	8.4	6.1
Items affecting comparability, total	**-72**	**-10**	**-212**	-14	-12	-14	-4	-13	-18
Operating result	**10**	**75**	**-147**	144	75	58	36	90	43
as a percentage of net sales	**0.7**	**5.3**	**-11.9**	9.0	6.8	5.1	3.8	7.4	4.3
Financial income and expenses	**-2**	**-2**		-10	-1	-5	-1	-12	-9
Profit before taxes	**7**	**72**	**-147**	134	74	53	35	78	34
Income taxes	**-5**	**-20**	**5**	-49	-25	-18	-11	-23	-9
Profit for the reporting period	**3**	**52**	**-142**	85	50	35	24	55	25
Earnings per share (EPS), basic, EUR	**0.00**	**0.09**	**-0.24**	0.14	0.08	0.06	0.04	0.10	0.04
Earnings per share (EPS), diluted, EUR	**0.00**	**0.09**	**-0.24**	0.14	0.08	0.06	-	-	-
Gross capital expenditure	**37**	**40**	**35**	45	35	34	29	38	25
Investments in securities and acquisitions		**4**	**1**	1				1	1
Cash flow from operating activities	**100**	**-90**	**-122**	370	49	245	67	274	114
Working capital (WCAP) at the end of the reporting period	**108**	**168**	**-18**	-100	107	73	243	257	431
Personnel at the end of the reporting period									
Marine Power	**8,534**	**8,426**	**8,261**	8,224	8,157	8,131	8,317	8,355	8,412
Marine Systems	**1,899**	**1,880**	**1,862**	1,894	1,891	1,882	1,864	1,897	1,891
Voyage	**1,428**	**1,569**	**1,722**	1,725	1,799	1,865	1,925	1,915	1,946
Energy	**5,309**	**5,247**	**5,073**	4,980	4,975	4,953	4,905	4,888	4,837
Portfolio Business	**415**	**425**	**433**	482	481	555	732	737	1,097
Total	**17,585**	**17,547**	**17,351**	17,305	17,303	17,386	17,742	17,792	18,183

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

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

Earnings per share (EPS), diluted

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

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
Non-current and current lease liabilities + non-current and current other interest-bearing debt – interest-bearing receivables – cash and cash equivalents

Equity per share

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

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)

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

Return on equity (ROE)

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

Order intake

Total amount of orders received during the reporting period to be delivered either during the current reporting 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)

24 October 2022
Wärtsilä Corporation
Board of Directors