Wärtsilä Corporation

Interim Report

January – March 2022

Order intake increased, however a MEUR 200 write-down burdened operating result

Highlights from January–March 2022

- Order intake increased by 11% to EUR 1,380 million (1,244)
- Service order intake increased by 6% to EUR 732 million (691)
- Order book at the end of the period increased by 13% to EUR 6,107 million (5,399)
- Net sales increased by 30% to EUR 1,231 million (946)
- Book-to-bill amounted to 1.12 (1.32)
- Comparable operating result increased by 61% to EUR 65 million (41), which represents 5.3% of net sales (4.3)
- Operating result decreased by EUR 183 million to EUR -147 million (36), which represents -11.9% of net sales (3.8). This includes a write-down of approximately EUR 200 million made as a result of a decision to downscale operations in Russia.
- Basic earnings per share decreased to -0.24 euro (0.04)
- Cash flow from operating activities decreased to EUR -122 million (67)

The war between Russia and Ukraine and its impact on Wärtsilä

Wärtsilä strongly condemns the war in Ukraine. Human rights, safety, and prosperity are very important for Wärtsilä, and we value a peaceful and stable business environment wherever we operate.

After Russia's attack into Ukraine, Wärtsilä immediately suspended all deliveries, sales, orders, and bidding to Russia. We are complying with all current and will comply with all future trade sanctions applicable to our operations.

In the current environment, it is not viable for Wärtsilä to maintain activities in Russia, and therefore the company has decided to further downscale its Russian operations. Adjusting the operations will be done in accordance with local regulations. During this process, our priority continues to be the safety and wellbeing of our employees.

As a result of these steps, Wärtsilä made a write-down of approximately EUR 200 million in the first quarter financial reporting. The EUR 200 million write-down includes approximately EUR 75 million of impairment of Voyage related goodwill and intangible assets, approximately EUR 50 million of impairment related to assets in Russia, and approximately EUR 75 million of write-downs related to trade-sanctioned projects and receivables. The write-down is included in items affecting comparability and, therefore, does not impact the comparable operating result.

All these actions regarding our business in Russia also have a negative impact on Wärtsilä's operational financials. Russia related activities accounted for approximately 5% of Wärtsilä's net sales in 2021, of which service net sales was approximately EUR 40 million.

Wärtsilä's Board of Management monitors the situation continuously as it evolves, supported by a dedicated crisis task force.

Wärtsilä's prospects

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

Håkan Agnevall, President & CEO: Growth in the equipment business

"The continued impact from Covid-19 and the Russian attack into Ukraine in the first quarter of 2022 intensified overall uncertainty in the global business environment and amplified concerns related to cost inflation and global economic development. While the Covid-19 situation stabilised or improved in certain parts of the world, the recent lockdowns in China show that the impact is far from over. Overall, we saw uncertainty increase on the demand and supply side in both our end markets.

I want to take this opportunity to once again state that Wärtsilä strongly condemns the war in Ukraine. Human rights, safety, and prosperity are very important for us, and we value a peaceful and stable business environment wherever we operate. After Russia's attack into Ukraine, we immediately suspended all deliveries, sales, orders, and bidding to Russia. Furthermore, we have decided to further downscale our Russian operations. Adjusting the operations will be done in accordance with local regulations. During this process, our priority continues to be the safety and wellbeing of our employees.

In the energy markets, the sanctions and an unforeseen price volatility had a negative impact on global supply chains. For example, the price of lithium nearly doubled during the first quarter. This type of development has led to higher prices in our offering, and customer decision making slowing, especially in the energy storage business. The need for power system flexibility to support renewable energy sources remains and resulted in for example an order to supply 110 MW of flexible thermal balancing power to Italy. The energy transition in Europe may even accelerate as Europe strives to become less dependent on Russian oil and gas. We continue to see long-term opportunities in balancing power globally.

In the marine markets, newbuild investments eased as a result of higher prices and limited shipyard capacity. Bunker fuel has widely become more expensive than ever, and activity levels in our key vessel segments continued to vary. The cruise industry faced temporary headwinds, as surging Covid-19 infections slowed down vessel reactivations. At the end of March, around 70% of the cruise fleet capacity was active, which was flat compared to the situation at the end of December. Activity in the offshore oil and gas segment, however, has seen a notable increase, as higher crude oil prices have supported demand. The need for Europe to be less dependent on Russian gas might lead to opportunities in maritime LNG transportation.

Total order intake grew by 11%, supported by a good level of equipment orders in the Marine Power, Marine Systems, and Energy businesses. The demand for services also improved. Net sales increased by 30%, driven mainly by growth in energy equipment deliveries. Comparable profitability improved. We foresee cost inflation to remain high during the rest of 2022. Growth in equipment deliveries, and the large installed base support our long-term opportunities in the service business. Our comparable operating result increased by 61%, thanks to higher sales volumes, especially in the Energy business. Unfortunately, the operating result ended up being heavily negative, due to a write-down of approximately EUR 200 million made as a result of a decision to downscale operations in Russia. The situation in Russia will impact our sales volumes during the remainder of 2022.

I am pleased to highlight the several tangible steps that we took to contribute to a more sustainable marine industry. We announced a collaboration with Solstad Offshore aimed at achieving a 50% reduction in CO_2 emissions by 2030 for their 90 vessel fleet. Together with Grimaldi Group, we unveiled a new system that filters out microplastics from open loop exhaust gas scrubber washwater to tackle the amount of such microplastics in the world's oceans. On top of this, we received our first order for newbuild methanol-fuelled engines and the methanol fuel supply system MethanolPac, which will be delivered to a new offshore wind installation vessel. This further extends our leading position in support of the maritime industry's decarbonisation ambitions, and in the use of methanol as a fuel.

Taking note of the rising energy crisis, Wärtsilä published the report "Europe's Energy Future", showing how Europe can, by scaling up its renewables capacity, cut its power sector gas consumption in half, reduce energy costs by hundreds of billions, and increase energy independence by 2030. The approach modelled in the report is ambitious but achievable, if we increase the share of renewable energy in electricity generation from around 33% today to over 60% by 2030.

We expect the demand environment in the second quarter to be similar to that of the corresponding period in the previous year. However, the prevailing market conditions make the outlook uncertain. As earlier communicated the share of equipment sales relative to service sales will be high during 2022. In the longer term, we expect the use of renewable energy to accelerate, which sets the scene for more balancing power, while rising fuel costs emphasise the need for fuel efficient solutions."

Key figures

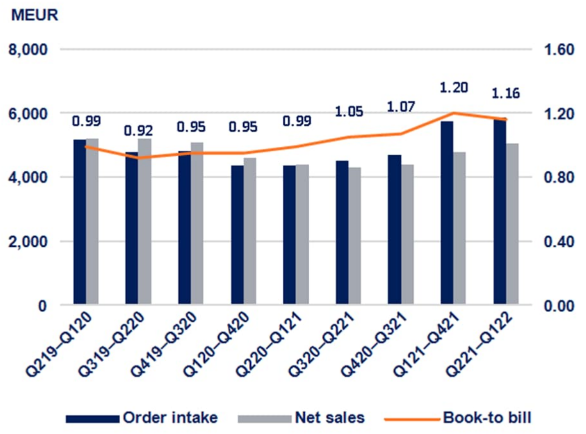
MEUR	1–3/2022	1–3/2021	Change	2021
Order intake	**1,380**	1,244	11%	5,735
of which services	**732**	691	6%	2,615
Order book, end of period	**6,107**	5,399	13%	5,859
Net sales	**1,231**	946	30%	4,778
of which services	**631**	540	17%	2,467
Book-to-bill	**1.12**	1.32		1.20
Operating result	**-147**	36		314
% of net sales	**-11.9**	3.8		6.6
Comparable operating result	**65**	41	61%	357
% of net sales	**5.3**	4.3		7.5
Comparable adjusted EBITA*	**72**	49	49%	388
% of net sales	**5.9**	5.1		8.1
Profit before taxes	**-147**	35		296
Basic earnings/share, EUR	**-0.24**	0.04		0.33
Cash flow from operating activities	**-122**	67		731
Net interest-bearing debt, end of period	**276**	419		4
Gross capital expenditure	**35**	29		143
Gearing	**0.14**	0.20		0.00
Solvency, %	**35.3**	37.0		38.6
Personnel, end of period	**17,351**	17,742	-2%	17,305

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

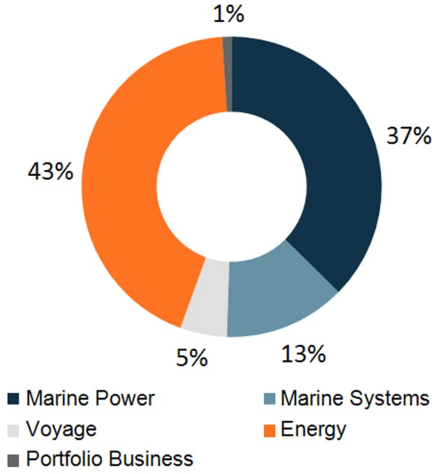
Wärtsilä's financial information for the year 2021 has been adjusted to reflect a change in categorisation between equipment and services in Wärtsilä Marine Power and Wärtsilä Marine Systems. This restatement has no impact on the group's total financial figures.

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.

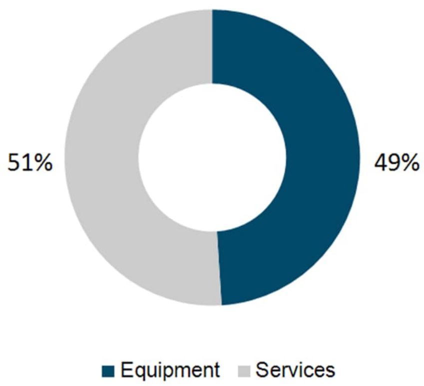
Book-to-bill, 12 months rolling



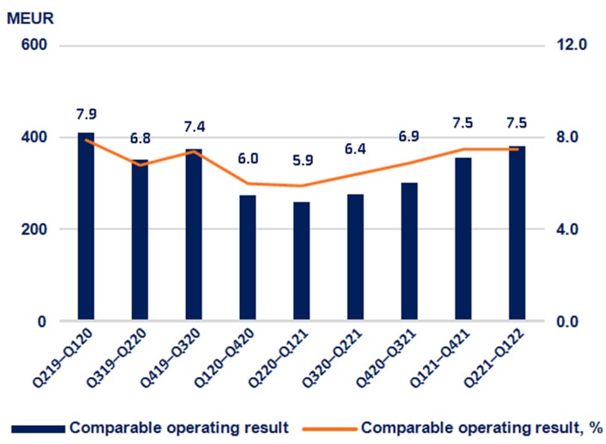
Net sales by business area, January–March



Net sales by business type, January–March



Comparable operating result, 12 months rolling



Group financial and strategic development

Operating environment

Marine

The positive momentum in the shipping and shipbuilding markets continued in the early part of the first quarter of 2022, as earnings in many segments improved, being supported by trade volume growth, port congestion, and modest growth in fleet supply. The Russian attack into Ukraine in February, which raised concerns related to higher material costs and the impact on the global economy, cooled this enthusiasm however. Overall, newbuild investments eased from the previous year's level, mostly due to increased newbuild prices and fewer available slots at key shipyards. Simultaneously, the order book ratio over the existing fleet remained very low. Altogether 274 contracts for new vessels were registered in the review period January–March (376 in the corresponding period last year, excluding late reporting of contracts), largely driven by containerships. The large shipyard groups, especially those in China and South Korea, have managed to increase their share of the shipbuilding market, taking close to 90% of all vessel orders.

Many nations across the globe lifted most of the Covid-19 related restrictions during the first quarter, enabling the further recovery of global trade and passenger travel. Still, surging Covid-19 infections in China, coupled with its zero-Covid policy, resulted in further lockdowns in key cities across the country. This has amplified congestion at various Chinese ports, and has reportedly forced major Shanghai-based shipyards to temporarily shut down and declare force majeure. Meanwhile, the Russian aggression against Ukraine has resulted in a complex and evolving framework of sanctions focused on Russian business (e.g. yards), fleet (e.g. owners), and exports. While the Russian-owned fleet represents a very small part of the global fleet, the potential implications of lower export volumes of commodities from Russia and Ukraine (ranging from energy products and steel to fertilizers and materials for electric components) have driven prices up rapidly and disrupted the supply chain, particularly in Europe. In terms of operating expenses, the rise in European gas prices and crude oil in general have put more pressure on the earnings of shipping companies, as bunker fuel has generally become more expensive than ever.

As bunker fuels have become more expensive, the price spread between high- and low-sulphur fuels has also widened to a level last seen in January 2020. This has improved the business case for scrubbers, but still the demand for scrubber systems has remained focused on newbuilds. While interest in scrubber retrofits has increased, customer decision-making has been delayed because of high freight rates in specific customer segments, thereby encouraging postponements of dry dockings.

The most attractive vessel segments for Wärtsilä, namely specialised tonnage, continued to see different development trends in terms of activity. The cruise industry faced temporary headwinds in the first quarter, as surging Covid-19 infections affected some cruise itineraries and slowed down vessel reactivations. The U.S. Centers for Disease Control and Prevention (CDC), after two years of issuing guidance to travellers about the possibility of contracting Covid-19 onboard a cruise, lifted its cruise health travel notice at the end of March. As at the end of March, around 70% of the cruise fleet capacity was active, which was flat compared to the situation at the end of December. The ferry market continued on a positive trend, although passenger travel volumes were still somewhat limited due to Covid-19 related restrictions. Activity in the offshore oil and gas segment has seen a notable increase as higher crude oil prices have supported demand for the drilling and support fleet, while the demolition of vessels and very limited newbuild activity have helped to increase utilisation rates and earnings in the sector. The demand for offshore construction-related vessels, such as wind turbine installation vessels and other support vessels, has remained strong, due to solid growth in active offshore wind farms. The LNG (liquified natural gas) carrier sector remained healthy, despite having passed the typical year-end peak demand season for LNG cargoes. Strong demand for new vessel capacity has continued, being largely driven by requirements set by planned export terminal capacity. Simultaneously, the higher delivery volumes of new vessels have been largely absorbed by growing trade volumes and an effort to build back inventories in Asia and Europe. The European goal of decoupling from Russian gas as a consequence of the war in Ukraine is amplifying the trend further. The container shipping markets have continued to see extraordinary market conditions. Severe port congestion and widespread logistical disruption, alongside firm demand, have led to further new records in freight and charter rates, as well as in newbuild ordering.

The tanker market continued to face challenges with weak demand for tonnage, and growing uncertainties around trade flows and tonne-mile development as a result of the crisis in Ukraine, especially in the crude sector.

The environmental focus remains the main underlying trend, as the regulatory framework and wider policy announcements are being ramped up from political regulators, cargo owners, and financiers, all of whom are building pressure to move faster than the current targets set by the International Maritime Organisation (IMO). As global pressure to find solutions to impact climate change builds, ship owners are considering a number of options. These include slow steaming, energy saving devices, voyage optimisation solutions, hybrid and full-electric power systems, and alternative fuels. The transition to cleaner fuels has already started, with 107 orders placed globally for alternative fuel capable vessels, representing 39% (19) of all newbuild contracting in the review period January–March. LNG is the dominant choice and continues to gain further traction, although other alternative fuels are slowly emerging.

Energy

The war in Ukraine, the continuing Covid-19 pandemic, and the resulting weakening of the investment environment impacted negatively both the liquid and gas fuelled power plant markets, as well as the energy storage markets during the first quarter of 2022. Covid-19, the war in Ukraine, and the economic sanctions against Russia and Belarus have caused unforeseen turbulence and price volatility in the energy and commodity markets, resulting in a negative impact on global supply chains, increased quotation prices, and delays in customer decision making. In Europe, there is a clear need for a structural change in the energy sector to reduce dependency on imported fossil fuels from Russia, and the security of supply will be tied to the energy transition. The pandemic has somewhat stabilised, but as new waves of virus variants continue to arrive, and vaccination programmes in a large part of our core markets move slowly, full recovery will most likely take time, thus causing additional uncertainty within the investment environment. Energy and climate policies around the world evolve to drive more ambitious decarbonisation targets. Utilities continue to update their investment strategies accordingly, which is causing delays in investment decisions. Going forward, the increasing levels of intermittent renewable energy in power systems is expected to accelerate the need for various flexible solutions, such as energy storage and balancing power plants. Demand for services was at a good level, and customers continued to show 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 increased to 8% (5), while global orders for natural gas and liquid fuelled power plants declined by 7% to 17.9 GW during the twelve-month period ending in December 2021 (19.2 GW at the end of September). 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

Order intake in January–March increased by 11% to EUR 1,380 million (1,244) compared to the corresponding period in the previous year. Book-to-bill was 1.12 (1.32). Service order intake increased by 6% to EUR 732 million (691). Equipment order intake increased by 17% to EUR 648 million (553), driven by a good level of orders in Marine Power, Marine Systems, and Energy, while Voyage orders faced a tough comparison period and were burdened by delays.

The **order book** at the end of the period increased by 13% to EUR 6,107 million (5,399), despite the divestments of certain business units. Wärtsilä’s current order book for 2022 deliveries is EUR 3,334 million (2,961).

Order intake and order book by reporting segment

MEUR	1–3/2022	1–3/2021	Change	2021
Order intake	**1,380**	**1,244**	**11%**	**5,735**
Marine Power	**599**	446	34%	2,011
Marine Systems	**198**	153	29%	835
Voyage	**66**	86	-23%	292
Energy	**507**	493	3%	2,444
Portfolio Business	**10**	66	-85%	153
Order book, end of period	**6,107**	**5,399**	**13%**	**5,859**
Marine Power	**2,151**	1,882	14%	1,994
Marine Systems	**1,089**	887	23%	1,042
Voyage	**293**	305	-4%	288
Energy	**2,442**	2,029	20%	2,393
Portfolio Business	**132**	297	-56%	142

Net sales and operating result

Net sales in January–March increased by 30% to EUR 1,231 million (946) compared to the corresponding period in the previous year. Service net sales increased by 17% to EUR 631 million (540) on the back of a weak comparison period. Equipment net sales increased by 48% to EUR 600 million (406), driven by growth in energy equipment deliveries. Of Wärtsilä's net sales, approximately 58% was EUR denominated and 26% USD denominated, with the remainder being split between several currencies.

The **operating result in January–March** amounted to EUR -147 million (36) or -11.9% of net sales (3.8). The operating result was supported by higher sales volumes, while being burdened by intensifying cost inflation, a less favourable sales mix between equipment and services, as well as a write-down of approximately EUR 200 million made as a result of a decision to downscale operations in Russia. The comparable operating result totalled EUR 65 million (41) or 5.3% of net sales (4.3). 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 comprised costs of EUR 212 million (4) related to divestments, restructuring programmes, and footprint adjustments, including the write-down of approximately EUR 200 million mentioned above. The comparable adjusted EBITA amounted to EUR 72 million (49) or 5.9% of net sales (5.1). Purchase price allocation amortisation amounted to EUR 7 million (8).

Financial items amounted to EUR 0 million (-1) in January–March. Net interest totalled EUR -3 million (-4). Profit before taxes amounted to EUR -147 million (35). Taxes amounted to EUR 5 million (-11), implying an effective tax rate of -3.1% (31.6). Profit for the financial period amounted to EUR -142 million (24). Basic earnings per share totalled -0.24 euro (0.04). Return on investments (ROI) was 4.6% (6.9), while return on equity (ROE) was 1.3% (6.2).

Net sales and operating result by reporting segment

MEUR	1–3/2022	1–3/2021	Change	2021
Net sales	**1,231**	**946**	**30%**	**4,778**
Marine Power	**455**	426	7%	1,863
Marine Systems	**163**	142	15%	654
Voyage	**60**	59	2%	279
Energy	**535**	288	86%	1,861
Portfolio Business	**18**	33	-43%	121
Operating result	**-147**	**36**		**314**
Marine Power	**-35**	39		180
Marine Systems	**5**	7	-29%	47
Voyage	**-134**	-14	-858%	-39
Energy	**20**	4	349%	134
Portfolio Business	**-3**	-1	-203%	-9
Operating result, % of net sales	**-11.9**	**3.8**		**6.6**
Marine Power	**-7.6**	9.3		9.7
Marine Systems	**3.3**	5.3		7.2
Voyage	**-223.8**	-23.8		-14.1
Energy	**3.7**	1.5		7.2
Portfolio Business	**-16.5**	-3.1		-7.5
Comparable operating result	**65**	**41**	**61%**	**357**
Marine Power	**44**	40	12%	195
Marine Systems	**12**	8	60%	52
Voyage	**-14**	-12	-16%	-28
Energy	**24**	4	446%	136
Portfolio Business	**-1**	1		2
Comparable operating result, % of net sales	**5.3**	**4.3**		**7.5**
Marine Power	**9.7**	9.3		10.5
Marine Systems	**7.6**	5.5		7.9
Voyage	**-24.1**	-21.3		-9.9
Energy	**4.5**	1.5		7.3
Portfolio Business	**-4.4**	4.0		1.6

Net sales bridge

MEUR	1–3/2022
2021	**946**
Organic	**29%**
Acquisitions and divestments	**-1%**
FX impact	**3%**
2022	**1,231**

Financing and cash flow

During January–March, cash flow from operating activities totalled EUR -122 million (67). The negative cash flow development was mainly driven by working capital build-up to support near-term deliveries and by outgoing payments related to energy storage project deliveries. Working capital totalled EUR -18 million at the end of the period (-100 at the end of 2021). Advances received totalled EUR 489 million (498 at the end of 2021). There were no additional advances pertaining to assets held for sale at the end of the review period or the comparison period. Wärtsilä's first dividend instalment of EUR 0.12 per share (0.10) was distributed in March, corresponding to a total of EUR 71 million (59). In accordance with the Annual General Meeting’s decision, the second dividend instalment of equal size shall be paid in October.

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 700 million (964 at the end of 2021). There were no additional cash or cash equivalents pertaining to assets held for sale at the end of the review period or the comparison period. Unutilised committed credit facilities totalled EUR 650 million (650 at the end of 2021).

Wärtsilä had interest-bearing debt totalling EUR 982 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 161 million. Long-term loans amounted to EUR 821 million.

Net interest-bearing debt totalled EUR 276 million (4 at the end of 2021). Gearing was 0.14 (0.00 at the end of 2021), while the solvency ratio was 35.3% (38.6 at the end of 2021). Equity per share was 3.48 euro (3.92 at the end of 2021).

Key financing items

MEUR	1–3/2022	1–3/2021	2021
Cash flow from operating activities	**-122**	67	731
Working capital	**-18**	243	-100
Net interest-bearing debt, end of period	**276**	419	4
Gearing	**0.14**	0.20	0.00
Solvency, %	**35.3**	37.0	38.6
Equity/share, EUR	**3.48**	3.60	3.92

Capital expenditure

Capital expenditure related to intangible assets and property, plant, and equipment amounted to EUR 34 million (29) for the period January–March. Capital expenditure related to acquisitions and investments in securities totalled EUR 1 million (0). Depreciation, amortisation, and impairment amounted to EUR 122 million (39), including depreciation of right of use assets of EUR 12 million (11).

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 of approximately EUR 200 million made as a result of a 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 January, Wärtsilä received its first order for newbuild methanol-fuelled engines. A new offshore wind installation vessel being built for the Dutch contracting company Van Oord at Yantai CIMC Raffles shipyard in China will be powered by five Wärtsilä 32 engines capable of operating with methanol. The order is scheduled for delivery in early 2023 and includes also the MethanolPac methanol fuel supply system. MethanolPac was developed in response to growing interest in the use of methanol as a pathway to decarbonisation, and it enables Wärtsilä to deliver methanol-capable fuel and power systems across a wide range of vessel segments. The methanol engine order and the development of the MethanolPac extends Wärtsilä's leading position in support of the use of the fuel, and the maritime industry's decarbonisation ambitions.

Strategic projects

In February, Wärtsilä announced its collaboration with Solstad Offshore on fleet decarbonisation ambitions, with the aim to achieve a 50% reduction in CO_2 emissions by 2030 for Solstad Offshore's 90 vessel fleet. The agreement aims to identify, evaluate, and implement solutions that will increase fuel efficiency and significantly reduce greenhouse gas (GHG) emissions from Solstad's offshore vessels. Each vessel will be assessed for appropriate solutions, possible operational improvements, and life extension considerations. Wärtsilä will initially act as an advisor and technical expert to Solstad. The agreement also allows the company to become a possible supplier for the decarbonisation solutions selected.

In March, Wärtsilä announced the opening of a new Expertise Centre in Houston, Texas. The Houston Expertise Centre will deliver support to its U.S. and Canadian energy sector customers, thereby enhancing the company's ability to grow its service business.

Personnel

Wärtsilä had 17,351 (17,742) employees at the end of the period. On average, the number of personnel totalled 17,303 (17,751) during the period January–March.

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

Personnel by reporting segment

MEUR	31.3.2022	31.3.2021	Change	31.12.2021
Personnel	**17,351**	**17,742**	**-2%**	**17,305**
Marine Power	**8,261**	8,317	-1%	8,224
Marine Systems	**1,862**	1,864	0%	1,894
Voyage	**1,722**	1,925	-11%	1,725
Energy	**5,073**	4,905	3%	4,980
Portfolio Business	**433**	732	-41%	482

Changes in management

Teija Sarajärvi (b. 1969, MA) assumed the position of Executive Vice President, Human Resources and member of the Board of Management on 1 January 2022. She succeeded Ms Alid Dettke.

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 January–March included the following:

In January, Wärtsilä booked an order to supply 110 MW of flexible thermal balancing power to support Italy's increasing focus on sustainable energy. Wärtsilä's fast-starting internal combustion engine technology running on natural gas will be used to balance the power system and ensure its stability as the share of renewables is increased.

In February, Wärtsilä, together with the shipping company Grimaldi Group, unveiled a new system that filters out microplastics from open loop exhaust gas scrubber washwater as a means for tackling the amount of such microplastics in the world's oceans; a critical and growing global environmental challenge. According to the Plastic Europe association, 368 million tonnes of plastic were produced in 2019 worldwide, and around 3%, or 11.4 million tonnes, of this plastic ultimately ends up in the ocean.

In March, Wärtsilä published a report showing how by rapidly scaling up its renewable capacity, Europe can cut its power sector gas consumption in half, reduce energy costs by EUR 323 / USD 356 billion, and increase energy independence by 2030. The ambitious but achievable approach modelled in the report, "Europe's Energy Future", would see the share of renewable energy in electricity generation increase from around 33% today to over 60% by 2030, and would have a direct impact on reducing electricity bills in the short and long term, potentially by up to 10%.

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.

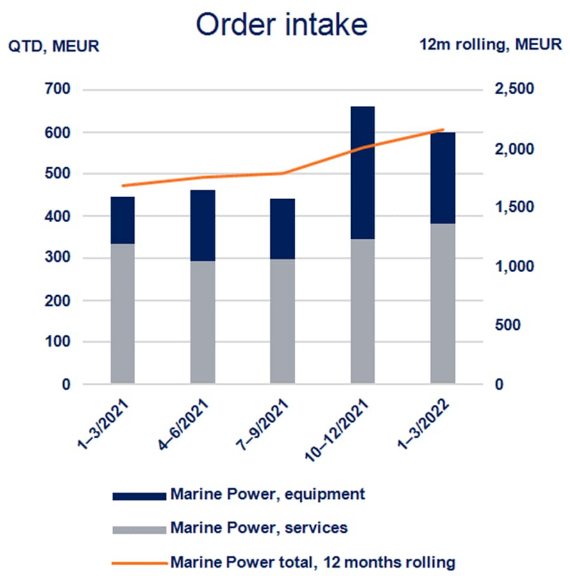
Reporting segment: Wärtsilä Marine Power

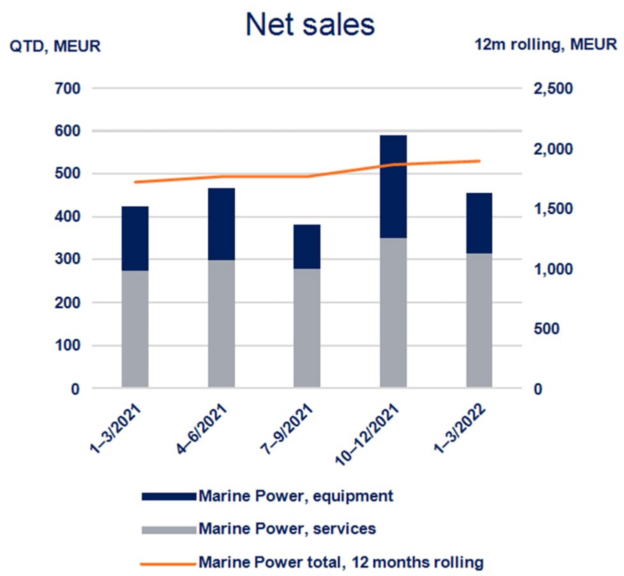
Wärtsilä Marine Power leads the industry in its journey towards a decarbonised and sustainable future. Our broad portfolio of engines, propulsion systems, hybrid technology, and integrated powertrain systems delivers the efficiency, reliability, safety, and environmental performance needed to support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

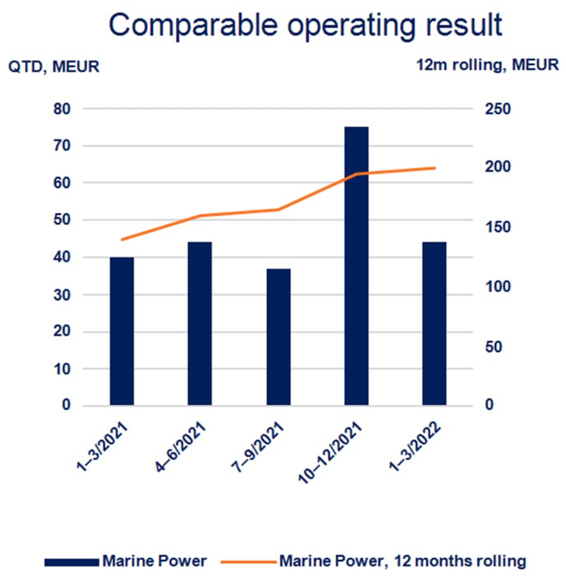
- The positive momentum in the shipping and shipbuilding markets was disrupted by the Russian attack into Ukraine. The most attractive vessel segments for Marine Power, namely specialised tonnage, continued to see varying development trends in terms of activity.
- Service business performance continued to improve, as activity in the cruise segment has increased after the pandemic. In general, uncertainty in the market has led to customers stocking up spare parts to secure their availability.
- Comparable profitability remained relatively stable. The positive impact of strong service sales was offset by cost inflation, affecting especially testing fuel, material, and transportation costs, lower sales in China due to a Covid-19 related lockdown, and the ramp-up of the new Smart Technology Hub.

Key figures

MEUR	1–3/2022	1–3/2021	Change	2021
Order intake	**599**	446	34%	2,011
of which services	**383**	334	15%	1,270
Order book, end of period	**2,151**	1,882	14%	1,994
Net sales	**455**	426	7%	1,863
of which services	**314**	274	14%	1,201
Book-to-bill	**1.32**	1.05		1.08
Operating result	**-35**	39		180
% of net sales	**-7.6**	9.3		9.7
Comparable operating result	**44**	40	12%	195
% of net sales	**9.7**	9.3		10.5
Personnel, end of period	**8,261**	8,317	-1%	8,224







Financial development

Order intake in January–March increased by 34% to EUR 599 million (446) compared to the corresponding period in the previous year. Book-to-bill was 1.32 (1.05). Service order intake increased by 15% to EUR 383 million (334), as the market continued to recover, especially in the cruise & ferry and offshore segments, and customers stocked up to secure the availability of components. Equipment order intake increased by 92% to EUR 216 million (113), on the back of a weak comparison period. Orders received during the period included a highly efficient propulsion solution that was selected for the 'Finnur Fridi', a new state-of-the-art pelagic fishing trawler under construction at the Karstensen shipyard in Denmark. The vessel will operate with a Wärtsilä 31 main engine, 2-speed gearbox, shaft generator, a controllable pitch propeller (CPP) and Wärtsilä's ProTouch propulsion control system. Wärtsilä also received an order from the Remontowa shipyard in Poland for three new RoPax vessels, the first LNG-fuelled RoPax vessels to be built for the Polish maritime sector. The vessels will each operate with four highly efficient Wärtsilä 31DF dual-fuel engines. The **order book** at the end of the period increased by 14% to EUR 2,151 million (1,882).

Net sales in January–March increased by 7% to EUR 455 million (426) compared to the corresponding period in the previous year. Service net sales increased by 14% to EUR 314 million (274), driven by sales to the cruise and merchant segments. Equipment net sales decreased by 7% to EUR 141 million (151). The **comparable operating result** amounted to EUR 44 million (40) or 9.7% of net sales (9.3). The result was supported by higher service sales. Negative impacts arose from increased fuel costs in engine testing, increased transportation costs, higher supply chain costs due to component unavailability, lower sales volumes in China due to a Covid-19 related lockdown, and the ramp-up of the new Smart Technology Hub. Items affecting comparability comprised costs of EUR 79 million primarily related to footprint optimisations concerning the new Smart Technology Hub in Vaasa, Finland, as well as a write-down made as a result of a decision to downscale operations in Russia.

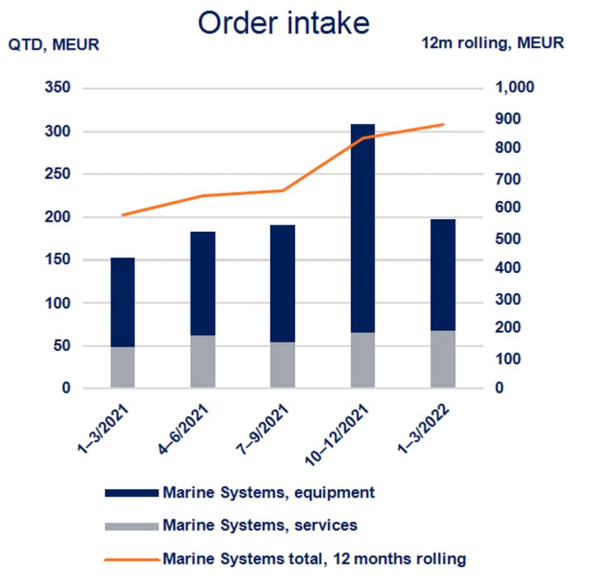
Reporting segment: Wärtsilä Marine Systems

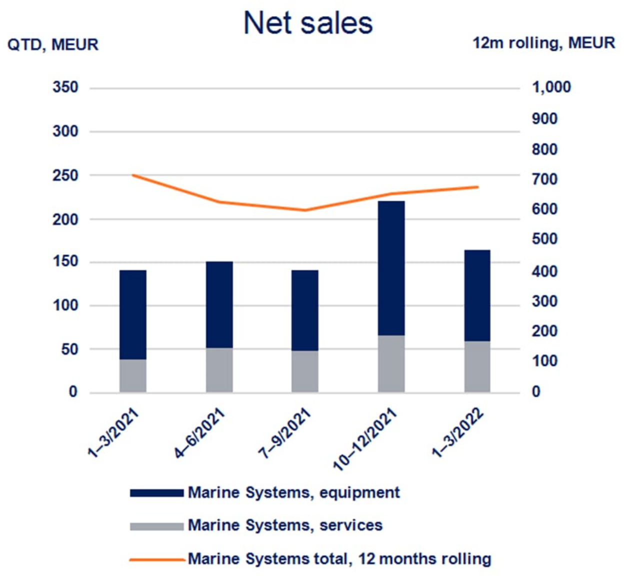
Wärtsilä Marine Systems supports customers with high quality products and lifecycle services related to the gas value chain, exhaust treatment, shaft line, underwater repair and electrical integrations. We are committed to providing the latest and most efficient solutions, in line with Wärtsilä's vision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

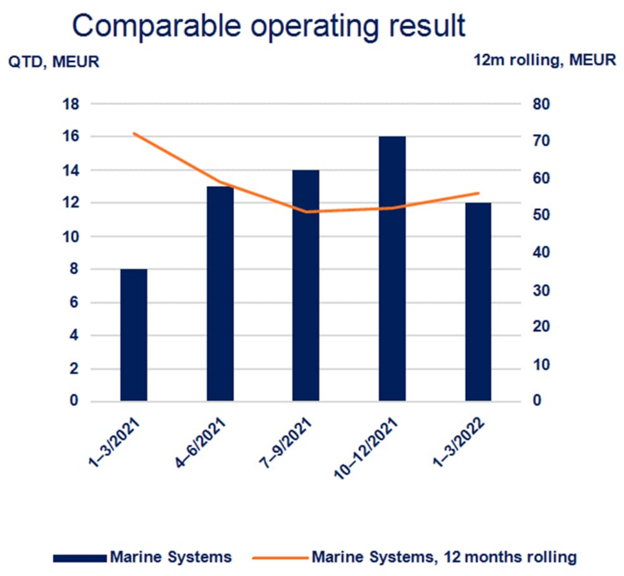
- Market activity in the equipment business remained steady, with increased pressure on pricing and uncertainty in customer decision-making brought by the geopolitical situation.
- The transactional service market was strong.
- Profitability was supported by a favourable sales mix between equipment and services, while being burdened by lower scrubber deliveries.

Key figures

MEUR	1–3/2022	1–3/2021	Change	2021
Order intake	**198**	153	29%	835
of which services	**68**	49	41%	229
Order book, end of period	**1,089**	887	23%	1,042
Net sales	**163**	142	15%	654
of which services	**59**	38	53%	204
Book-to-bill	**1.21**	1.08		1.28
Operating result	**5**	7	-29%	47
% of net sales	**3.3**	5.3		7.2
Comparable operating result	**12**	8	60%	52
% of net sales	**7.6**	5.5		7.9
Personnel, end of period	**1,862**	1,864	0%	1,894







Financial development

Order intake in January–March increased by 29% to EUR 198 million (153) compared to the corresponding period in the previous year. Book-to-bill was 1.21 (1.08). Service order intake increased by 41% to EUR 68 million (49), driven by growth in the Shaft Line Solutions business unit. Equipment order intake increased by 24% to EUR 129 million (104), driven by growth in the Marine Electrical Systems business unit. Orders signed during the period included a service agreement with the Norway based fleet operator Knutsen OAS for the reliquefaction plants onboard four LNG carriers. The agreement includes Wärtsilä's digital Operim (Operational Performance Improvement & Monitoring) system, which is designed to optimise their day-to-day operational performance. The **order book** at the end of the period increased by 23% to EUR 1,089 million (887), with growth driven by the equipment business in the Gas Solutions and Marine Electrical Systems business units.

Net sales in January–March increased by 15% to EUR 163 million (142) compared to the corresponding period in the previous year. Service net sales increased by 53% to EUR 59 million (38). Equipment net sales increased by 2% to EUR 105 million (103). The **comparable operating result** amounted to EUR 12 million (8) or 7.6% of net sales (5.5). Profitability was supported by a favourable sales mix between equipment and services, while being burdened by lower scrubber delivery volumes. Items affecting comparability comprised costs of EUR 7 million related to a write-down made as a result of a decision to downscale operations in Russia.

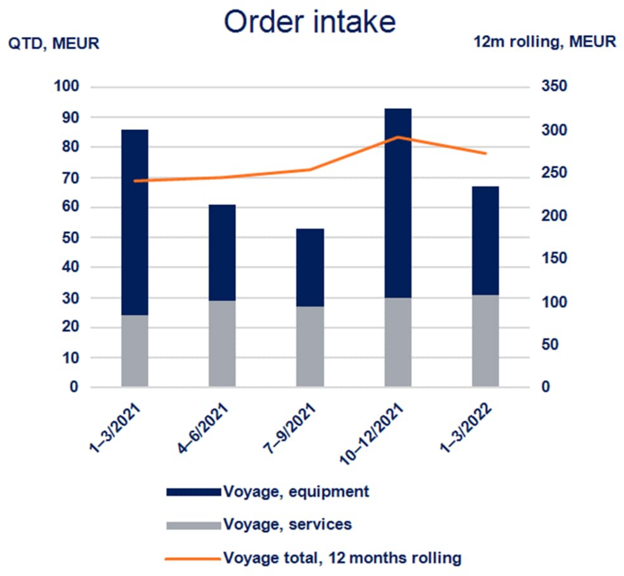
Reporting segment: Wärtsilä Voyage

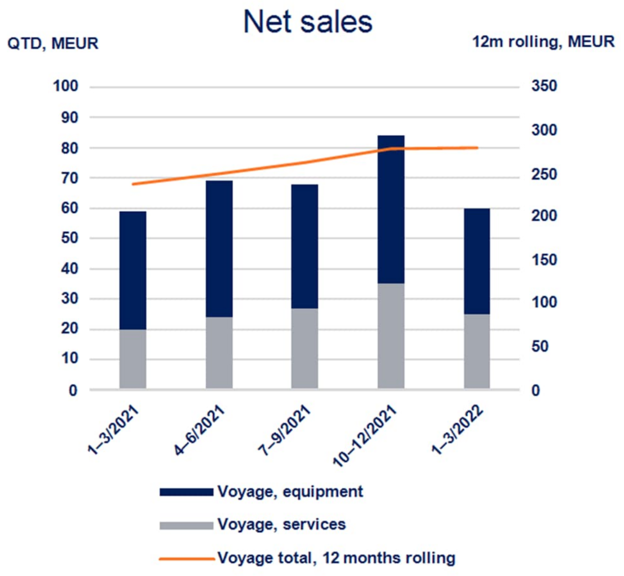
Wärtsilä Voyage transforms how vessels perform their journeys and ports manage their operations by leveraging the latest digital technologies. Using data and AI-driven software, we deliver real-time insights into operations, performance, and energy use to enhance safety, efficiency, and reliability,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

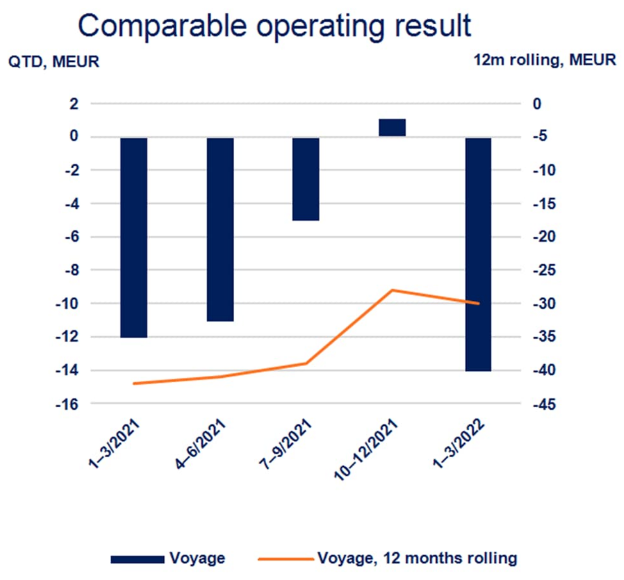
- Voyage has significant business and R&D activities in Russia, which have been impacted by the geopolitical crisis and international sanctions imposed.
- Net sales development was flat versus the prior year as a result of project delays, and lower sales to Russian customers due to sanctions.
- Comparable profitability was negatively impacted mainly by higher material and transportation costs.

Key figures

MEUR	1–3/2022	1–3/2021	Change	2021
Order intake	**66**	86	-23%	292
of which services	**31**	24	28%	109
Order book, end of period	**293**	305	-4%	288
Net sales	**60**	59	2%	279
of which services	**25**	20	25%	105
Book-to-bill	**1.11**	1.46		1.05
Operating result	**-134**	-14	-858%	-39
% of net sales	**-223.8**	-23.8		-14.1
Comparable operating result	**-14**	-12	-16%	-28
% of net sales	**-24.1**	-21.3		-9.9
Personnel, end of period	**1,722**	1,925	-11%	1,725







Financial development

Order intake in January–March decreased by 23% to EUR 66 million (86) compared to the corresponding period in the previous year. Book-to-bill was 1.11 (1.46). Service order intake increased by 28% to EUR 31 million (24). Equipment order intake decreased by 42% to EUR 36 million (62). The decline in equipment order intake was mainly due to an exceptionally large order volume booked in the comparison period, and delays in orders in the current period. The **order book** at the end of the period decreased by 4% to EUR 293 million (305).

Net sales in January–March increased by 2% to EUR 60 million (59) compared to the corresponding period in the previous year. Higher service sales was almost fully offset by lower sales to Russian customers. Service net sales increased by 25% to EUR 25 million (20). Equipment net sales decreased by 10% to EUR 35 million (39). The **comparable operating result** amounted to EUR -14 million (-12) or -24.1% of net sales (-21.3). The result was positively impacted by higher service sales, while being burdened by delays in projects until later in the year, higher material and transportation costs, FX impacts, and the cost of building capabilities outside Russia. Items affecting comparability comprised costs of EUR 120 million related to restructuring programmes, as well as a write-down made as a result of a decision to downscale operations in Russia.

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.

- Energy storage orders were postponed due to a sharp increase in raw material prices. The long-term market demand for energy storage remains strong.
- Sales volumes increased in energy storage, thermal power plants, and services.
- Cost inflation and a less favourable sales mix between equipment and services put pressure on profitability.

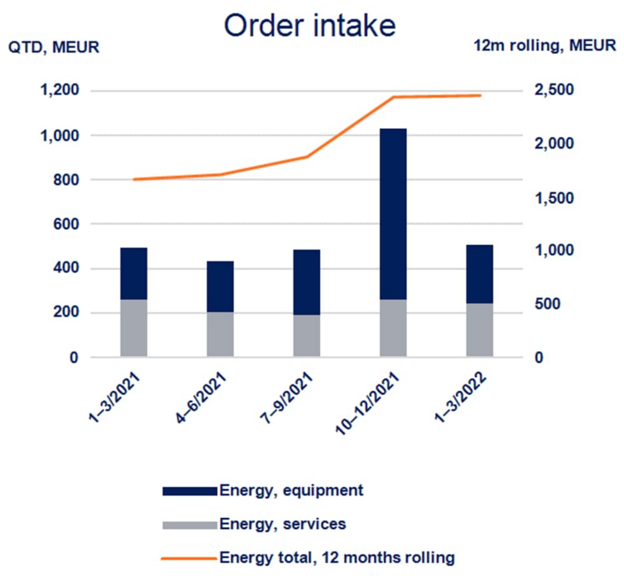
Key figures

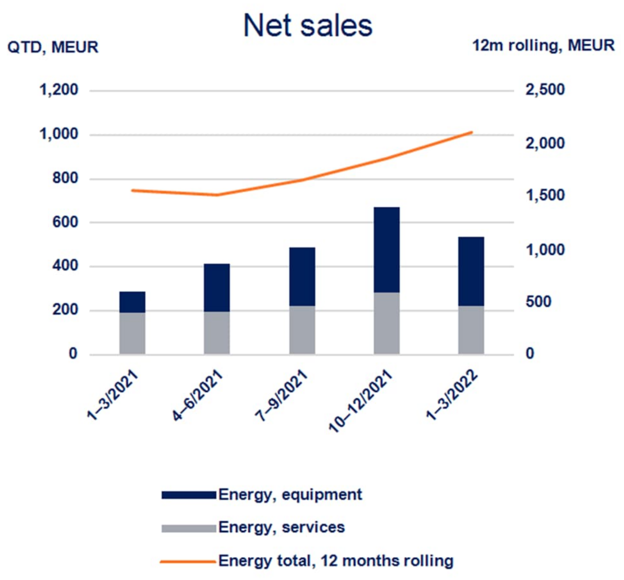
MEUR	1–3/2022	1–3/2021	Change	2021
Order intake	**507**	493	3%	2,444
of which services	**242**	261	-7%	916
Order book, end of period	**2,442**	2,029	20%	2,393
Net sales	**535**	288	86%	1,861
of which services	**221**	191	15%	891
Book-to-bill	**0.95**	1.71		1.31
Operating result	**20**	4	349%	134
% of net sales	**3.7**	1.5		7.2
Comparable operating result	**24**	4	446%	136
% of net sales	**4.5**	1.5		7.3
Personnel, end of period	**5,073**	4,905	3%	4,980

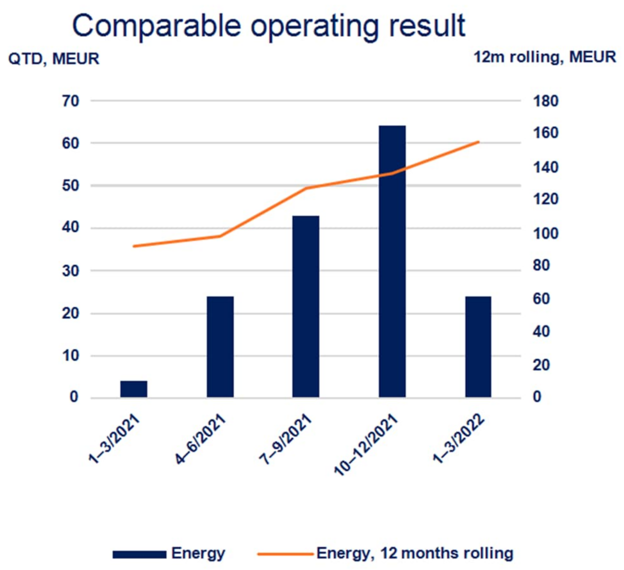
Order intake Energy

	1–3/2022	1–3/2021	Change	2021
Gas, MW	**326**	157	107%	1,322
Oil, MW	**122**	19	556%	80
Storage, MWh	**260**	806	-68%	3,053
Other*, MW	**-**	-	-	-

*Includes biofuel power plants and solar installations







Financial development

Order intake in January–March increased by 3% to EUR 507 million (493) compared to the corresponding period in the previous year. Book-to-bill was 0.95 (1.71). Service order intake decreased by 7% to EUR 242 million (261), on the back of a sizable conversion project signed during the comparison period. Equipment order intake increased by 14% to EUR 265 million (232), driven by engine orders received across all geographical areas. Energy storage order intake declined, due to a sharp increase in raw material prices, which had a direct impact on battery module pricing. This led to many projects being retendered, and caused delays in investment decisions. The **order book** at the end of the period increased by 20% to EUR 2,442 million (2,029).

Net sales in January–March increased by 86% to EUR 535 million (288) compared to the corresponding period in the previous year. Sales volume growth took place in all main areas: energy storage, thermal power plants, and services. Service net sales increased by 15% to EUR 221 million (191), driven by growth in spare parts and long-term service agreements. Equipment net sales increased by 226% to EUR 314 million (96), as the ramp-up of energy storage deliveries continued. The **comparable operating result** amounted to EUR 24 million (4) or 4.5% of net sales (1.5). Profitability was supported by service volume growth, while being burdened by cost inflation and a less favourable sales mix between equipment and services. In the comparison period, profitability was further burdened by approximately EUR 20 million in net provisions arising from a detailed project risk review. Items affecting comparability comprised costs of EUR 4 million related to a write-down made as a result of a decision to downscale operations in Russia.

Other business activities: Wärtsilä Portfolio Business

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

Key figures

MEUR	1–3/2022	1–3/2021	Change	2021
Order intake	**10**	66	-85%	153
Order book, end of period	**132**	297	-56%	142
Net sales	**18**	33	-43%	121
Operating result	**-3**	-1	-203%	-9
% of net sales	**-16.5**	-3.1		-7.5
Comparable operating result	**-1**	1		2
% of net sales	**-4.4**	4.0		1.6
Personnel, end of period	**433**	732	-41%	482

Financial development

Order intake in January–March decreased by 85% to EUR 10 million (66) compared to the corresponding period in the previous year, due to the divestments of certain business units. The **order book** at the end of the period decreased by 56% to EUR 132 million (297), mainly due to the exclusion of the order books of divested business units.

Net sales in January–March decreased by 43% to EUR 18 million (33) compared to the corresponding period in the previous year, due to the divestments of certain business units. The **comparable operating result** amounted to EUR -1 million (1) or -4.4% of net sales (4.0), due to the divestments of certain business units. Items affecting comparability amounting to EUR 2 million were recognised as a result of divestments.

Divestments

In January, Wärtsilä closed the divestment of its Tank Control Systems business to Svanehøj, a Danish gas pump specialist involved in the design and manufacture of specialised deep well pump solutions. 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. It is also a leading supplier of safety products and associated systems and solutions for LPG land-based storage and underground cavern storage. The business became part of Wärtsilä as a result of the acquisition of Total Automation in 2006 and has approximately 50 employees based in the UK, France, and Singapore with revenues of EUR 7.5 million in 2020.

Risks and business uncertainties

The war that escalated between Russia and Ukraine in the first quarter have resulted in various risks to both the demand and supply environment and increased uncertainty. This has impacted business operations in and out of Russia, increased inflationary pressure, and limited the availability of various commodities. The economic sanctions already in place, along with any potential further sanctions planned against Russia as well as counter sanctions by Russia, might result in trade volumes, routes, and tonnage demand being further affected, customers reassessing investments, and potentially weaker than expected economic growth. The volatility of the geopolitical environment, and the enforcement of sanctions or embargos, pose a risk to the customer relations and international business activities of the company. Simultaneously, the geopolitical tensions are affecting cyber security and being affected by it. 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.

While the Covid-19 related risks on demand for equipment and services have somewhat declined, there are still potential risks around the effect of further lockdowns, especially in China. Mobility restrictions may affect business operations, project delivery schedules, and the ability to perform services. Disruptions to global supply chains and Covid-19 related quarantines and personnel sick leaves impact factory activities and the delivery of spare parts, while amplifying risks in terms of raw material and component prices and availability, as well as transportation costs.

The shipping and shipbuilding markets are faced with increasing regulatory, financial, and end-customer pressure to decarbonise their operations. Uncertainties around the development and deployment of suitable future technologies may affect the investment appetite of ship owners and operators, concerning both newbuilding programmes and the management of existing fleets. At the same time, the limited development of alternative fuel infrastructures, 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 cases, along with surging fuel costs pose risks to the profitability of cruise and ferry operators’ business. 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 fleets. The volatility of oil prices and potentially lower or ceased supplies of Russian 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 weaker future availability of high-sulphur fuel, might weaken the case for scrubber investments.

In the energy markets, gas price volatility and increasing prices 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 customers’ decision making. However, these are expected to have less of an impact on thermal balancing power plants with lower running hours. The prevailing Covid-19 pandemic, currency fluctuations, and potential financing constraints are likely to postpone investment decisions on new power generation capacity. Many countries are still struggling with the pandemic, which limits their ability to implement new infrastructure projects, causes disturbances in 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 flexibility in power systems will be emphasised. Changes in climate policies and regulations cause uncertainty in the markets, as they may impact technology choices for customers. 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–March, the number of shares traded on Nasdaq Helsinki was 125,554,371, equivalent to a turnover of EUR 1,308 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 50,478,464 shares.

Shares on Nasdaq Helsinki

31.3.2022	Number of shares outstanding	Number of treasury shares	Total number of shares	Number of shares traded 1–3/2022
WRT1V	590,023,390	1,700,000	591,723,390	125,554,371

1.1.2022-31.3.2022	High	Low	Average*	Close
Share price	13.22	8.26	10.42	8.31

*Trade-weighted average price

	31.3.2022	31.3.2021
Market capitalisation, EUR million	4,915	5,286
Foreign shareholders, %	51.9	51.7

Flagging notifications

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

Transaction date	Shareholder	Threshold	Direct holding, %	Total holding, %
23.2.2022	BlackRock, Inc.	Below 5%	Below 5%	Below 5%
22.2.2022	BlackRock, Inc.	Above 5%	4.81	5.01

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 is suggested to be 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

Wärtsilä Interim Report January–March 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 pension benefit obligations, recognition of warranty provisions and provisions for legal cases, and uncertain tax positions. In addition, valuation of assets held for sale requires the use of estimates.

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 478,397 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	**478,397**
Weighted average number of shares outstanding during the period to be used in the calculation of diluted EPS	**590,501,787**

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 31 March 2022.

This interim report is unaudited.

Condensed statement of income

MEUR	1–3/2022	1–3/2021	2021
Net sales	**1,231**	946	4,778
Other operating income	**12**	12	85
Expenses	**-1,268**	-882	-4,388
Result from net position hedges		-2	-2
Depreciation, amortisation and impairment	**-122**	-39	-162
Share of result of associates and joint ventures		1	3
Operating result	**-147**	36	314
Financial income and expenses		-1	-18
Profit before taxes	**-147**	35	296
Income taxes	**5**	-11	-103
Profit for the reporting period	**-142**	24	193
Attributable to:			
equity holders of the parent company	**-143**	24	194
non-controlling interests	**1**		
	-142	24	193
Earnings per share attributable to equity holders of the parent company:			
Earnings per share (EPS), basic, EUR	**-0.24**	0.04	0.33
Earnings per share (EPS), diluted, EUR	**-0.24**	-	0.33

Statement of other comprehensive income

MEUR	1–3/2022	1–3/2021	2021
Profit for the reporting period	**-142**	24	193
Other comprehensive income, net of taxes:			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit liabilities		-1	10
Tax on items that will not be reclassified to the statement of income			-2
Total items that will not be reclassified to the statement of income		-1	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	**10**	43	72
for non-controlling interests			-1
Associates and joint ventures, share of other comprehensive income	**1**	1	3
Cash flow hedges	**13**	8	-9
Tax on items that may be reclassified to the statement of income	**-3**	-2	
Total items that may be reclassified to the statement of income	**22**	50	65
Other comprehensive income for the reporting period, net of taxes	**22**	49	73
Total comprehensive income for the reporting period	**-120**	73	267
Total comprehensive income attributable to:			
equity holders of the parent company	**-120**	73	268
non-controlling interests			-1
	-120	73	267

Condensed statement of financial position

MEUR	31.3.2022	31.3.2021	31.12.2021
Non-current assets			
Intangible assets	**1,703**	1,756	1,776
Property, plant and equipment	**316**	287	312
Right-of-use assets	**249**	168	192
Investments in associates and joint ventures	**28**	25	27
Other investments	**18**	19	18
Deferred tax assets	**185**	197	167
Other receivables	**50**	31	48
Total non-current assets	**2,549**	2,483	2,539
Current assets			
Inventories	**1,210**	1,277	1,185
Other receivables	**1,873**	1,579	1,833
Cash and cash equivalents	**700**	875	964
Total current assets	**3,783**	3,730	3,982
Assets held for sale	**1**	84	2
Total assets	**6,333**	6,297	6,523
Equity			
Share capital	**336**	336	336
Other equity	**1,717**	1,798	1,979
Total equity attributable to equity holders of the parent company	**2,054**	2,134	2,315
Non-controlling interests	**9**	11	8
Total equity	**2,062**	2,145	2,323
Non-current liabilities			
Lease liabilities	**212**	131	157
Other interest-bearing debt	**609**	960	694
Deferred tax liabilities	**61**	78	65
Other liabilities	**262**	235	236
Total non-current liabilities	**1,143**	1,404	1,153
Current liabilities			
Lease liabilities	**43**	40	39
Other interest-bearing debt	**118**	176	82
Other liabilities	**2,966**	2,474	2,925
Total current liabilities	**3,127**	2,691	3,047
Total liabilities	**4,271**	4,095	4,199
Liabilities directly attributable to assets held for sale		58	
Total equity and liabilities	**6,333**	6,297	6,523

Condensed statement of cash flows

MEUR	1–3/2022	1–3/2021	2021
Cash flow from operating activities:			
Profit for the reporting period	**-142**	24	193
Adjustments for:			
depreciation, amortisation and impairment	**122**	39	162
financial income and expenses		1	18
gains and losses on sale of intangible assets and property, plant and equipment and other changes	**2**		
share of result of associates and joint ventures		-1	-3
income taxes	**-5**	11	103
other non-cash flow adjustments	**97**	2	6
Cash flow before changes in working capital	**74**	77	478
Changes in working capital	**-169**	26	363
Cash flow from operating activities before financial items and taxes	**-95**	103	841
Financial items and paid taxes	**-27**	-36	-111
Cash flow from operating activities	**-122**	67	731
Cash flow from investing activities:			
Investments in shares and acquisitions	**-1**		-1
Net investments in property, plant and equipment and intangible assets	**-34**	-29	-137
Proceeds from sale of shares in subsidiaries, associated companies and other investments			10
Cash flow from investing activities	**-34**	-29	-128
Cash flow from financing activities:			
Repurchase of own shares			-18
Repayments and other changes in non-current debt	**-50**	-38	-433
Changes in current loans and other changes	**-2**	-1	-8
Dividends paid	**-59**	-51	-121
Cash flow from financing activities	**-111**	-90	-580
Change in cash and cash equivalents, increase (+)/decrease (-)	**-267**	-52	22
Cash and cash equivalents at the beginning of the reporting period*	**964**	932	932
Exchange rate changes	**3**	6	10
Cash and cash equivalents at the end of the reporting period*	**700**	886	964

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

Consolidated statement of changes in equity

	Total equity attributable to equity holders of the parent company						Non-controlling interests	Total equity
MEUR	**Share capital**	**Share premium**	**Translation difference**	**Fair value reserve**	**Remeasurements of defined benefit liabilities**	**Retained earnings**		
Equity on 1 January 2022	**336**	**61**	**-122**	**-18**	**-36**	**2,094**	**8**	**2,323**
Total comprehensive income for the reporting period			**11**	**11**		**-143**	**1**	**-120**
Transactions with equity holders of the parent company and non-controlling interests								
Dividends paid						**-142**	**-1**	**-142**
Share-based payments						**2**		**2**
Equity on 31 March 2022	**336**	**61**	**-111**	**-7**	**-36**	**1,811**	**9**	**2,062**

	Total equity attributable to equity holders of the parent company						Non-controlling interests	Total equity
MEUR	**Share capital**	**Share premium**	**Translation difference**	**Fair value reserve**	**Remeasurements of defined benefit liabilities**	**Retained earnings**		
Equity on 1 January 2021	336	61	-197	-9	-45	2,030	11	2,188
Total comprehensive income for the reporting period			45	5	-1	24		73
Other changes						2		2
Dividends paid						-118		-118
Equity on 31 March 2021	336	61	-152	-4	-45	1,938	11	2,145

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	1–3/2022	1–3/2021	2021
Net sales			
Marine Power	**455**	426	1,863
Marine Systems	**163**	142	654
Voyage	**60**	59	279
Energy	**535**	288	1,861
Portfolio Business	**18**	33	121
Total	**1,231**	946	4,778
Depreciation, amortisation and impairment			
Marine Power	**-19**	-19	-73
Marine Systems	**-5**	-5	-20
Voyage	**-89**	-6	-23
Energy	**-8**	-7	-31
Portfolio Business	**-1**	-3	-14
Total	**-122**	-39	-162
Share of result of associates and joint ventures			
Marine Power		1	3
Total		1	3
Operating result			
Marine Power	**-35**	39	180
Marine Systems	**5**	7	47
Voyage	**-134**	-14	-39
Energy	**20**	4	134
Portfolio Business	**-3**	-1	-9
Total	**-147**	36	314
Operating result as a percentage of net sales (%)			
Marine Power	**-7.6**	9.3	9.7
Marine Systems	**3.3**	5.3	7.2
Voyage	**-223.8**	-23.8	-14.1
Energy	**3.7**	1.5	7.2
Portfolio Business	**-16.5**	-3.1	-7.5
Total	**-11.9**	3.8	6.6

Comparable operating result			
Marine Power	**44**	40	195
Marine Systems	**12**	8	52
Voyage	**-14**	-12	-28
Energy	**24**	4	136
Portfolio Business	**-1**	1	2
Total	**65**	41	357
Comparable operating result as a percentage of net sales (%)			
Marine Power	**9.7**	9.3	10.5
Marine Systems	**7.6**	5.5	7.9
Voyage	**-24.1**	-21.3	-9.9
Energy	**4.5**	1.5	7.3
Portfolio Business	**-4.4**	4.0	1.6
Total	**5.3**	4.3	7.5

Net sales by geographical areas

MEUR	1–3/2022	1–3/2021	2021
Europe	**423**	317	1,591
Asia	**311**	312	1,464
The Americas	**376**	229	1,286
Other	**121**	88	437
Total	**1,231**	946	4,778

Service net sales

MEUR	1–3/2022	1–3/2021	2021
Net sales			
Marine Power, service*	**314**	274	1,201
Marine Systems, service*	**59**	38	204
Voyage, service	**25**	20	105
Energy, service	**221**	191	891
Portfolio Business, service	**14**	16	67
Total	**631**	540	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	1–3/2022	1–3/2021	2021
Comparable adjusted EBITA	**72**	49	388
Purchase price allocation amortisation	**-7**	-8	-31
Comparable operating result	**65**	41	357
Items affecting comparability:			
Social plan costs			-14
Impairment and write-downs	**-180**	-2	-10
Profits and losses from disposals	**-2**		-1
Other costs	**-30**	-2	-18
Items affecting comparability, total	**-212**	-4	-43
Operating result	**-147**	36	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 operations will be adjusted 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.

Disposals

On 14 January 2022, 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 financial 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 second 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	1–3/2022	1–3/2021	2021
At a point in time			
Products	**328**	276	1,165
Goods and services	**126**	113	535
Projects	**199**	256	1,332
Total	**653**	645	3,032
Over time			
Projects	**438**	200	1,252
Long-term agreements	**141**	102	494
Total	**579**	302	1,746
Total	**1,231**	946	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	1–3/2022	1–3/2021	2021
Intangible assets			
Carrying amount on 1 January	**1,776**	1,716	1,716
Changes in exchange rates	**5**	39	54
Additions	**17**	14	62
Amortisation and impairment	**-94**	-13	-53
Decreases and reclassifications		1	-4
Carrying amount at the end of the reporting period	**1,703**	1,756	1,776
Property, plant and equipment			
Carrying amount on 1 January	**312**	282	282
Changes in exchange rates	**1**	2	4
Additions	**17**	16	82
Depreciation and impairment	**-15**	-13	-51
Decreases and reclassifications			-5
Carrying amount at the end of the reporting period	**316**	287	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. 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	1–3/2022	1–3/2021	2021
Land and buildings, right-of-use assets			
Carrying amount on 1 January	**181**	151	151
Changes in exchange rates		2	3
Acquisitions and disposals			-1
Additions	**67**	14	75
Depreciation and impairment	**-11**	-10	-41
Decreases and reclassifications		-1	-6
Carrying amount at the end of the reporting period	**238**	156	181
Machinery and equipment, right-of-use assets			
Carrying amount on 1 January	**11**	11	11
Additions	**2**	2	7

Depreciation and impairment	**-2**	-2	-6
Carrying amount at the end of the reporting period	**11**	11	11
Lease liabilities			
Carrying amount on 1 January	**197**	166	166
Changes in exchange rates		2	3
Additions	**69**	16	82
Payments	**-11**	-11	-47
Other adjustments		-2	-8
Carrying amount at the end of the reporting period	**255**	171	197

MEUR	1–3/2022	1–3/2021	2021
Amounts recognised in statement of income			
Depreciation and impairment	**-12**	-11	-47
Interest expenses	**-1**	-1	-4
Expense – short-term leases	**-7**	-7	-28
Expense – leases of low-value assets	**-1**	-1	-5
Expense – variable lease payments	**-1**	-2	-5

Gross capital expenditure

MEUR	1–3/2022	1–3/2021	2021
Investments in securities and acquisitions	**1**		1
Investments in intangible assets and property, plant and equipment	**34**	29	142
Total	**35**	29	143

Net interest-bearing debt

MEUR	1–3/2022	1–3/2021	2021
Lease liabilities, non-current	**212**	131	157
Other interest-bearing debt, non-current	**609**	960	694
Lease liabilities, current	**43**	40	39
Other interest-bearing debt, current	**118**	176	82
Total interest-bearing liabilities	**982**	1,307	973
Interest-bearing receivables	**-5**	-2	-5
Cash and cash equivalents	**-700**	-875	-964
Cash and cash equivalents pertaining to assets held for sale		-12	
Total interest-bearing assets	**-706**	-888	-969
Total net interest-bearing debt	**276**	419	4

Financial ratios

	1–3/2022	**1–3/2021**	**2021**
Earnings per share (EPS), basic, EUR	**-0.24**	0.04	0.33
Earnings per share (EPS), diluted, EUR	**-0.24**	-	0.33
Equity per share, EUR	**3.48**	3.60	3.92
Solvency ratio, %	**35.3**	37.0	38.6
Gearing	**0.14**	0.20	0.00
Return on investment (ROI), %	**4.6**	6.9	9.7
Return on equity (ROE), %	**1.3**	6.2	8.6

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

Personnel

	1–3/2022	**1–3/2021**	**2021**
On average	**17,303**	17,751	17,461
At the end of the reporting period	**17,351**	17,742	17,305

Contingent liabilities

MEUR	**1–3/2022**	**1–3/2021**	**2021**
Mortgages	**10**	10	10
Chattel mortgages and other pledges and securities	**8**	17	7
Total	**18**	27	17
Guarantees and contingent liabilities			
on behalf of Group companies	**992**	944	1,065
Nominal amounts of lease liabilities			
Low-value lease liabilities	**9**	7	11
Short-term lease liabilities	**3**	4	4
Leases not yet commenced, but to which Wärtsilä is committed	**1**	179	120
Residual value guarantee	**90**		30
Total	**1,094**	1,134	1,231

Nominal values of derivative instruments

MEUR	**Total amount**	**of which closed**
Foreign exchange forward contracts	**2**	**1**
Total	**2**	**1**

In addition, the Group had copper futures and swaps amounting to 1,003 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)	**18**	**18**
Interest-bearing investments, non-current (level 2)	**5**	**5**
Other receivables, non-current (level 2)	**2**	**2**
Derivatives (level 2)	**29**	**29**
Financial liabilities		
Interest-bearing debt, non-current (level 2)	**821**	**818**
Derivatives (level 2)	**26**	**26**

Quarterly figures

MEUR	1–3/ 2022	10–12/ 2021	7–9/ 2021	4–6/ 2021	1–3/ 2021	10–12/ 2020	7–9/ 2020	4–6/ 2020	1–3/ 2020
Order intake									
Marine Power*	**599**	659	443	463	446	440	410	391	496
Marine Systems*	**198**	308	191	183	153	133	174	119	113
Voyage*	**66**	93	53	60	86	55	44	56	107
Energy*	**507**	1,031	486	433	493	469	319	390	475
Portfolio Business*	**10**	59	14	14	66	21	34	55	57
Total	**1,380**	2,150	1,186	1,154	1,244	1,118	981	1,011	1,247
Order book at the end of the reporting period									
Marine Power*	**2,151**	1,994	1,930	1,860	1,882	1,839	1,908	1,913	1,967
Marine Systems*	**1,089**	1,042	944	912	887	857	872	902	1,051
Voyage*	**293**	288	280	295	305	275	289	305	304
Energy*	**2,442**	2,393	2,056	2,035	2,029	1,830	1,865	1,939	2,087
Portfolio Business*	**132**	142	115	135	297	257	331	341	336
Total	**6,107**	5,859	5,325	5,238	5,399	5,057	5,265	5,401	5,745
Net sales									
Marine Power*	**455**	589	382	466	426	489	382	420	457
Marine Systems*	**163**	221	142	150	142	167	169	238	234
Voyage*	**60**	84	68	68	59	68	54	56	69
Energy*	**535**	670	487	416	288	465	347	457	351
Portfolio Business*	**18**	32	25	31	33	30	43	48	59
Total	**1,231**	1,597	1,103	1,131	946	1,220	995	1,220	1,170

Share of result of associates and joint ventures		1	1	1	1			1	1
Comparable adjusted EBITA	**72**	165	95	79	49	111	69	63	65
as a percentage of net sales	**5.9**	10.4	8.6	7.0	5.1	9.1	7.0	5.2	5.6
Depreciation, amortisation and impairment	**-122**	-40	-41	-42	-39	-49	-47	-38	-39
Purchase price allocation amortisation	**-7**	-8	-8	-8	-8	-8	-8	-8	-9
Comparable operating result	**65**	158	87	71	41	103	61	55	56
as a percentage of net sales	**5.3**	9.9	7.9	6.3	4.3	8.4	6.1	4.5	4.8
Items affecting comparability, total	**-212**	-14	-12	-14	-4	-13	-18	-6	-4
Operating result	**-147**	144	75	58	36	90	43	49	52
as a percentage of net sales	**-11.9**	9.0	6.8	5.1	3.8	7.4	4.3	4.0	4.5
Financial income and expenses		-10	-1	-5	-1	-12	-9	-13	-9
Profit before taxes	**-147**	134	74	53	35	78	34	36	43
Income taxes	**5**	-49	-25	-18	-11	-23	-9	-12	-14
Profit for the reporting period	**-142**	85	50	35	24	55	25	23	29
Earnings per share (EPS), basic, EUR	**-0.24**	0.14	0.08	0.06	0.04	0.10	0.04	0.04	0.05
Earnings per share (EPS), diluted, EUR	**-0.24**	0.14	0.08	0.06	-	-	-	-	-
Gross capital expenditure	**35**	45	35	34	29	38	25	27	27
Investments in securities and acquisitions	**1**	1				1	1		
Cash flow from operating activities	**-122**	370	49	245	67	274	114	252	42
Working capital (WCAP) at the end of the reporting period	**-18**	-100	107	73	243	257	431	492	660
Personnel at the end of the reporting period									
Marine Power*	**8,261**	8,224	8,157	8,131	8,317	8,355	8,412	8,674	8,934
Marine Systems*	**1,862**	1,894	1,891	1,882	1,864	1,897	1,891	1,846	1,862
Voyage*	**1,722**	1,725	1,799	1,865	1,925	1,915	1,946	1,917	1,939
Energy*	**5,073**	4,980	4,975	4,953	4,905	4,888	4,837	4,799	4,819
Portfolio Business*	**433**	482	481	555	732	737	1,097	1,098	1,088
Total	**17,351**	17,305	17,303	17,386	17,742	17,792	18,183	18,334	18,642

* The segment related comparison figures for 1–3/2020 have been restated to reflect the current organisational structure.

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)

27 April 2022
Wärtsilä Corporation
Board of Directors