Wärtsilä Corporation

Financial Statements Bulletin

January – December 2023

All-time highs in order intake, net sales and cash flow in 2023

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period of the previous year.

Highlights from October–December 2023

- Order intake increased by 13% to EUR 1,856 million (1,638), and the organic growth, which excludes FX impact and the impact of acquisitions and divestments, was 21%
- Service order intake increased by 11% to EUR 876 million (791)
- Net sales decreased by 7% to EUR 1,644 million (1,770), and the organic decrease was 3%
- Book-to-bill amounted to 1.13 (0.93)
- Comparable operating result increased by 90% to EUR 177 million (93), which represents 10.8% of net sales (5.3)
- Operating result increased by 248% to EUR 128 million (37), which represents 7.8% of net sales (2.1)
- Basic earnings per share increased to 0.16 euro (0.05)
- Cash flow from operating activities increased to EUR 389 million (51)

Highlights from January–December 2023

- Order intake increased by 16% to EUR 7,070 million (6,074), and the organic growth was 22%
- Service order intake increased by 15% to EUR 3,519 million (3,066)
- Order book at the end of the period increased by 13% to EUR 6,694 million (5,906)
- Net sales increased by 3% to EUR 6,015 million (5,842), and the organic growth was 7%
- Book-to-bill amounted to 1.18 (1.04)
- Comparable operating result increased by 53% to EUR 497 million (325), which represents 8.3% of net sales (5.6)
- Operating result increased by EUR 427 million to EUR 402 million (-26), which represents 6.7% of net sales (-0.4)
- Basic earnings per share increased to 0.44 euro (-0.11)
- Cash flow from operating activities increased to EUR 822 million (-62)
- Dividend proposal 0.32 euro per share (0.26)

Key figures

MEUR	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Order intake	**1,856**	1,638	13%	**7,070**	6,074	16%
of which services	**876**	791	11%	**3,519**	3,066	15%
of which equipment	**980**	848	16%	**3,550**	3,008	18%
Order book, end of period				**6,694**	5,906	13%
Net sales	**1,644**	1,770	-7%	**6,015**	5,842	3%
of which services	**843**	784	8%	**3,148**	2,775	13%
of which equipment	**800**	987	-19%	**2,867**	3,067	-7%
Book-to-bill	**1.13**	0.93		**1.18**	1.04	
Comparable adjusted EBITA*	**182**	99	85%	**518**	349	48%
% of net sales	**11.1**	5.6		**8.6**	6.0	
Comparable operating result	**177**	93	90%	**497**	325	53%
% of net sales	**10.8**	5.3		**8.3**	5.6	
Operating result	**128**	37	248%	**402**	-26	
% of net sales	**7.8**	2.1		**6.7**	-0.4	
Result before taxes	**120**	35	242%	**364**	-32	
Basic earnings/share, EUR	**0.16**	0.05		**0.44**	-0.11	
Cash flow from operating activities	**389**	51		**822**	-62	
Net interest-bearing debt, end of period				**35**	481	
Gearing				**0.02**	0.23	
Solvency, %				**37.0**	35.3	

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

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

Wärtsilä's prospects

Marine

Wärtsilä expects the demand environment for the next 12 months (Q1/2024-Q4/2024) to be better than that of the comparison period.

Energy

Wärtsilä expects the demand environment for the next 12 months (Q1/2024-Q4/2024) to be better than that of the comparison period.

Håkan Agnevall, President & CEO: Improving profitability and continuing service growth

"In 2023, Wärtsilä continued to develop positively in many ways. Our financial performance improved steadily throughout the year, and we achieved all-time highs in order intake, net sales, and cash flow from operating activities. We improved our profitability through growing services, improving the quality of revenues, and progressing in turning around Energy Storage & Optimisation and former Voyage operations. We mitigated the headwinds from cost inflation, geopolitical concerns, and a slowdown of global economic growth. The market sentiment for our businesses remained fairly positive in both marine and energy, and we maintained our focus on executing our strategy and supporting our customers in their decarbonisation journeys.

In the energy market, climate policy reached new milestones in 2023. At COP28, the United Nations Climate Change Conference, more than 120 countries pledged to triple global renewable energy capacity by 2030. The COP28 final declaration also called for transitioning away from fossil fuels, in line with Wärtsilä's vision of a 100% renewable energy future and our readiness to enable engines to run on future fuels. During the year, the macroeconomy caused uncertainty in the overall investment environment, delaying decision-making especially in the engine power plants business. After a slow first three quarters of the year, our engine power plants business significantly picked up and achieved good order intake during the fourth quarter. As an example, we signed a contract to supply two 30 MW power plants for Indonesian state-owned utility PLN, each of them operating with three Wärtsilä 31DF dual-fuel engines. Wärtsilä's engines will deliver high efficiency, reliable power generation, and fuel flexibility to contribute to Indonesia's decarbonisation efforts.

In the marine market, the investment appetite for new ships remained healthy in 2023, despite capacity limitations at the main shipyards in South Korea and China and further increases in newbuild prices. In July, the International Maritime Organisation (IMO) updated its strategy on cutting greenhouse gas emissions from ships, with a more stringent goal of reaching net zero emissions by or around 2050. As a result, stakeholders are now more aligned globally on the requirements and investments needed to decarbonise the industry. This will accelerate the decarbonisation transition in marine where Wärtsilä solutions can make a real difference. Decarbonisation provides notable opportunities, not only for newbuilds, but also for retrofits and conversions as shipowners and operators seek to keep their existing fleets compliant and competitive. As an example, during the fourth quarter we agreed to retrofit ten tankers for the Singapore head-quartered global tanker operator Hafnia with our EnergoFlow and EnergoProFin propulsion solutions. With these Wärtsilä's solutions, fuel efficiency is improved, emissions are reduced, operating costs are lowered, and both the Carbon Intensity Indicator (CII) rating and Energy Efficiency Existing Ship Index (EEXI) value are improved.

The ongoing war in Ukraine and the conflict in the Middle East have resulted in various risks to both the demand and supply environment. The heightened geopolitical tensions have increased risks related to further geopolitical fragmentation and increased overall uncertainty to the macroeconomic outlook. We have also seen disruptions at key waterways, which have led to longer trade distances and increased costs for shipowners and operators.

In 2023, order intake grew organically at 22%, and net sales organically at 7%. Equipment net sales decreased in Marine Systems and engine power plants. The comparable operating result increased by 53% to EUR 497 million with a comparable operating margin of 8.3%. This was mostly driven by continued growth in services and improved quality of revenues. Services accounted for 52% of our net sales, and we see additional growth opportunities by continuing to move up the service value ladder. Around 30% of our installed base is now under agreement coverage, and we are very proud that the customer renewal rate for our agreements is around 90%. This is a proof point of the value we are creating for our customers. After continued growth and operational improvements, our Energy Storage & Optimisation (ES&O) business is now profitable, and the turnaround of the business activities that earlier formed Voyage is now also going according to plan. Additionally, the delivery projects that we captured before the acceleration of cost inflation, and which burdened our profitability in 2022 and for the first three quarters of 2023, are delivered and are no longer a part of our orderbook. Our profitability was hampered by a single sizeable turnkey project in Gas Solutions, for which we took a total provision of EUR 48 million in 2023. Gas Solutions ceased offering turnkey projects several years ago, and the project in question is nearing completion. Cash flow from our operating activities significantly improved to EUR 822 million, driven by a better operating result, good level of received customer payments, and our continued working capital optimisation.

During the year, we actively managed our business portfolio to best support our strategy. Earlier in the year, the Automation, Navigation & Control Systems (ANCS) and the Marine Electrical Systems business units were moved from Marine Systems to Portfolio Business in preparation for a divestment. In November, we announced that the Gas Solutions business unit will also be moved to Portfolio Business, while the remaining two Marine Systems business units – Shaft Line Solutions and Exhaust Treatment – will be moved to Marine Power. From the beginning of 2024, Wärtsilä has two reporting segments: Marine and Energy. Portfolio Business will continue to be reported as other business activities. In October, we announced a strategic review of ES&O to accelerate its profitable growth in a way that benefits its customers, employees, and the value creation for Wärtsilä shareholders. This review is still ongoing, during which all potential alternatives will be considered. Such alternatives could include different ownership options of the ES&O business from continued full ownership to potential full or partial divestment of the business or other possible strategic alternatives.

To support our decarbonisation technology development, we have increased our R&D spending from the historical average of ~3% of net sales to ~4%. In 2023, we launched the world's first 100% 4-stroke ammonia solution for marine applications, which will enable a significant advancement in sustainable shipping operations. We also introduced another four methanol-ready engines to our portfolio, setting a new industry benchmark with the broadest methanol engine portfolio. In 2025, we will deliver an engine concept ready for operating with pure hydrogen. We have also been testing our maritime carbon capture and storage (CCS) system at a 70% capture rate. We are preparing for the first pilot installation to take place in 2024 with the intention of launching the product in 2025. While much of the decarbonisation work is still ahead, Wärtsilä already today has solutions and technologies that enable the transition to low-emission shipping and 100% renewable power systems.

We expect the demand environment for the coming 12 months to be better than the comparison period in both the Marine business and in the Energy business. We are on a clear path to reach our financial targets. Key drivers for reaching our profitability target will be to continue moving up the service value ladder, improving the newbuild business supported by the decarbonisation transformation, increasing the profitability of Energy Storage & Optimisation, and continuing the divestments of our Portfolio Businesses. Wärtsilä is an established technology leader in the decarbonisation transformation. We can make a difference in our industries and the world, while securing our financial performance and delivering attractive long-term shareholder value. I would like to sincerely thank our customers for your trust in our solutions and services, all my Wärtsilä colleagues for your commitment towards reaching our common goals, and our shareholders for your confidence in Wärtsilä’s future success.”

Orders, net sales and profitability

MEUR	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Order intake	1,856	1,638	13%	7,070	6,074	16%
Order book, end of period				6,694	5,906	13%
Net sales	1,644	1,770	-7%	6,015	5,842	3%
Comparable operating result	177	93	90%	497	325	53%
% of net sales	10.8	5.3		8.3	5.6	
Operating result	128	37	248%	402	-26	
% of net sales	7.8	2.1		6.7	-0.4	

Order intake bridge

MEUR	10–12/2023	1–12/2023
2022	1,638	6,074
Organic	21%	22%
Acquisitions and divestments*	-2%	-1%
FX impact	-6%	-5%
2023	1,856	7,070

*Related to American Hydro divestment and exit from Russia

Net sales bridge

MEUR	10–12/2023	1–12/2023
2022	1,770	5,842
Organic	-3%	7%
Acquisitions and divestments*	-1%	-1%
FX impact	-3%	-3%
2023	1,644	6,015

Development in October–December

Order intake increased by 13%. Service order intake increased by 11%, driven by a high rate of long-term agreement renewals and new agreements in Energy and Marine Power. Equipment order intake increased by 16%, driven by growth in Energy and Marine Power.

Net sales decreased by 7%. Service net sales increased by 8%, driven by growth in Energy and Marine Power. Equipment net sales decreased by 19%, due to lower sales in Energy and Marine Systems.

The comparable operating result totalled EUR 177 million (93) or 10.8% of net sales (5.3). The comparable operating result growth was supported especially by improved profitability in Energy and good service performance but was burdened by a lower profitability in Marine Systems. **The operating result** amounted to EUR 128 million (37) or 7.8% of net sales (2.1). Items affecting comparability amounted to EUR -49 million (-56).

Development in January–December

Order intake increased by 16%. Service order intake increased by 15%, driven by growth in Marine Power and Energy. Equipment order intake increased by 18% driven by growth in Marine Power, Marine Systems and Energy Storage & Optimisation.

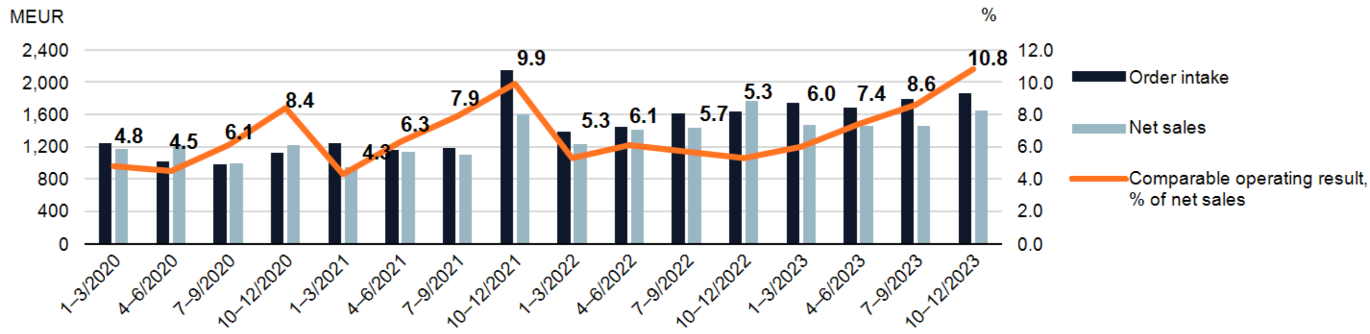
The **order book** at the end of the period increased by 13%. Wärtsilä's current order book for 2024 deliveries is EUR 4,208 million (3,871).

Net sales increased by 3%. Service net sales increased by 13%, driven especially by growth in Marine Power. Equipment net sales decreased by 7%, with growth in Energy Storage & Optimisation and Marine Power and lower sales in engine power plants and Marine Systems. Of Wärtsilä's net sales, approximately 57% was EUR denominated and 28% USD denominated, with the remainder being split between several currencies.

The comparable operating result totalled EUR 497 million (325) or 8.3% of net sales (5.6). Comparable operating result growth was supported in particular by an increase in Energy and Marine Power but was burdened by a decrease in Marine Systems. The **operating result** amounted to EUR 402 million (-26) or 6.7% of net sales (-0.4). Items affecting comparability amounted to EUR -95 million (-351) of which the largest item was EUR -45 million related to the impairment of goodwill and other non-current assets in the Portfolio Business.

Financial items amounted to EUR -37 million (-6). Net interest totalled EUR -14 million (-10). The result before taxes amounted to EUR 364 million (-32). Taxes amounted to EUR -95 million, implying an effective tax rate of 26.1%. The result for the financial period amounted to EUR 269 million (-58). Basic earnings per share totalled 0.44 euro (-0.11). Return on investments (ROI) was 13.9% (0.1), while the return on equity (ROE) was 12.3% (-2.6).

Quarterly development



Financing and cash flow

MEUR	10–12/2023	10–12/2022	1–12/2023	1–12/2022
Cash flow from operating activities	**389**	51	**822**	-62
Working capital			**-169**	179
Net interest-bearing debt, end of period			**35**	481
Gearing			**0.02**	0.23
Solvency, %			**37.0**	35.3
Equity/share, EUR			**3.78**	3.62

Development in October–December

Cash flow from operating activities amounted to EUR 389 million (51), the improvement being driven by a better operating result and a good level of received customer payments. Working capital totalled EUR -169 million at the end of the period (43 at the end of previous quarter). Advances received totalled EUR 774 million (669 at the end of previous quarter).

Development in January–December

Cash flow from operating activities totalled EUR 822 million (-62), the improvement being driven by a better operating result and a good level of received customer payments. Working capital totalled EUR -169 million at the end of the period (179). Advances received totalled EUR 774 million (527).

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 819 million (461). Unutilised committed credit facilities totalled EUR 644 million (650).

Wärtsilä’s net interest-bearing debt totalled EUR 35 million at the end of the period (481). The total amount of short-term debt maturing within the next 12 months is EUR 119 million. Long-term loans amounted to EUR 739 million.

Capital expenditure

Capital expenditure related to intangible assets and property, plant, and equipment amounted to EUR 148 million (156) for the period January–December. Capital expenditure related to acquisitions and investments in securities totalled EUR 1 million (5). Depreciation, amortisation, and impairment amounted to EUR 193 million (263), including depreciation of right of use assets of EUR 49 million (49).

In 2024, capital expenditure related to intangible assets and property, plant, and equipment is expected to be at around the same level as depreciation, amortisation, and impairment.

Research and development expenditure totalled EUR 258 million (241) in 2023, which represents 4.3% of net sales (4.1).

Operating environment

Marine

Appetite for new ships increased

In 2023, the world economy faced the continued challenges of high inflation and lower growth prospects. GDP growth slowed down as a result of stricter financial policies and weaker confidence among businesses and consumers. The demand for ship capacity, however, was supported by an increase in seaborne trade volumes while being further amplified by the longer shipping distances resulting from political conflicts and disruptions at key waterways. The recovery in passenger traffic volumes continued, and the demand particularly in cruise vacations remained strong.

Despite capacity limitations at the main shipyards in South Korea and China and further increases in newbuild prices, the investment appetite for new ships remained healthy. Investments were mostly driven by increasing demand for ship capacity, decarbonisation and a low orderbook, especially in the bulk carrier and tanker segments. Investments in new ships increased with 1,977 contracts registered in the review period January-December, compared to the 1,538 contracts recorded in January-December of 2022.

The uptake of alternative fuels remained more limited with 450 orders reported in 2023, representing 23% (30%) of all contracted vessels and 43% (60%) of vessel capacity, mostly because of the changed mix of contracted vessels.

The continued increase in yard capacity especially in China and South Korea helps to remove constraints from newbuild ordering across vessel segments as availability of slots improves and increases in newbuild prices likely will decelerate.

The shipping industry continued to call for more clarity and action on how to reduce the industry’s carbon footprint. In response, the International Maritime Organisation (IMO) in July updated its strategy on cutting greenhouse gas emissions from ships, with the more stringent goal of reaching net zero emissions by or around 2050. As a result, stakeholders are more aligned globally on the requirements and investments needed to decarbonise the industry.

Market sentiment remained positive for Wärtsilä’s key segments

In the cruise sector, the market sentiment remained positive thanks to a continued solid growth in demand for cruises. However, the demand for new vessel capacity remained limited as cruise lines focused on managing the current order book and deleveraging their business. The demand for service was supported by the continued growth in active fleet capacity, as well as interest in efficiency improvements to comply with regulations and to mitigate cost inflation.

In the ferry sector, despite positive developments, notably in passenger traffic volumes, newbuild activity remained limited and was driven by fleet replacement. This resulted from the financial challenges faced by operators during recent years, and excess capacity in certain markets. The demand for service was supported by more vessel capacity being activated to cater for the increased passenger and cargo traffic volumes.

In the offshore sector, the supportive energy prices continued to increase demand for drilling unit and support vessel capacity, resulting in further fleet reactivations and interest in newbuild units. However, the contracting of more complex and expensive drilling units remained limited due to high prices, the cost of finance, the lack of yard capacity, and limited interest in building offshore assets. The demand for offshore wind vessel capacity was supported by the continued growth in wind farm capacity. Despite inflationary pressure, the long-term outlook remains positive with the final investment decisions (FID) for offshore wind projects for the full year 2023 being clearly above last year's levels. The demand for service across offshore subsegments was driven by increases in utilisation and day rates throughout the offshore fleet.

In the LNG carrier sector, the demand for newbuild capacity has continued to be driven by further investments in expanding LNG liquefaction capacity, despite demand for carriers easing off from the record-levels seen in 2022. The demand for service continued to be driven by the existing fleet operating at full pace.

In the containership sector, the contracting of new ships declined from the previous years` record levels as demand for ship capacity was clearly outpaced by the record volumes of new capacity entering the market. Many owners continued their longer-term fleet renewal programmes. The demand for service was burdened by the weaker market sentiment, offsetting the growth in active fleet capacity.

Across all the above sectors, the growing pressure to decarbonise operations supported the demand for both newbuilds and service. This has resulted in investments in additional fleet capacity, direct fleet replacements, efficiency upgrades or fuel conversions, and maintenance activities to keep the existing fleet compliant and competitive.

Energy

Energy policy gains momentum after COP28

In 2023, high inflation and interest rates continued to impact the global economy. While price volatility, inflation, and interest rates have moderated, global GDP growth is estimated to remain restrained. Constraints in global and energy-related supply chains have eased considerably over the course of the year. The macroeconomic development caused uncertainty within the overall investment environment, delaying decision-making especially in the engine power plants business. On the other hand, easing supply chain constraints have had a positive effect, notably in battery energy storage.

Global natural gas prices have decreased from the previous year's extreme highs but remain above pre-2021 levels. The year witnessed significant gas price volatility, showcasing the market's continued sensitivity to disruptions in supply and demand. Commodity prices have eased off for most materials. Energy and climate policies around the world continue to evolve towards decarbonisation targets, and the mid-term energy transition outlook remains strong. Climate policy reached new milestones in Q4 as more than 120 countries pledged to triple global renewable energy capacity by 2030. The COP28 final declaration also called for transitioning away from fossil fuels, in line with Wärtsilä's vision of a 100% renewable energy future and readiness to enable engines to run on future fuels.

Market shares

Wärtsilä's market share during the last twelve months remained at 13% (13%), as global orders for natural gas and liquid-fuelled power plants decreased by 22% to 10.0 GW during the twelve-month period ending in June 2023 (12.9 GW at the end of December 2022). Market shares are updated every second quarter in Q1 and Q3. Global orders include prime movers over 5 MW in size in up to 400 MW gas turbine plants and engine plants of all sizes. The gas turbine data is gathered from the McCoy Power Report and is reported with a one quarter delay due to data availability. Engine data is collected from press releases and Wärtsilä sales teams. Power plant market share reporting was updated in the third quarter to reflect our most relevant markets more accurately. Previously, market shares included gas turbine plants up to 500 MW but did not include non-Wärtsilä engine plants.

Sustainability

Sustainability in the core of Wärtsilä's strategy

With a wide range of 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. Wärtsilä's aim is to be able to provide a product portfolio ready for zero-carbon fuels by 2030. In addition to promoting the transition to carbon neutrality for its customers, its goal is to become carbon neutral in its own operations by 2030.

Enhancing safety, diversity and wellbeing is also one of Wärtsilä's long-term sustainability focus themes. Safety is a high priority for Wärtsilä, and the company is committed to creating and maintaining a safe and healthy workplace for its employees and partners. Creating an inclusive culture that drives engagement and performance is one of the priorities in the People Strategy. The company is committed to supporting the UN Global Compact and its ten principles with respect to human rights, labour, the environment, and anti-corruption.

Good progress towards sustainable development in 2023

During 2023, Wärtsilä focused on its future fuel R&D programme and on developing concepts for utilising ammonia as engine fuel. In November, the company recorded a significant accomplishment by launching the world's first 100% 4-stroke engine-based solution for ammonia fuel. The new Wärtsilä 25 Ammonia solution can immediately reduce greenhouse gas emissions by more than 70 percent, compared to a similar sized diesel solution. In addition to this first commercially available ammonia solution, Wärtsilä announced an extension of its product portfolio with four new methanol engines. These developments mark important milestones for enabling the transition to greener fuels and advancing net-zero emissions shipping. Wärtsilä's target is to launch the first technical concept for utilising 100% hydrogen as engine fuel in 2025. Already now, Wärtsilä engines can run with fuel blended with up to 25% hydrogen.

As part of the activities to achieve carbon neutrality in its own operations, Wärtsilä developed a green electricity purchasing model. In 2023, Denmark, Finland, Italy, Norway, and the Netherlands began purchasing green electricity certificates that lead to a reduction of around 20,000 tCO_2e.

During 2023, Wärtsilä started preparations for the forthcoming EU Corporate Sustainability Reporting Directive (CSRD). As a first step, the company initiated the required double materiality assessment in order to define the most material sustainability issues to be included in the reporting.

Safety performance is closely monitored at Wärtsilä, and the long-term goal is to reach zero injuries. In 2023, Wärtsilä initiated a new 4-year health and safety programme 'Success through safety'. The programme has actions in four streams: employee safety, contractor safety, product safety and occupational health. The key actions in 2023 were global safety culture survey, the development of safety competencies for work with methanol installations, an introduction of heat stress guidelines, global 'Mind your posture' safety day and the continuation of front-line and leaders Champions in Safety training sessions. In 2023, the corporate total recordable injury frequency rate (TRIF) was 2.62 (2.57 in 2022).

Wärtsilä above sector average in all relevant ESG indices

Wärtsilä's ratings in the most relevant sustainable development indices:

Rating	Scale	Wärtsilä score	Sector average	Year
Dow Jones*	0 to 100	63**	21	2023
FTSE Russell	1 to 5	3.5	2.2	2023
MSCI	CCC to AAA	AAA	AA	2023
Sustainalytics	100 to 0	21***	29	2023
CDP	D- to A	Climate B- Water B-	Climate C Water C	2022

*Wärtsilä is listed in DJSI Europe **Percentile ranking in the sector: among the best 3% ***ESG risk rating is scored on 0-100 range, with 0 being the highest and 100 the lowest score

Reporting segment: Wärtsilä Marine Power

Key figures

MEUR	10–12/2023	10-12/2022*	Change	1–12/2023	1-12/2022*	Change
Order intake	**782**	693	13%	**2,990**	2,515	19%
of which services	**452**	431	5%	**1,804**	1,593	13%
of which equipment	**330**	263	25%	**1,186**	922	29%
Order book, end of period				**2,644**	2,273	16%
Net sales	**688**	589	17%	**2,540**	2,078	22%
of which services	**442**	418	6%	**1,665**	1,424	17%
of which equipment	**246**	171	44%	**875**	653	34%
Comparable operating result	**82**	80	3%	**258**	184	40%
% of net sales	**11.9**	13.5		**10.2**	8.9	
Operating result	**42**	58	-28%	**224**	-109	
% of net sales	**6.1**	9.9		**8.8**	-5.2	

*Restated to reflect the redefined organisational change considering the integration of Voyage into Marine Power and moving part of the Voyage business to Portfolio Business (after the integration into a new business unit)

Order intake bridge

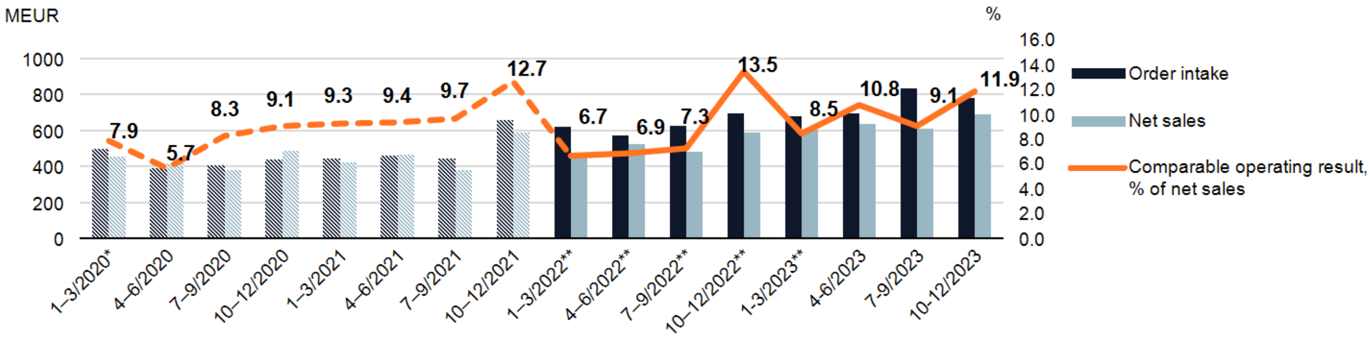
MEUR	10–12/2023	1–12/2023
2022*	**693**	2,515
Organic	**16%**	22%
Acquisitions and divestments**	**0%**	0%
FX impact	**-3%**	-3%
2023	**782**	2,990

Net sales bridge

MEUR	10–12/2023	1–12/2023
2022*	**589**	2,078
Organic	**20%**	26%
Acquisitions and divestments**	**0%**	-1%
FX impact	**-3%**	-3%
2023	**688**	2,540

*Restated to reflect the redefined organisational change considering integration of Voyage to Marine Power and moving part of the Voyage business to Portfolio Business (after integration into a new business unit)
**Related to Wärtsilä's exit from Russia

Quarterly development



*Restated due to changes in the organisational structure
**Restated to reflect the redefined organisational change considering the integration of Voyage into Marine Power and moving part of the Voyage business to the Portfolio Business (after the integration into a new business unit)
Incomparable periods indicated with dashed columns and line

Financial development in October–December

Order intake increased by 13%. Service order intake increased by 5%, driven by the special vessel and cruise segments. Equipment order intake increased by 25%, supported mainly by the merchant and gas carrier segments. However, the equipment orders in the navy segment decreased compared to a strong comparison period.

Net sales increased by 17%. Service net sales increased by 6%, driven by the offshore segment. Equipment net sales increased by 44%, driven by the merchant, navy and special vessel segments.

The **comparable operating result** amounted to EUR 82 million (80) or 11.9% of net sales (13.5). The result was supported by good performance in services, but negatively impacted by the increased R&D costs to support decarbonisation technology development. The comparable operating margin declined due to less favourable business mix between equipment and services

Financial development in January–December

Order intake increased by 19%. Service order intake increased by 13%, driven mostly by the offshore segment. Equipment order intake increased by 29%, supported mainly by the merchant segment, but also by the cruise segment where the demand continued to recover from previous low levels. Equipment orders decreased in the ferry and special vessel segments.

Net sales increased by 22% supported by volume growth in all segments, the biggest impact seen in the merchant, offshore, cruise and ferry segments. The growing pressure to decarbonise operations supported the demand for both newbuilds and service.

The **comparable operating result** amounted to EUR 258 million (184) or 10.2% of net sales (8.9). The result was supported by good performance in services, but negatively impacted by the increased R&D costs to support decarbonisation technology development. Items affecting comparability totalled EUR -34 million (-293).

Reporting segment: Wärtsilä Marine Systems

Key figures

MEUR	10–12/2023	10-12/2022*	Change	1–12/2023	1-12/2022*	Change
Order intake	**132**	126	5%	**652**	458	42%
of which services	**53**	63	-17%	**226**	225	1%
of which equipment	**79**	62	27%	**426**	233	83%
Order book, end of period				**583**	434	34%
Net sales	**112**	207	-46%	**491**	680	-28%
of which services	**56**	59	-4%	**225**	211	6%
of which equipment	**56**	148	-62%	**266**	468	-43%
Comparable operating result	**-6**	15	-137%	**6**	60	-90%
% of net sales	**-5.0**	7.2		**1.2**	8.9	
Operating result	**-7**	14	-147%	**4**	53	-92%
% of net sales	**-5.9**	6.8		**0.8**	7.7	

*Restated to reflect the move of Marine Electrical Systems business unit to Portfolio Business

Order intake bridge

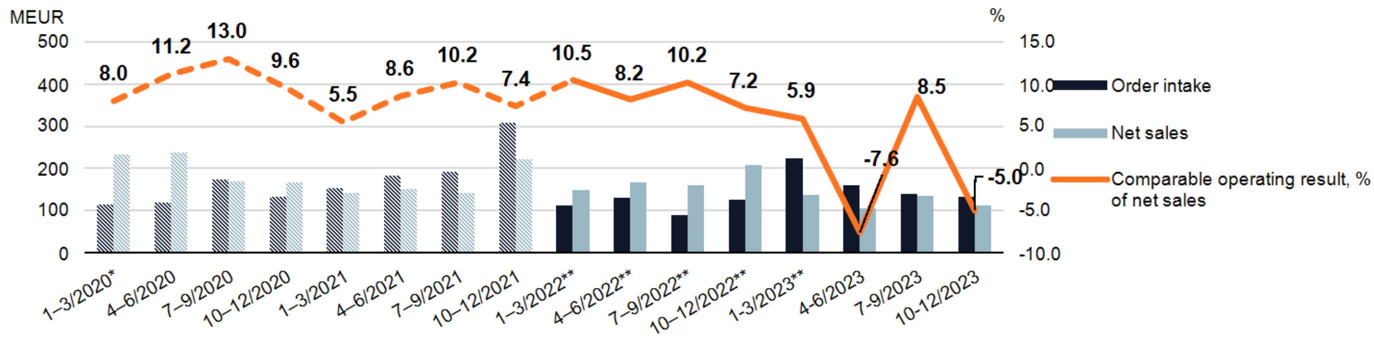
MEUR	10–12/2023	1–12/2023
2022*	**126**	458
Organic	**14%**	55%
Acquisitions and divestments	**0%**	0%
FX impact	**-8%**	-13%
2023	**132**	652

Net sales bridge

MEUR	10–12/2023	1–12/2023
2022*	**207**	680
Organic	**-42%**	-23%
Acquisitions and divestments	**0%**	0%
FX impact	**-4%**	-5%
2023	**112**	491

*Restated to reflect the move of Marine Electrical Systems business unit to Portfolio Business

Quarterly development



*Restated due to changes in the organisational structure
**Restated to reflect the move of the Marine Electrical Systems business unit to Portfolio Business
Incomparable periods indicated with dashed columns and lines.

Financial development in October–December

Order intake increased by 5% driven by good development in the Gas Solutions business. Service order intake declined by 17%. Equipment order intake increased by 27%, driven by the previously mentioned development in Gas Solutions.

Net sales decreased by 46% as a result of lower equipment sales volumes in Gas Solutions and Exhaust Treatment. Service sales declined by 4%. Equipment net sales decreased by 62%.

The **comparable operating result** amounted to EUR -6 million (15) or -5.0% of net sales (7.2). The result was hampered by lower volumes, as well as a EUR 19 million provision taken for continued problems in a single sizable turnkey project in Gas Solutions. The project suffered from a combination of supplier quality issues and delivery delays. Gas Solutions ceased offering turnkey projects several years ago, and the project in question is nearing completion.

Financial development in January–December

Order intake increased by 42% driven by good development in the Gas Solutions business. Service order intake was stable compared to the previous year. Equipment order intake increased by 83%, driven by the previously mentioned development in Gas Solutions.

Net sales decreased by 28%, as a result of lower equipment sales volumes in Gas Solutions and Exhaust Treatment. Service net sales increased by 6%, with good development in all business units. Equipment net sales decreased by 43%.

The **comparable operating result** amounted to EUR 6 million (60) or 1.2% of net sales (8.9). The result was positively impacted by growth in services but was hampered by a total provision of EUR 48 million taken for a single sizable turnkey project in Gas Solutions.

Reporting segment: Wärtsilä Energy

Key figures

MEUR	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Order intake	**868**	646	34%	**3,041**	2,612	16%
of which services	**331**	233	42%	**1,306**	1,062	23%
of which equipment	**537**	414	30%	**1,735**	1,550	12%
Order intake, power plants	**605**	478	26%	**1,985**	1,805	10%
Order intake, energy storage	**263**	168	56%	**1,056**	807	31%
Order book, end of period				**2,693**	2,376	13%
Net sales	**720**	856	-16%	**2,610**	2,721	-4%
of which services	**295**	250	18%	**1,095**	958	14%
of which equipment	**425**	606	-30%	**1,515**	1,763	-14%
Net sales, power plants	**449**	528	-15%	**1,684**	1,946	-13%
Net sales, energy storage	**271**	328	-18%	**926**	775	20%
Comparable operating result	**89**	-8		**219**	91	141%
% of net sales	**12.4**	-0.9		**8.4**	3.3	
% of net sales, 12 months rolling, energy storage				**1**	-4	
Operating result	**83**	-12		**209**	82	154%
% of net sales	**11.5**	-1.4		**8.0**	3.0	

Order intake Energy

	10–12/2023	10–12/2022	Change	1–12/2023	1–12/2022	Change
Gas, MW	**434**	589	-26%	**780**	1,478	-47%
Oil, MW				**16**	187	-91%
Storage**, MWh	**1,099**	490	124%	**4,064**	2,558	59%
Other*, MW						

*Includes biofuel power plants and solar installations

**Comparison period has been restated to nameplate MWh, indicating the actual scope instead of the contracted scope

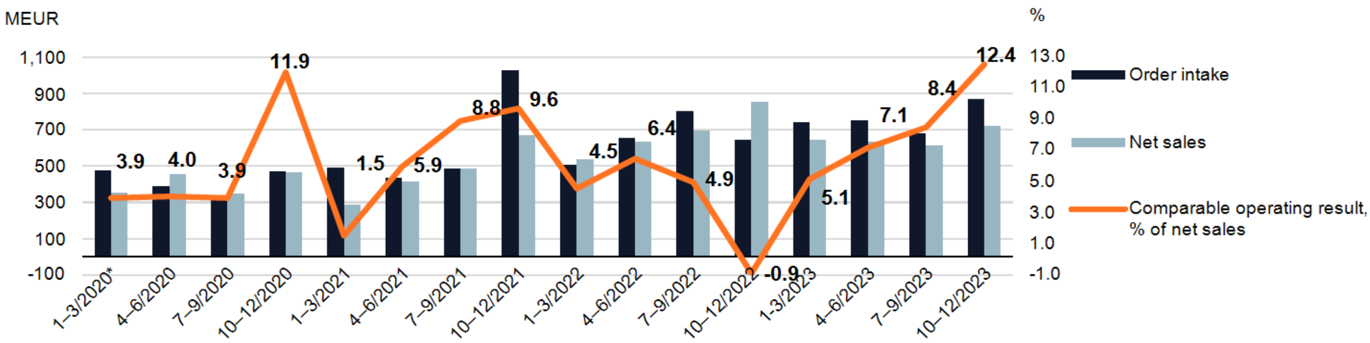
Order intake bridge

MEUR	10–12/2023	1–12/2023
2022	**646**	2,612
Organic	**44%**	22%
Acquisitions and divestments	**0%**	0%
FX impact	**-10%**	-5%
2023	**868**	3041

Net sales bridge

MEUR	10–12/2023	1–12/2023
2022	**856**	2,721
Organic	**-12%**	-2%
Acquisitions and divestments	**0%**	0%
FX impact	**-4%**	-2%
2023	**720**	2610

Quarterly development



*Restated due to changes in organisational structure

Financial development in October–December

Order intake increased by 34%. Service order intake increased by 42%, driven by the high rate of renewals in long-term agreements and by new agreements. Equipment order intake increased by 30%, driven by higher volumes in both engine power plants and energy storage.

Net sales decreased by 16%. Service net sales increased by 18% with higher sales across all Services business types. Equipment net sales decreased by 30%. Sales declined in both engine power plants and energy storage.

The **comparable operating result** amounted to EUR 89 million (-8) or 12.4% of net sales (-0.9), supported by a good performance in services. The comparison period was burdened by a provision of EUR 40 million related to the Olkiluoto 1 and 2 nuclear project, as well as cost inflation. The comparable operating margin was supported by a more favourable mix between equipment and services.

Financial development in January–December

Order intake increased by 16%. Service order intake increased by 23%, driven by sizable new and renewed long-term agreements signed during the period along with upgrade projects. Equipment order intake increased by 12% with growth in energy storage whereas engine power plants declined. More than 80% of the order book at the end of the period consisted of equipment orders (EEQ), compared to 40% going into 2022.

Net sales decreased by 4%, resulting from a decline in engine power plant sales. Net sales increased in energy storage by 20% and in services by 14%, with higher sales in all service types and particularly in long-term agreements.

The **comparable operating result** amounted to EUR 219 million (91) or 8.4% of net sales (3.3) supported by a good performance in services, as well as a successful turnaround in Energy Storage & Optimisation. The result was negatively impacted by cost inflation during the first three quarters of the year, and by low factory capacity utilisation. The comparable operating margin was supported by a more favourable mix between equipment and services.

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. Currently Portfolio Business includes Automation, Navigation & Control Systems (ANCS), Marine Electrical Systems and Water & Waste.

Key figures

MEUR	10–12/2023	10-12/2022*	Change	1–12/2023	1-12/2022*	Change
Order intake	**74**	173	-57%	**386**	490	-21%
Order book, end of period				**773**	823	-6%
Net sales	**124**	118	5%	**374**	364	3%
Comparable operating result	**11**	6		**14**	-10	
% of net sales	**8.6**	5.4		**3.7**	-2.7	
Operating result	**9**	-23		**-35**	-52	
% of net sales	**7.6**	-19.8		**-9.4**	-14.1	

*Restated due to organisational changes

Financial development in October–December

Order intake decreased by 57% driven by a decline in all business units and the American Hydro divestment.

Net sales increased by 5%, as growth in all business units offset the impact of the American Hydro divestment.

The **comparable operating result** amounted to EUR 11 million (6) or 8.6% of net sales (5.4), driven by good development in Marine Electrical Systems and Automation, Control and Navigation Systems business units.

Financial development in January–December

Order intake decreased by 21%, driven by a decline in Marine Electrical Systems and the impact of the American Hydro divestment.

Net sales increased by 3% despite the impact of the American Hydro divestment.

The **comparable operating result** amounted to EUR 14 million (-10) or 3.7% of net sales (-2.7). The increase was the result of good development in all business units. Items affecting comparability totalled EUR -49 million (-42), related to the impairment of goodwill and non-current assets in Portfolio Business.

Risks and business uncertainties

General macro environment

The ongoing war in Ukraine and the conflict in the Middle East has resulted in various risks to both the demand and supply environment of various commodities globally. The heightened geopolitical tensions have increased risks related to further geopolitical fragmentation and increased overall uncertainty to the macroeconomic outlook. Business operations globally are being impacted by continued inflationary pressure, changing trade flows and volumes, tighter monetary policies, concerns over the Chinese economy, and the sanctions in place and planned against Russia. These factors are all contributing to a slowdown in global economic growth.

Further escalation of any of the forementioned factors could result in increased uncertainty over future demand for the equipment and services provided by Wärtsilä. 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. 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.

Marine markets

The shipping and shipbuilding markets are under increasing pressure to reduce carbon emissions due to regional regulations such as EU Fit for 55, the revised and more ambitious greenhouse gas strategy from the International Maritime Organisation, green financing, and the individual sustainability goals of end-customers. This, coupled with longer trade distances resulting from increased geopolitical tensions and disruptions at key waterways, may lead to increased costs for shipowners and operators. The development and deployment of suitable future technologies, lack of clarity at the global level around decarbonisation-related financial incentives, and the need to find the optimal timing of investments based on financial feasibility and compliance to emission regulations may affect the investment appetite of ship owners and operators. This concerns both newbuilding programmes and the management of existing fleets.

Ship owners and operators face risks to their business profitability due to the limited ability or desire of people to travel, a lower demand for goods due to continued high inflation or economic slowdown, as well as higher voyage, operating and financing costs.

Highly indebted shipowners or operators may not withstand the potential risk of higher financing costs, a slower than expected growth in demand, or a lowered credit rating. In the offshore oil and gas industry, uncertainty around the longer-term demand for crude oil, oil price volatility and pressure to decarbonise are pushing oil majors to re-evaluate their spending on exploration activities and operational costs.

Energy markets

The overarching trend in the energy markets is the transition to renewable energy sources such as wind and solar. The pace of this shift is the principal driver in the growth of battery energy storage and thermal balancing technologies. New technology innovations, as well as the price and availability of fuels and raw materials, affect Wärtsilä’s business. High and volatile gas prices directly impact the relative competitiveness of the portfolio, especially in thermal baseload plants. Similarly, policies related to the energy and electricity markets have direct and indirect impacts on future energy capacity and the generation mix. For example, energy and climate policy may speed up or delay the energy transition. Recent years have highlighted the role of geopolitics in energy market policy and investment decisions. Concentrated supply chains in some raw materials and the tight competitive situation impose direct risks on the Energy business. Energy commodities and supply chains have been at the heart of trade policy lately, presenting risks for all energy technologies. Competition between and among energy technologies presents price pressure, especially in the fast-growing battery energy storage markets. Finally, uncertainty related to any of the aforementioned factors tend to delay investment decisions.

Legal cases

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.

Decisions taken by the Annual General Meeting

Wärtsilä's Annual General Meeting, held on 9 March 2023, approved the financial statements, reviewed the Remuneration Report 2022 for Governing Bodies, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2022.

Decisions taken by the Annual General Meeting can be seen from Wärtsilä's website.

Dividend distribution

The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.26 per share in two instalments. The first instalment of EUR 0.13 per share was paid on 20 March 2023 and the second instalment of EUR 0.13 was paid on 20 September 2023.

Board of Directors' dividend proposal

The Board of Directors proposes that a dividend of EUR 0.32 per share shall be paid for the financial year 2023. The parent company's distributable funds total EUR 1,074,016,204.80, which includes EUR 157,126,640.44 in net profit for the year. There are 589,023,390 shares with dividend rights. The dividend shall be paid in two instalments.

The first instalment of EUR 0.16 per share shall be paid to the shareholders who are registered in the list of shareholders maintained by Euroclear Finland Oy on the dividend record date of 11 March 2024. The payment day proposed by the Board for this instalment is 18 March 2024.

The second instalment of EUR 0.16 per share shall be paid in September 2024. The dividend record day of the second instalment shall be 11 September 2024, and the second instalment of the dividend shall be paid to shareholders who are registered in the list of shareholders maintained by Euroclear Finland Oy on such day. The Board proposes the second instalment is paid on 18 September 2024.

Shares

In January–December, the number of shares traded on Nasdaq Helsinki was 277,945,404 shares, equivalent to a turnover of 2,864 million. Wärtsilä's shares are also traded on alternative exchanges, including Turquoise, BATS, Chi-X and CBOE DXE. The total trading volume on these alternative exchanges amounted to 121,430,942 shares.

The number of Wärtsilä's shares outstanding as at 31.12.2023 was 589,023,390, and the number of treasury shares was 2,700,000.

Strategic projects

In 2023, Wärtsilä actively managed its business portfolio to support the strategy and financial targets.

In January, the integration of Voyage business with Marine Power became effective. The offering was streamlined to focus on fleet and port optimisation and related simulation and training services. The other parts of Voyage, namely NACOS Navigation, NACOS Automation, Dynamic Positioning and sensors were merged into a new business unit and moved to Wärtsilä Portfolio Business. Additionally, the Marine Electrical Systems business unit was moved from Marine Systems to Portfolio Business due to its limited strategic fit with the rest of the group.

In October, Wärtsilä announced the commencement of a strategic review of the Energy Storage and Optimisation business. The strategic review aims to assess options that would accelerate the profitable growth of the ES&O business in a way that benefits its customers, employees, and the value creation for Wärtsilä shareholders. Wärtsilä has not set a timetable for the completion of the strategic review.

In November, Wärtsilä announced a plan to simplify its organisation and reporting structure, by discontinuing Marine Systems as a reporting segment. The Gas Solutions business unit would be moved to Portfolio Business in preparation for a divestment. In connection with this, the Exhaust Treatment and Shaft Line Solutions business units would be moved from Wärtsilä Marine Systems to Wärtsilä Marine Power as of January 1, 2024, to simplify the organisational structure. Consequently, Wärtsilä Marine Systems would no longer constitute an organisational unit nor a reporting segment.

Events after the reporting period

As of 1 January 2024, the Gas Solutions business unit has been moved from Marine Systems to Portfolio Business, and the Exhaust Treatment and Shaft Line Solutions business units from Marine Systems to Marine Power. Consequently, Marine Systems no longer constitutes an organisational unit nor a reportable segment. Wärtsilä Marine Power changed its name to Wärtsilä Marine as of January 1, 2024. It will be led by Roger Holm, former President, Marine Power and Executive Vice President. Tamara de Gruyter, former President, Marine Systems, will continue as President, Portfolio Business, and Executive Vice President and member of the Wärtsilä Board of Management.

Wärtsilä's Financial Statements Bulletin 2023

This financial statements bulletin is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2022, except for the new and amended IFRS standards 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 litigation, and uncertain tax positions. In addition, valuation of assets held for sale requires the use of estimates.

Repurchase of own shares

The Board of Directors of Wärtsilä Corporation decided to use the authorisation given by the Annual General Meeting to repurchase the Company's own shares. The repurchases started on 26 April 2023 and ended on 2 May 2023. Following the repurchases, the Company holds a total of 2,700,000 shares. The repurchased shares are to be used for pay-outs under the share-based incentive programmes of Wärtsilä Corporation.

Number of shares outstanding on 1 January 2023	**590,023,390**
Repurchase of own shares on 26 April 2023	-270,000
Repurchase of own shares on 27 April 2023	-250,000
Repurchase of own shares on 28 April 2023	-280,000
Repurchase of own shares on 2 May 2023	-200,000
Number of shares outstanding on 31 December 2023	**589,023,390**
Weighted average number of shares outstanding during the period	**589,343,965**

Equity-settled share-based payments

Wärtsilä has long-term incentive schemes, which can be settled in company shares. These contingently issuable ordinary shares and unvested 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 280,427 shares. These shares are considered as potential ordinary shares causing dilutive effect to the EPS.

Weighted average number of shares outstanding during the period	**589,343,965**
Weighted average number of dilutive potential ordinary shares during the period	
Contingently issuable ordinary shares	**121,519**
Unvested shares	**158,908**
Weighted average number of shares outstanding during the period to be used in the calculation of diluted EPS	**589,624,392**

New and amended IFRS standards

In 2023, the Group has adopted the following new and amended standards issued by the IASB:

Disclosure of Accounting policies amends IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2. 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. Impact on the consolidated financial statements is not significant.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction amends IAS 12 Income taxes. 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.

Due to the amendments, income taxes, as well as deferred taxes, for comparison period 2022 have been restated in the financial statements. Impact on the consolidated financial statements is not significant.

IFRS 17 Insurance Contracts applies to all types of insurance contracts 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. Impact on the consolidated financial statements is not significant.

Definition of Accounting Estimates amends IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments define both the concept of accounting estimates and changes in those. In addition, the amendments provide clarification on how changes in accounting estimates differ from changes in accounting policies and corrections of errors. No impact on the consolidated financial statements.

International Tax Reform Pillar two Model Rules amends IAS 12 Income taxes (effective upon issuance in May 2023, but certain disclosure requirements are effective later). The amendments introduce a mandatory exception in IAS 12 for recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to separately disclose its current tax expense or income related to Pillar Two income taxes, in the periods when the legislation is effective. The impact to the consolidated financial statements is not significant.

In 2024 or later, the Group will adopt the following amended standards issued by the IASB:

Classification of Liabilities as Current or Non-current amends IAS 1 Presentation of Financial Statements. 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.

Lease liability in a Sale and Leaseback amends IFRS 16 Leases. The amendments to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction. The amendments will have no impact on the consolidated financial statements.

Supplier Finance Arrangements* amends IAS 7 Statement of cash flows and IFRS 7 Financial instruments: Disclosures. The amendments increase the transparency of supplier finance arrangements and their effects on liabilities, cash flows and exposure to liquidity risk. The amendments merely increase the amount of disclosed information.

Lack of exchangeability* amends IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. The amendments will have no impact on the consolidated financial statements.

Other new or amended standards and interpretations not yet effective are not expected to have a significant impact on the consolidated financial statements or other disclosures.

* Not yet endorsed for use by the European Union as of 31 December 2023.

This financial statements bulletin is unaudited.

Consolidated statement of income

MEUR	10–12/2023	10–12/2022	2023	2022
Net sales	**1,644**	1,770	**6,015**	5,842
Other operating income	**38**	24	**96**	70
Material and services	**-941**	-1,255	**-3,419**	-3,671
Employee benefit expenses	**-403**	-324	**-1,456**	-1,359
Result from net position hedges	**-3**	-15	**-9**	-12
Depreciation, amortisation and impairment	**-45**	-56	**-193**	-263
Other operating expenses	**-164**	-110	**-641**	-638
Share of result of associates and joint ventures	**2**	3	**9**	6
Operating result	**128**	37	**402**	-26
as a percentage of net sales	**7.8**	2.1	**6.7**	-0.4
Financial income	**11**	11	**31**	30
Financial expenses	**-19**	-12	**-68**	-37
Result before taxes	**120**	35	**364**	-32
Income taxes	**-24**	-7	**-95**	-26
Result for the financial period	**96**	28	**269**	-58
Attributable to:				
equity holders of the parent company	**94**	28	**258**	-64
non-controlling interests	**2**	1	**12**	6
	96	28	**269**	-58
Earnings per share attributable to equity holders of the parent company:				
Earnings per share (EPS), basic, EUR	**0.16**	0.05	**0.44**	-0.11
Earnings per share (EPS), diluted, EUR	**0.16**	0.05	**0.44**	-0.11

Consolidated statement of comprehensive income

MEUR	10–12/2023	10–12/2022	2023	2022
Result for the financial period	**96**	28	**269**	-58
Other comprehensive income:				
Items that will not be reclassified to the statement of income				
Remeasurements of defined benefit liabilities	**1**	13	**1**	39
Tax on items that will not be reclassified to the statement of income		-2		-8
Total items that will not be reclassified to the statement of income	**1**	11	**1**	31
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	**-21**	-39	**-25**	-31
for non-controlling interests	**-1**	-1	**-2**	-1
transferred to the statement of income		-2	**-11**	-2
Associates and joint ventures, share of other comprehensive income		-2	**-2**	-1
Cash flow hedges	**21**	42		
measured at fair value			**20**	33
transferred to the statement of income			**4**	3
Tax on items that may be reclassified to the statement of income				
Cash flow hedges	**-3**	-8		
measured at fair value			**-2**	-7
transferred to the statement of income			**-1**	-1
Total items that may be reclassified to the statement of income	**-4**	-10	**-19**	-7
Other comprehensive income for the financial period, net of taxes	**-3**	1	**-17**	23
Total comprehensive income for the financial period	**94**	29	**252**	-35
Total comprehensive income attributable to:				
equity holders of the parent company	**92**	29	**247**	-40
non-controlling interests	**2**		**4**	5
	94	29	**252**	-35

Consolidated statement of financial position

MEUR	31.12.2023	31.12.2022
Assets		
Non-current assets		
Goodwill	**1,273**	1,288
Other intangible assets	**402**	392
Property, plant and equipment	**307**	304
Right-of-use assets	**255**	258
Investments in associates and joint ventures	**33**	29
Other investments	**19**	19
Interest-bearing investments	**4**	4
Deferred tax assets	**212**	197
Trade receivables	**2**	11
Other receivables	**46**	57
Total non-current assets	**2,551**	2,558
Current assets		
Inventories	**1,485**	1,361
Trade receivables	**991**	1,102
Current tax receivables	**35**	33
Contract assets	**630**	729
Other receivables	**287**	309
Cash and cash equivalents	**819**	461
Total current assets	**4,247**	3,997
Assets held for sale	**5**	54
Total assets	**6,803**	6,608
Equity and liabilities		
Equity		
Share capital	**336**	336
Share premium	**61**	61
Translation differences	**-188**	-156
Fair value reserve	**31**	9
Remeasurements of defined benefit liabilities	**-4**	-5
Retained earnings	**1,989**	1,891
Total equity attributable to equity holders of the parent company	**2,225**	2,136
Non-controlling interests	**8**	12
Total equity	**2,232**	2,148
Liabilities		
Non-current liabilities		
Lease liabilities	**224**	223
Other interest-bearing debt	**515**	517
Deferred tax liabilities	**69**	65
Pension obligations	**83**	89
Provisions	**93**	85
Contract liabilities	**126**	60

Other liabilities	**16**	5
Total non-current liabilities	**1,126**	1,044
Current liabilities		
Lease liabilities	**44**	43
Other interest-bearing debt	**76**	166
Provisions	**279**	311
Trade payables	**686**	1,041
Current tax liabilities	**75**	51
Contract liabilities	**1,534**	1,145
Other liabilities	**751**	636
Total current liabilities	**3,445**	3,394
Total liabilities	**4,571**	4,438
Liabilities directly attributable to assets held for sale		22
Total equity and liabilities	**6,803**	6,608

Consolidated statement of cash flows

MEUR	10–12/2023	10–12/2022	2023	2022
Cash flow from operating activities:				
Result for the financial period	**96**	28	**269**	-58
Adjustments for:				
depreciation, amortisation and impairment	**45**	56	**193**	263
financial income and expenses	**8**	2	**37**	6
gains and losses on sale of intangible assets and property, plant and equipment and other changes		-1	**-1**	23
share of result of associates and joint ventures	**-2**	-3	**-9**	-6
income taxes	**24**	7	**95**	26
other non-cash flow adjustments	**13**	-40	**-4**	26
Cash flow before changes in working capital	**183**	49	**581**	281
Changes in working capital:				
Receivables, non-interest-bearing, increase (-) / decrease (+)	**58**	-127	**209**	-422
Inventories, increase (-) / decrease (+)	**32**	-12	**-134**	-207
Liabilities, non-interest-bearing, increase (+) / decrease (-)	**132**	158	**275**	370
Changes in working capital	**222**	18	**350**	-259
Cash flow from operating activities before financial items and taxes	**405**	67	**931**	22
Financial items and taxes:				
Interest income	**7**	2	**13**	4
Interest expenses	**-5**	-3	**-23**	-14
Other financial income and expenses	**-4**		**-17**	9
Income taxes paid	**-14**	-14	**-82**	-83
Financial items and paid taxes	**-16**	-16	**-109**	-84
Cash flow from operating activities	**389**	51	**822**	-62
Cash flow from investing activities:				
Acquisitions	**-1**		**-1**	-4
Other investments				-1
Investments in property, plant and equipment and intangible assets	**-51**	-49	**-148**	-156
Proceeds from sale of property, plant and equipment and intangible assets	**1**	4	**3**	18
Proceeds from sale of shares in subsidiaries			**7**	-10
Proceeds from sale of other investments	**1**		**1**	
Cash flow from investing activities	**-50**	-45	**-138**	-151
Cash flow after investing activities	**340**	6	**683**	-213
Cash flow from financing activities:				

Repayments to non-controlling interests			**-5**	
Repurchase of own shares			**-10**	
Proceeds from non-current debt			**176**	
Repayments and other changes in non-current debt	**-98**	-17	**-321**	-145
Loan receivables, increase (-) / decrease (+)	**3**	1	**1**	1
Current loans, increase (+) / decrease (-)	**-2**	5	**7**	
Dividends paid	**-12**	-71	**-156**	-145
Cash flow from financing activities	**-110**	-82	**-308**	-289
Change in cash and cash equivalents, increase (+)/decrease (-)	**229**	-77	**375**	-501
Cash and cash equivalents at the beginning of the financial period*	**601**	554	**464**	964
Exchange rate changes	**-10**	-14	**-19**	1
Cash and cash equivalents at the end of the financial period*	**819**	464	**819**	464

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

Consolidated statement of changes in equity

	Total equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
MEUR	Share capital	Share premium	Translation differences	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Total		
Equity on 31 December 2022	**336**	**61**	**-156**	**9**	**-5**	**1,889**	**2,135**	**12**	**2,146**
Restatement due to IAS 12						**1**	**1**		**1**
Equity on 1 January 2023	**336**	**61**	**-156**	**9**	**-5**	**1,891**	**2,136**	**12**	**2,148**
Result for the financial period						**258**	**258**	**12**	**269**
Other comprehensive income									
Translation differences			**-27**				**-27**	**-2**	**-29**
Translation differences transferred to the statement of income			**-6**				**-6**	**-5**	**-11**
Cash flow hedges									
net change in fair value, net of taxes				**19**			**19**		**19**
transferred to the statement of income, net of taxes				**3**			**3**		**3**
Defined benefit plans					**1**		**1**		**1**
Other comprehensive income, total			**-33**	**22**	**1**		**-10**	**-7**	**-17**
Total comprehensive income for the financial period			**-33**	**22**	**1**	**258**	**247**	**4**	**252**
Transactions with equity holders of the parent company and non-controlling interests									
Dividends paid						**-153**	**-153**	**-3**	**-156**
Repurchase of own shares						**-10**	**-10**		**-10**
Share-based payments						**4**	**4**		**4**
Other changes								**-5**	**-5**
Equity on 31 December 2023	**336**	**61**	**-188**	**31**	**-4**	**1,989**	**2,225**	**8**	**2,232**

MEUR	Share capital	Share premium	Translation differences	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Total	Non-controlling interests	Total equity
	Total equity attributable to equity holders of the parent company								
Equity on 31 December 2021	336	61	-122	-18	-36	2,094	2,315	8	2,323
Restatement due to IAS 12						1	1		1
Equity on 1 January 2022	336	61	-122	-18	-36	2,095	2,316	8	2,324
Result for the financial period						-64	-64	6	-58
Other comprehensive income									
Translation differences			-31				-31	-1	-32
Translation differences, transferred to statement of income			-2				-2		-2
Cash flow hedges									
net change in fair value, net of taxes				25			25		25
transferred to the statement of income, net of taxes				2			2		2
Defined benefit plans					31		31		31
Other comprehensive income, total			-33	27	31		24	-1	23
Total comprehensive income for the financial period			-33	27	31	-64	-40	5	-35
Transactions with equity holders of the parent company and non-controlling interests									
Dividends paid						-142	-142	-2	-144
Share-based payments						2	2		2
Equity on 31 December 2022	336	61	-156	9	-5	1,891	2,136	12	2,148

Segment information

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

As of 1 January 2023, Voyage has been integrated with Marine Power. During the second quarter of 2023, a part of Marine Power, as well as a part of Marine Systems, have been moved to Portfolio Business. The segment related comparison figures for 1–3/2023 and 2022 have been restated to reflect the current organisational structure.

Portfolio Business included business unit American Hydro until it was divested on 1 May 2023.

MEUR	10–12/2023	10–12/2022	2023	2022
Net sales				
Marine Power	**688**	589	**2,540**	2,078
Marine Systems	**112**	207	**491**	680
Energy	**720**	856	**2,610**	2,721
Portfolio Business	**124**	118	**374**	364
Total	**1,644**	1,770	**6,015**	5,842
Depreciation, amortisation and impairment				
Marine Power	**-31**	-25	**-91**	-181
Marine Systems	**-3**	-3	**-14**	-14
Energy	**-9**	-8	**-33**	-33
Portfolio Business	**-2**	-19	**-55**	-36
Total	**-45**	-56	**-193**	-263
Share of result of associates and joint ventures				
Marine Power	**2**	3	**9**	6
Total	**2**	3	**9**	6
Operating result				
Marine Power	**42**	58	**224**	-109
Marine Systems	**-7**	14	**4**	53
Energy	**83**	-12	**209**	82
Portfolio Business	**9**	-23	**-35**	-52
Total	**128**	37	**402**	-26
Operating result as a percentage of net sales (%)				
Marine Power	**6.1**	9.9	**8.8**	-5.2
Marine Systems	**-5.9**	6.8	**0.8**	7.7
Energy	**11.5**	-1.4	**8.0**	3.0
Portfolio Business	**7.6**	-19.8	**-9.4**	-14.1
Total	**7.8**	2.1	**6.7**	-0.4
Comparable operating result				
Marine Power	**82**	80	**258**	184
Marine Systems	**-6**	15	**6**	60
Energy	**89**	-8	**219**	91
Portfolio Business	**11**	6	**14**	-10
Total	**177**	93	**497**	325
Comparable operating result as a percentage of net sales (%)				
Marine Power	**11.9**	13.5	**10.2**	8.9
Marine Systems	**-5.0**	7.2	**1.2**	8.9
Energy	**12.4**	-0.9	**8.4**	3.3
Portfolio Business	**8.6**	5.4	**3.7**	-2.7
Total	**10.8**	5.3	**8.3**	5.6

Net sales by geographical areas

MEUR	10–12/2023	10–12/2022	2023	2022
Europe	**566**	502	**1,954**	1,718
Asia	**408**	401	**1,678**	1,482
The Americas	**483**	677	**1,757**	2,062
Other	**186**	190	**627**	580
Total	**1,644**	1,770	**6,015**	5,842

Service net sales

MEUR	10–12/2023	10–12/2022	2023	2022
Marine Power, service	**442**	418	**1,665**	1,424
Marine Systems, service	**56**	59	**225**	211
Energy, service	**295**	250	**1,095**	958
Portfolio Business, service	**50**	57	**164**	182
Total	**843**	784	**3,148**	2,775

Measures of profit and items affecting comparability

MEUR	10–12/2023	10–12/2022	2023	2022
Comparable adjusted EBITA	**182**	99	**518**	349
Purchase price allocation amortisation	**-5**	-5	**-20**	-23
Comparable operating result	**177**	93	**497**	325
Items affecting comparability:				
Social plan costs	**-39**	-8	**-42**	-51
Impairment and write-downs	**-8**	19	**-43**	-162
Gains and losses on disposal of assets		-6	**11**	-24
Other costs	**-2**	-62	**-21**	-115
Items affecting comparability, total	**-49**	-56	**-95**	-351
Operating result	**128**	37	**402**	-26

The financial statements include EUR 47 million of costs related to the restructuring of engine manufacturing in Europe, EUR 45 million of impairment related to goodwill and other non-current assets in Portfolio Business, EUR 9 million of impairment of intangible assets in Voyage Services business unit in Marine Power, EUR 26 million of reversal of impairment and provisions related to Russian operations, EUR 11 million of income related to the liquidation of Wärtsilä-CME Zhenjiang Propeller Co. Ltd., a subsidiary of the Group, and EUR 31 million of other costs.

Disposals

On 1 May, Wärtsilä divested American Hydro business unit to Enprotech Corp, a wholly owned subsidiary of publicly traded ITOCHU Corporation (ITC). The divestment was announced in December 2022. Classifying American Hydro business unit as assets held for sale in 2022 had an impact of EUR -24 million on the result for the financial period 2022. American Hydro business unit belonged to Portfolio Business.

Assets held for sale

Wärtsilä has classified certain non-current assets relating to ending the 4-stroke engine manufacturing in Trieste, Italy as assets held for sale.

In July 2022, Wärtsilä announced its plan to ramp down manufacturing in Trieste, Italy and to centralise its 4-stroke engine manufacturing in Europe to Vaasa, Finland. Engine manufacturing in Trieste belongs to Marine Power.

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

Disaggregation of revenue

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

Net sales by revenue type and timing of satisfying performance obligations

MEUR	10–12/2023	10–12/2022	2023	2022
At a point in time				
Products	**375**	371	**1,475**	1,353
Goods and services	**201**	175	**697**	599
Projects	**407**	450	**1,450**	1,235
Total	**983**	996	**3,622**	3,187
Over time				
Projects	**483**	612	**1,688**	2,054
Long-term agreements	**177**	163	**705**	602
Total	**660**	774	**2,393**	2,655
Total	**1,644**	1,770	**6,015**	5,842

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	2023	2022
Intangible assets		
Carrying amount on 1 January	**1,680**	1,776
Changes in exchange rates	**-3**	-21
Acquisitions and disposals	**-25**	8
Additions	**95**	85
Amortisation and impairment	**-97**	-139
Decreases and reclassifications	**25**	-28
Carrying amount at the end of the reporting period	**1,675**	1,680
Property, plant and equipment		
Carrying amount on 1 January	**304**	312
Changes in exchange rates	**-2**	1
Acquisitions and disposals	**-8**	
Additions	**54**	72
Depreciation and impairment	**-46**	-59
Decreases and reclassifications	**5**	-21
Carrying amount at the end of the reporting period	**307**	304

Additional impairment testing of cash generating unit Voyage

As of 1 January 2023, Voyage has been integrated with Marine Power. Due to the new organisational structure, Wärtsilä performed an intermediate impairment testing of goodwill during the first quarter of 2023 for cash generating unit (CGU) Voyage. As a result of the impairment test, no impairment loss for the CGU was recognised for the reporting period ended 31 March 2023. Going forward, impairment testing of goodwill is only conducted on Marine Power level as Voyage is integrated with Marine Power.

Additional impairment testing of cash generating unit Portfolio Business

During the second quarter of 2023, a part of Marine Power (NACOS Navigation, NACOS Automation, Dynamic Positioning and sensors) has been integrated into a new business unit and moved to Portfolio Business. Additionally, the Marine Electrical Systems business unit was moved from Marine Systems to Portfolio Business due to its limited strategic fit with the rest of the Group.

Due to the new organisational structure, Wärtsilä performed an intermediate impairment testing of goodwill during the second quarter of 2023 for CGU Portfolio Business. As a result of the impairment test, an impairment of EUR 45 million was recognised related to goodwill and other non-current assets. This reflects the lower than earlier expected revenues from Portfolio Business. The impairment is considered as an item affecting comparability.

Additional impairment testing of cash generating unit Marine Systems

In November 2023, Wärtsilä announced its plan to simplify its organisation and reporting structure. Marine Systems is to be discontinued as a reporting segment. Due to the new organisational structure valid from 1 January 2024 onwards, Wärtsilä performed an intermediate impairment testing of goodwill during the fourth quarter of 2023 for cash generating unit (CGU) Marine Systems. As a result of the impairment test, no impairment loss for the CGU was recognised for the reporting period ended 31 December 2023.

Leases

MEUR	2023	2022
Land and buildings, right-of-use assets		
Carrying amount on 1 January	**248**	181
Changes in exchange rates	**-3**	-1
Acquisitions and disposals		-3
Additions	**50**	118
Depreciation and impairment	**-45**	-43
Decreases and reclassifications	**-5**	-5
Carrying amount at the end of the reporting period	**246**	248
Machinery and equipment, right-of-use assets		
Carrying amount on 1 January	**10**	11
Additions	**6**	6
Depreciation and impairment	**-6**	-6
Decreases and reclassifications	**-1**	
Carrying amount at the end of the reporting period	**9**	10
Lease liabilities		
Carrying amount on 1 January	**266**	197
Changes in exchange rates	**-2**	-2
Acquisitions and disposals		-2
Additions	**56**	123
Interest expenses	**2**	
Payments	**-48**	-46
Other adjustments	**-6**	-4
Carrying amount at the end of the reporting period	**268**	266
Amounts recognised in statement of income		
Depreciation and impairment	**-51**	-49
Interest expenses	**-8**	-4
Expense – short-term leases	**-31**	-28
Expense – leases of low-value assets	**-6**	-6
Expense – variable lease payments	**-9**	-8

Gross capital expenditure

MEUR	2023	2022
Investments in securities and acquisitions	**1**	5
Investments in intangible assets and property, plant and equipment	**148**	156
Total	**149**	161

Net interest-bearing debt

MEUR	31.12.2023	31.12.2022
Lease liabilities, non-current	**224**	223
Other interest-bearing debt, non-current	**515**	517
Lease liabilities, current	**44**	43
Other interest-bearing debt, current	**76**	166
Total interest-bearing liabilities	**858**	949
Interest-bearing receivables	**-4**	-4
Cash and cash equivalents	**-819**	-461
Cash and cash equivalents pertaining to assets held for sale		-3
Total interest-bearing assets	**-823**	-468
Total net interest-bearing debt	**35**	481

Financial ratios

	2023	2022
Earnings per share (EPS), basic, EUR	**0.44**	-0.11
Earnings per share (EPS), diluted, EUR	**0.44**	-0.11
Equity per share, EUR	**3.78**	3.62
Solvency ratio, %	**37.0**	35.3
Gearing	**0.02**	0.23
Return on investment (ROI), %	**13.9**	0.1
Return on equity (ROE), %	**12.3**	-2.6

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

Personnel

	2023	2022
On average	**17,666**	17,482
At the end of the reporting period	**17,807**	17,581

Contingent liabilities

MEUR	31.12.2023	31.12.2022
Mortgages	**10**	10
Chattel mortgages and other pledges and securities	**13**	17
Total	**23**	27
Guarantees and contingent liabilities		
on behalf of Group companies	**997**	1,037
Nominal amounts of lease liabilities		
Low-value lease liabilities	**12**	11
Short-term lease liabilities	**4**	3
Leases not yet commenced, but to which Wärtsilä is committed	**14**	14
Residual value guarantee	**90**	90
Total	**1,117**	1,155

Nominal values of derivative instruments

MEUR	Total amount	of which closed
Interest rate swaps	**168**	
Cross currency swaps	**160**	
Foreign exchange forward contracts	**1,966**	**905**
Total at the end of the reporting period	**2,294**	**905**

In addition, the Group had copper swaps amounting to 1,130 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)	**4**	**4**
Other receivables, non-current (level 2)	**1**	**1**
Derivatives (level 2)	**49**	**49**
Financial liabilities		
Interest-bearing debt, non-current (level 2)	**739**	**733**
Derivatives (level 2)	**16**	**16**

Events after the reporting period

In November 2023, Wärtsilä announced its plan to simplify its organisation and reporting structure. As of 1 January 2024, business unit Gas Solutions has been moved from Marine Systems to the Portfolio Business, as well as business units Exhaust Treatment and Shaft Line Solutions from Marine Systems to Marine Power. Consequently, Marine Systems no longer constitutes an organisational unit nor a reportable segment. Additionally, Wärtsilä Marine Power has changed its name to Wärtsilä Marine.

Quarterly figures

MEUR	10–12/ 2023	7–9/ 2023	4–6/ 2023	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022	1–3/ 2022	10–12/ 2021
Order intake									
Marine Power	**782**	**832**	**697**	**679**	693	627	575	620	659
Voyage									93
Marine Systems	**132**	**139**	**159**	**223**	126	89	131	112	308
Energy	**868**	**679**	**750**	**744**	646	805	654	507	1,031
Portfolio Business	**74**	**138**	**81**	**93**	173	95	81	141	59
Total	**1,856**	**1,787**	**1,687**	**1,739**	1,638	1,616	1,440	1,380	2,150
Order book at the end of the reporting period									
Marine Power	**2,644**	**2,577**	**2,366**	**2,332**	2,273	2,250	2,087	2,261	1,994
Voyage									288
Marine Systems	**583**	**570**	**555**	**505**	434	499	572	638	1,042
Energy	**2,693**	**2,620**	**2,548**	**2,483**	2,376	2,702	2,506	2,442	2,393
Portfolio Business	**773**	**826**	**779**	**833**	823	779	772	766	142
Total	**6,694**	**6,594**	**6,249**	**6,153**	5,906	6,229	5,936	6,107	5,859
Net sales									
Marine Power	**688**	**612**	**636**	**604**	589	484	527	477	589
Voyage									84
Marine Systems	**112**	**134**	**106**	**138**	207	159	166	148	221
Energy	**720**	**613**	**633**	**645**	856	696	633	535	670
Portfolio Business	**124**	**93**	**79**	**78**	118	94	81	71	32
Total	**1,644**	**1,452**	**1,454**	**1,465**	1,770	1,433	1,407	1,231	1,597
Share of result of associates and joint ventures	**2**	**2**	**3**	**1**	3	2			1
Comparable adjusted EBITA	**182**	**130**	**113**	**93**	99	87	91	72	165
as a percentage of net sales	**11.1**	**8.9**	**7.8**	**6.4**	5.6	6.1	6.4	5.9	10.4
Depreciation, amortisation and impairment	**-45**	**-34**	**-81**	**-33**	-56	-51	-34	-122	-40
Purchase price allocation amortisation	**-5**	**-5**	**-5**	**-5**	-5	-6	-5	-7	-8
Comparable operating result	**177**	**125**	**108**	**88**	93	82	85	65	158
as a percentage of net sales	**10.8**	**8.6**	**7.4**	**6.0**	5.3	5.7	6.1	5.3	9.9
Items affecting comparability, total	**-49**	**-8**	**-42**	**4**	-56	-72	-10	-212	-14
Operating result	**128**	**117**	**66**	**92**	37	10	75	-147	144
as a percentage of net sales	**7.8**	**8.0**	**4.5**	**6.3**	2.1	0.7	5.3	-11.9	9.0
Financial income and expenses	**-8**	**-9**	**-12**	**-8**	-2	-2	-2		-10
Result before taxes	**120**	**107**	**53**	**84**	35	7	72	-147	134
Income taxes	**-24**	**-25**	**-24**	**-23**	-7	-4	-20	5	-49
Result for the reporting period	**96**	**82**	**30**	**61**	28	3	52	-142	85
Earnings per share (EPS), basic, EUR	**0.16**	**0.14**	**0.05**	**0.09**	0.05	0.00	0.09	-0.24	0.14
Earnings per share (EPS), diluted, EUR	**0.16**	**0.14**	**0.05**	**0.09**	0.05	0.00	0.09	-0.24	0.14
Gross capital expenditure	**51**	**31**	**35**	**32**	49	37	40	35	45
Investments in securities and acquisitions	**1**						4	1	1
Cash flow from operating activities	**389**	**213**	**75**	**145**	51	100	-90	-122	370
Working capital (WCAP) at the end of the reporting period	**-169**	**43**	**134**	**105**	179	108	168	-18	-100
Personnel at the end of the reporting period									
Marine Power	**9,444**	**9,374**	**9,293**	**9,227**	9,157	9,200	9,158	9,065	8,224
Voyage									1,725
Marine Systems	**1,651**	**1,643**	**1,625**	**1,608**	1,584	1,575	1,565	1,554	1,894
Energy	**5,430**	**5,416**	**5,380**	**5,342**	5,320	5,309	5,247	5,073	4,980
Portfolio Business	**1,282**	**1,263**	**1,254**	**1,536**	1,520	1,501	1,577	1,659	482
Total	**17,807**	**17,696**	**17,553**	**17,713**	17,581	17,585	17,547	17,351	17,305

As of 1 January 2023, Voyage has been integrated with Marine Power. During the second quarter of 2023, further organisational changes have been implemented: a part of Marine Power, as well as a part of Marine Systems, have been moved to Portfolio Business. The segment related comparison figures for 1–3/2023 and 2022 have been restated to reflect the current organisational structure. The segment related comparison figures for 2021 have not been restated accordingly.

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

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

Earnings per share (EPS), diluted

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

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)

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

Return on equity (ROE)

$$\frac{\text{Result for the reporting period}}{\text{Equity, average over the reporting period}}$$

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)

30 January 2024
Wärtsilä Corporation
Board of Directors