Wallenius Wilhelmsen ASA
Q4 Report 2022

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Highlights – Q4 2022

- Q4 EBITDA at all-time high, boosted by margin improvements in all segments
- Full year revenue of USD 5bn and EBITDA of USD 1.5bn
- Net debt to adj. EBITDA of 1.9x, well within the new <3.5x target
- Proposed FY22 dividend of USD 360m, 45% of net profit
- Pia Synnerman appointed new Chief Customer Officer

"2022 was an exceptional year for Wallenius Wilhelmsen and we are in a very strong position both financially and strategically. As a result we propose a record dividend to our shareholders.

I am particularly proud of our team and how they have been able to adapt and deliver in a constantly changing environment.

In 2023, we expect continued high activity levels across our business despite a moderate slowdown in volumes for breakbulk and construction machinery."

Lasse Kristoffersen
CEO

Consolidated results and key figures – Q4 2022

The group delivered a new all-time high EBITDA result in Q4, boosted by margin improvements in all segments.

USDm*	Q4 2022	Q3 2022	% change QoQ**	Q4 2021	% change YoY**
Total revenue	1,350	1,356	-	1,078	25 %
EBITDA	488	440	11 %	306	60 %
EBIT	261	305	-14 %	121	116 %
Profit/(loss) for the period	246	246	- %	98	150 %
Earnings per share[1]	0.48	0.51	-7 %	0.18	162 %
Net interest-bearing debt	2,872	3,041	-6 %	3,418	-16 %
ROCE adjusted[2]	13.7 %	11.6 %	2.1 %	5.7 %	8.0 %
Equity ratio	41.8 %	38.8 %	3.0 %	36.0 %	5.8 %
EBITDA adjusted[3]	488	434	13 %	306	60 %
EBITDA adjusted margin	36.2 %	32.0 %	4.2 %	28.4 %	7.8 %

** Except per share and per cent*
*** For ROCE adjusted, Equity ratio and EBITDA adjusted margin, % change represents absolute change in ratio*

Consolidated results

Total revenues in Q4 were USD 1,350m, on par with the previous quarter. Volume and revenue reduction in the shipping segment was offset by increased volumes and revenues in the logistics segment. Compared to Q4-21, total revenue for the group was up 25%, with solid growth in all segments.

EBITDA for the quarter ended at USD 488m, up 11% QoQ. Adjusted EBITDA was USD 488m, up 13% QoQ, excluding a USD 6m reversal in provisions for settlement of customer claims in the third quarter. Continued strong performance in the shipping segment with a QoQ EBITDA improvement of USD 41m was the main contributor to the increase in the group results. Continued high fuel surcharges combined with reduced fuel expenses boosted the results in the quarter, with a net positive effect from fuel periodization of approximately USD 67m QoQ. High freight rates, operational efficiency with lower voyage expenses per cbm, and the continued full utilization of our fleet also contributed to the strong performance. Logistics EBITDA increased by USD 8m QoQ on higher volumes and improved margins. Further, government services EBITDA increased by USD 8m QoQ from improved cargo mix.

EBITDA increased by 60% YoY, with adjusted EBITDA also up 60%, driven by solid growth in all segments.

Other effects in the quarter include a USD -54m change in value of the symmetric put/call option relating to the minority shareholding in EUKOR, see Note 2 - Other gain/loss.

[1] After tax and non-controlling interests

[2] The calculation of ROCE has changed from prior periods to base the return on results for the last twelve months. Previously returns were calculated as an annualized amount based on year-to-date results. Prior period figures have been updated on same basis

[3] Q4-22 EBITDA no adjustments (Q3-22 adjusted for the USD 6m reversal of remaining provision relating to customer claims)

Goodwill relating to the logistics segment arising from the 2017 merger was impaired by USD 29m in Q4. The non-cash impairment is based on updated long-term forecasts, including expected required investments, and an increased discount rate.

Net financial income was USD 3m in Q4, compared to a net financial loss of USD 51m in Q3, due to a net currency gain and an increase in net financial income which more than offset the increase in net financial expenses.

Interest expenses including realized interest derivatives was USD 53m, USD 4m higher than the previous quarter. The unrealized gain on interest rate derivatives amounted to USD 2m in Q4. Net currency gain was USD 51m, with USD 68m in net unrealized gain on currency derivatives (largely USDNOK cross currency swaps related to bond debt issued in NOK and swapped to USD), partially offset by currency translation losses and realized losses on currency derivatives.

The group recorded a tax expense of USD 19m for Q4, compared to USD 8m in the previous quarter.

The quarter ended with a net profit of USD 246m, flat from Q3, negatively impacted by change in value of the symmetric put/call option and impairment in logistics, while up from USD 98m in Q4-21. USD 203m of the net profit is attributable to shareholders of Wallenius Wilhelmsen, while USD 43m of net profit is attributable to non-controlling interests (primarily minority shareholders in EUKOR).

Financial targets and dividend policy

In February 2023, the board of directors approved new long-term financial targets and an updated dividend policy for the Group. The changes in the dividend policy are not material, but reflect that the board will consider the new financial targets and future capital requirements when deciding on dividend amount. The update also clarifies that dividends are declared in USD and paid out in NOK semi-annually. The payout ratio range in percent of profit after tax remains unchanged.

Long-term financial targets:

- **Return on capital employed (ROCE) > 8%.** Calculated as last twelve months of adjusted EBIT divided by the last twelve months of average capital employed (total assets less total liabilities plus total interest-bearing debt)
- **Leverage ratio < 3.5x.** Calculated as net interest-bearing debt divided by last twelve months of adjusted EBITDA.
- **Equity ratio > 35%.** Calculated as book value of equity divided by book value of total assets.

Financial target	Q4 2022	Q3 2022	Delta QoQ	Q4 2021	Delta YoY
ROCE > 8%	13.7 %	11.6 %	2.1 %	5.7 %	8.0 %
Leverage ratio < 3.5x	1.9x	2.3x	-0.4x	4.0x	-2.1x
Equity ratio > 35%	41.8 %	38.8 %	3.0 %	36.0 %	5.8 %

Dividend policy:

Wallenius Wilhelmsen's objective is to provide shareholders with a competitive return over time through a combination of rising value for the Wallenius Wilhelmsen share and payment of dividend to the shareholders.

The Board targets a dividend which over time shall constitute between 30 and 50% of the company's profit after tax. When deciding the size of the dividend, the Board will consider its financial targets and future capital requirements to ensure the implementation of its growth strategy, as well as the need to ensure that the Group's financial standing remains solid. Dividends will be declared in USD and paid out semi-annually.

Capital and liquidity

Cash and cash equivalents were USD 1,216m, up USD 153m QoQ. Cash improved during Q4 on solid operational performance, the reversion of cash collateral related to cross-currency swaps and a decrease in working capital, countered by last installment of FY21 dividends to shareholders, regular debt service and repayment of bonds at maturity.

The net USD 38m of investment cash flow consisted of USD 25m of dry docking, USD 1m in investment in a subsidiary in the logistics business and USD 9m of interest received. Further, USD 21m relates to other maintenance capex, additions in logistics lease property, shipping projects and intangible investments .

Financial cash flows include interest paid, scheduled debt and lease payments and repayments of loans and bonds. In Q4, the group repaid a total of USD 78m in bond maturities, of which USD 26m was related to the maturity of the NOK bond and USD 53m to the maturity of the USD bond. In addition, the company paid USD 25m in dividends, equivalent to USD 0.06 per share. The group further reversed USD 40m in cash collateral related to cross-currency derivatives on the weakening USDNOK during Q4.

In Q4 the group extended a revolving credit facility in logistics services with 1 year to a maturity in June 2024. The facility amount was reduced from USD 450m to USD 320m, and the drawn amount remained unchanged at USD 303m. The group further extended an undrawn USD 25m revolving credit facility in shipping services. In 2023, the group has maturities of USD 76m in secured vessel loans and USD 20m in financial vessel leases, which will be refinanced. The company has no bond maturities in 2023.

In addition to the cash position, Wallenius Wilhelmsen had USD 247m in undrawn credit facilities. The total amount was reduced by USD 130m QoQ due to the reduction in the extended facility in Logistics services.

On December 31, the group had posted USD 2m in cash collateral relating to cross-currency swaps for the three outstanding NOK bonds. The cash collateral is registered as an Other current asset in the balance sheet, see Note 8 - Financial items.

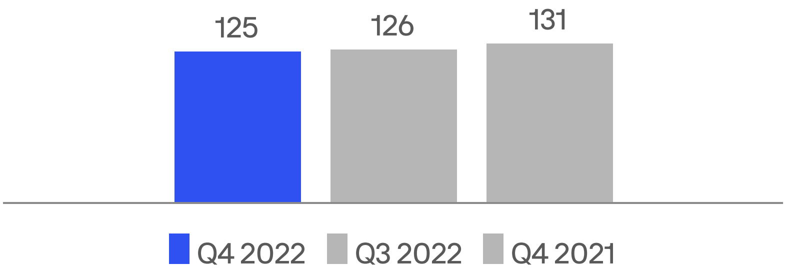
The equity ratio was 41.8% at the end of Q4, up from 38.8% in Q3 as the group recorded a solid profit for the period. Net interest-bearing debt was USD 2,872m at the end of Q4, down from USD 3,041m in Q3, decreasing QoQ due to the increase in cash and cash equivalents.

At the end of Q4, approximately 65% of interest-bearing debt had a fixed interest rate through interest hedges or through fixed rate agreements.

Fleet

At the end of Q4, Wallenius Wilhelmsen controlled a fleet of 125 vessels, down from 126 vessels at the end of Q3. The reduction is due to redelivery of a short-term charter. Long-term charters decreased net by one vessel from 43 in Q3 to 42 in Q4, due to an exercise of a purchase option (Morning Catherine), redelivery of long-term charter (Morning Cornet) and a new long-term charter (Grand Cosmo). In general, the decision to extend or redeliver charters will be dependent on the overall market situation, including price of charters, demand growth and the long-term fleet strategy. Exercise of of the purchase option increased the owned fleet from 82 in Q3 to 83 in Q4.

Controlled fleet (# of vessels)



Events after the balance sheet date

In February, the board proposed an ordinary dividend of USD 0.85 cent per share to the annual general meeting on April 26, 2023. USD 0.51 cent to be payable in May 2023 and USD 0.34 cent to be payable in November 2023. The dividend is declared in USD and paid in NOK. The total proposed dividend amounts to USD 360m, representing 45% of the 2022FY profit after tax which is in the upper end of the dividend policy range of 30-50% of profit after tax. Adjusting for one-off, non-cash items such as the change in value of the symmetric put/call option in EUKOR and the impairment in logistics, the dividend represents 42% of the adjusted 2022FY profit after tax.

In February, the board of directors approved an updated finance policy for the group. See separate stock exchange notice as of 8 February 2023.

In January, Pia Synnerman became the new Chief Customer Officer. She joined the group as head of sales to EMEA in 2021, coming from Ericsson with nearly 20 years of experience in international sales.

Shipping services

Shipping services continued to deliver record results, with fully utilized vessels and EBITDA margins above 40%

USDm*	Q4 2022	Q3 2022	% change QoQ**	Q4 2021	% change YoY**
Total revenue	1,060	1,079	-2%	862	23%
EBITDA	427	385	11%	247	73%
EBIT	265	286	-7%	97	174%
Volume ('000 CBM)[1]	15,840	16,137	-2%	15,288	4%
H&H Share[2]	28 %	32 %	-4%	32 %	-4%
EBITDA adjusted[3]	427	379	13%	279	53%
EBITDA adjusted margin	40.2 %	35.1 %	5%	32.3 %	8%

** Except per cent*
*** For H&H share and EBITDA adjusted margin, % change represents absolute change in ratio*

Shipping services - total revenue and EBITDA

The shipping services segment is engaged in ocean transportation of vehicles and RoRo cargo. Its main customers are global car manufacturers as well as manufacturers of construction and other high and heavy equipment, in addition to select industrial break-bulk cargo.

2022 was a remarkably good year for shipping services, with increasing EBITDA every quarter. The Q4 EBITDA was the strongest the segment has experienced historically. The improvement over last year is mostly related to the very tight global RoRo fleet situation and our efforts to reprice our book of business to sustainable levels despite global congestion issues. These disruptions continue to create challenges for Wallenius Wilhelmsen and our customers.

Total revenues were USD 1,060m in Q4, down 2% QoQ on lower net freight revenues but stable fuel surcharge revenues.

Both EBITDA and adjusted EBITDA was USD 427m in Q4, up 11% and 13% respectively. The adjusted EBITDA margin was 40%, an increase from 35% in Q3.

Net freight rate in Q4 was USD 52.0 per cbm, down from USD 53.0 per cbm in Q3, due to both cargo mix and trade mix development. Cargo mix was 28.0% in Q4, down from 31.7% in Q3 on lower H&H volumes in absolute terms, from both European and Asian exports. Shipping volumes decreased by 2% QoQ due to less vessels in operations. Volumes out of Asia fell in Q4, particularly in the Asia to Europe and Asia to South America trades, while exports out of Europe and US were stable, causing trade mix to shift and decreasing average net freight rates. Contract renewals have had positive effects on the net freight rate over the last quarters, and this continued into Q4. Net freight rates for light vehicles continued to increase into Q4, while net freight rates in the H&H segment decreased somewhat in Q4 due to a very strong July which boosted Q3.

[1] Prorated cubic meters ("cbm"). Historical volume figures subject to change as figures are based on estimates and prorating

[2] Based on unprorated volumes

[3] Q4-21 EBITDA adjustment relates to sale of assets from the shipping to the government segment. This has a positive impact on adjusted EBITDA in the shipping segment but has zero effect on group consolidated EBITDA. Q3-22 EBITDA adjustment relates to reversal of antitrust provision

Supply chain issues such as semiconductor shortages impacting auto production continued to ease from Q3 to Q4. However, waiting times at key ports continued to create challenges for Wallenius Wilhelmsen and our customers throughout the quarter. Operational disruptions and port congestion in several central ports around the world are caused by issues such as labor shortages in ports and general bottlenecks. We are doing our best to mitigate these challenges by having a continuous dialogue with our customers and re-routing to other ports with less congestion whenever and wherever possible.

Net freight revenue was down by USD 32m while fuel surcharge revenue under FAFs[4] was stable QoQ due to the time-lag effect, based on high VLSFO prices in Q3, which then fell in Q4. Fuel expenses decreased by USD 67m QoQ due to the lower fuel prices. As noted previously, in periods of falling fuel prices, fuel surcharge revenue will develop favorably compared to fuel costs. Conversely, in periods of rising fuel prices the opposite will be the case. Due to the time-lag effect on FAF calculation, fuel surcharge revenue is expected to drop as fuel prices decreased during Q4.

Voyage expenses fell from Q3 to Q4 due to increased operational efficiencies, fewer sailings and lower carried volumes. Charter expenses increased from Q3 to Q4 on increased charter hire from intra-group charters from government services. Ship operating expenses increased from Q3 to Q4 on year-end adjustments and dry docking costs related to redelivery of the long-term charter vessel Morning Cornet. Sales, general and administrative expenses increased from Q3 to Q4 on less services and charge-out from shipping services to other segments within the group, and a donation to the non-profit organization Ocean Hug.

The market recovery is the key driver for the changes YoY. Revenues increased by 23% from Q4-21, due to strong development in net freight rates, growth in volumes and higher fuel surcharges. Underlying, unprorated net freight rates per cbm increased 12% from 2021FY to 2022FY. Adjusted EBITDA improved by 53% YoY, driven by a relatively higher increase in revenues versus expenses.

[4] FAF (fuel adjustment factor) is a main mechanism to manage fuel price risk in the segment and the main contributor to fuel surcharges revenue. However, the segment has a short-term exposure to the fuel prices since FAF is calculated based on the average fuel price over a historical period and then fixed during an application period, creating a lag effect. As such, in periods of rising fuel prices the segment will not be able to recoup the higher prices through the FAF. Conversely, in periods of falling fuel prices the segment will benefit from higher FAF

Logistics services

Continued growth in revenue and EBITDA QoQ, driven by higher volumes, fumigation seasonality, storage and increased accessorization.

USDm*	Q4 2022	Q3 2022	% change QoQ**	Q4 2021	% change YoY**
Total revenue	261	231	13 %	199	31%
EBITDA	37	30	26 %	24	57%
EBIT	-18	5	-468 %	-1	1434%
EBITDA adjusted	37	30	26 %	24	57%
EBITDA adjusted margin	14 %	12.8%	2 %	11.9%	2%
EBITDA by product					
Auto	7	5	32 %	12	-45%
H&H	9	7	30 %	4	128%
Terminals	19	16	16 %	12	54%
Inland	6	5	27 %	3	111%
Other	-3	-3	6 %	-2	58%

** Except per cent*
*** For EBITDA adjusted margin, % change represents absolute change in ratio*

Logistics services - total revenue and EBITDA

Logistics services serve mainly the same customer groups as shipping services. Customers operating globally are offered sophisticated logistics services, such as vehicle processing centers, equipment processing centers, inland distribution networks and terminals.

Revenue and margins improved in the second half of 2022, following a challenging 12-month period. From mid-2021, semiconductor chip shortages, labor shortages and global supply-chain issues significantly impacted production volumes for the customers despite solid underlying demand for light vehicles. The historically largest earning product in the segment, light vehicle processing services (auto), was the most severely impacted by these supply issues. As of Q4, we see improvement in the supply of light vehicles and slowly normalizing auto earnings, while access to labor remains a challenge. All other products delivered solid results in Q4, with terminals benefiting from the same market drivers as the shipping segment.

Q4 revenues for the segment were USD 261m, up 13% QoQ. Volume development for all products was positive for the quarter but most significant in auto and terminal products.

Q4 EBITDA was USD 37m, up 26% QoQ as all products improved, mainly driven by terminal and high and heavy (H&H) in the US. Q4 EBIT was negative due to the USD 29m impairment of goodwill in the segment.

Auto is the largest product group in the logistics portfolio, providing light vehicle processing services to auto producers globally with the largest concentration in North America. QoQ, volume increased 5% and revenue grew by 21%. EBITDA increased 32% as a result of increased accessorization in the US and increased volume in Europe, countered by labor shortages and higher labor cost.

H&H includes equipment processing centers on and off port sites globally with the largest concentration in the US. QoQ revenue increased 12%, mainly due to strong volume and storage in the US as well as strong volume and fumigation[1] seasonality in China. EBITDA increased 30% QoQ directly related to the increased revenue .

Terminals offer our cargo processing, handling and storage at some of the world's largest RoRo ports. Revenue increased 12% QoQ, mainly due to fumigation seasonality and storage revenue, specifically in Europe. EBITDA increased 16% as a direct result of increased storage and fumigation revenue in Europe.

Inland includes the global transportation of cargo by road or rail to a port or final point of sale. QoQ revenue was flat to prior quarter with overall volume remaining stable. EBITDA increased 27% QoQ largely on a one-off and a reduction in sales, general and administrative expenses in Asia.

YoY, revenues increased by 31% with all products positively contributing as volume started to normalize in the second half of 2022 with fewer part shortages. YoY, EBITDA increased 57%, mainly due to increased volumes in terminals, H&H and auto.

[1] Brown Marmorated Stink Bug (BMSB) fumigation process. Cargo entering Australia and New Zeeland require prior fumigation during the stink bug season starting in September and ending in April. Logistics performs fumigation services in US, Europe, and Asia.

Government services

Government services saw strong EBITDA margin improvement in Q4 due to positive cargo mix, with increased U.S. flag cargo activity.

USDm*	Q4 2022	Q3 2022	% change QoQ**	Q4 2021	% change YoY**
Total revenue	88	91	-3%	60	46%
EBITDA	36	28	29%	7	406%
EBIT	26	17	48%	-2	-1,151%
EBITDA adjusted[1]	36	28	29%	7	406%
EBITDA adjusted margin	41.0%	30.8%	10%	11.8%	29%

** Except per cent*
*** For EBITDA adjusted margin, % change represents absolute change in ratio*

Government services - total revenue and EBITDA

The government services segment provides ocean transport of RoRo cargo, breakbulk and vehicles. The segment also performs logistics services primarily related to multimodal transportation, stevedoring and terminal operations. The primary customer is the U.S. government, but the segment also includes commercial cargos such as those generated by the financial sponsorship of a federal program, or a guarantee provided by the U.S. government. In the segment, contract duration can vary from less than one year up to ten years. Segment revenue and EBITDA is primarily driven by government activities which are in part driven by world events and government objectives and does not necessarily follow regular seasonal patterns or quarterly trends.

The United States and NATO response to the Russian invasion of Ukraine continued in Q4 to generate increased U.S. flag cargo activity. The Ukraine situation combined with lower operating costs due to a higher revenue mix of U.S. flag cargo and government charters in Q4 enabled government services to deliver strong results which improved QoQ.

Total revenues in Q4 were USD 88m, down 3% QoQ, despite the increase in U.S. flag cargo. Q3 benefited from the summer peak government moving season driving higher revenue from privately owned vehicles and household goods. Q3 also benefited by higher logistics revenue.

EBITDA ended at USD 36m, up 29% QoQ. Increased mix of higher margin U.S. flag military and government cargo, in addition to government charters and logistics, helped improve profitability QoQ.

Revenue was up 46% YoY on increased U.S. flag cargo and EBITDA was up 406% YoY, again due to increased U.S. flag cargo, partially offset by higher cargo and vessel related costs.

[1] In Q3 EBITDA was adjusted USD 6m for the gain on sale of a vessel, in Q1 EBITDA was adjusted USD 8m for the gain on sale of a vessel.

Consolidated results – full year 2022

Adjusted EBITDA for FY 2022 ended at USD 1,528m, up USD 664m compared to FY 2021 on strong market improvements across all segments.

USDm*	2022	2021	% change**
Total revenue	5,045	3,884	30 %
EBITDA	1,548	830	87 %
EBIT	931	306	204 %
Profit/(loss) for the period	794	177	350 %
Earnings per share	1.60	0.32	408 %
Net interest-bearing debt	2,872	3,418	-16 %
ROCE adjusted	13.7 %	5.7 %	7 %
Equity ratio	41.8 %	36.0 %	6 %
EBITDA adjusted	1,528	865	77 %
EBITDA adjusted margin	30.3 %	22.3 %	8 %

** Except per cent and per share*
*** For ROCE adjusted, EBITDA adjusted margin and Equity ratio, % change represents absolute change in ratio*

Total revenue was USD 5,045m for FY 2022, an increase of 30% compared to FY 2021, with higher revenues in all segments. Shipping revenues were up 33% YoY, from USD 3,029m in 2021 to USD 4,038m in 2022. This was a result of 4% growth in volumes, and a strong increase in net rates and fuel surcharges. Logistics revenues were up 15%, from USD 789m to 911m, as volumes increased and we saw fewer shutdowns and production disruptions from Covid-19 combined with the easing in the semiconductor chip shortages. Government revenues increased 28% from USD 236m in FY 2021 to USD 302m in FY 2022, mainly due to higher U.S. flag cargo activity.

EBITDA ended at USD 1,548m for FY 2022, up 87% from USD 830m for FY 2021. Adjusted EBITDA ended at USD 1,528m, up 77% compared to 2021. Shipping saw a considerable increase in activity and a full reactivation of the operating fleet, driving significant revenue and margin growth, with adjusted EBITDA of USD 1,363m, up 85% from FY 2021. For Logistics, adjusted EBITDA decreased 1%, to USD 107m as a result of lower margins, the revenue growth was offset by increased operating expenses. Government saw an adjusted EBITDA of USD 81m, an increase of 101% due to higher revenues and improved margins.

During FY 2022 there was an decrease in the value of the put-call derivative for EUKOR of USD 47m, recognized under Other gain/(loss) in the income statement. The impact in FY 2021 was a gain of USD 21m. See Note 2 - Other gain/loss.

In 2022, Wallenius Wilhelmsen recognized a net impairment loss of USD 29m due to a charge to goodwill allocated to logistics services, as described in the Q4 review.

Net financial expenses were USD 104m vs USD 108m in FY 2021. Net financial income dropped from USD 27m last year to USD 17m in FY 2022 despite an increase in interest income. Last year the group registered a USD 19m financial income relating to a one-off equity distribution from Den Norske Krigsforsikring for Skib (DNK). Interest expense including realized interest derivatives was USD 189m, up by USD 24m versus FY 2021. Currency gain including realized currency derivatives was USD 42m compared to a loss of USD 12m for FY 2021, while realized gain on fuel derivatives was nil as the group has no remaining fuel hedges vs a gain of USD 10m in FY 2021. Net financial expense was further improved by USD 44m in unrealized derivative gains, mainly driven by USD 111m in positive interest rate derivative movements offset by USD 67m in unrealized losses on currency derivatives. In FY 2021, unrealized derivative gains were USD 41m.

Tax expense was USD 35m vs a tax expense of USD 23m in FY 2021. The group continues the non-recognition of net deferred tax asset in the balance sheet related to tax losses in the Norwegian entities, primarily due to uncertain future utilization.

Net income for FY 2022 was USD 794m, up from USD 177m in FY 2021, whereof USD 679m attributable to owners of the parent and USD 116m to non-controlling interests (primarily related to the minority shareholder in EUKOR).

The board proposes an ordinary dividend of USD 0.85 cent per share to the annual general meeting on April 26, 2023. USD 0.51 cent to be payable in May 2023 and USD 0.34 cent to be payable in November 2023. The total proposed dividend amounts to USD 360m, representing 45% of the 2022FY profit after tax which is in the upper end of the dividend policy range of 30-50% of profit after tax. Adjusting for one-off, non-cash items such as the change in value of the symmetric put/call option in EUKOR and the impairment in logistics, the dividend represents 41% of the adjusted 2022FY profit after tax.

Market update

Auto sales increased 5.5% QoQ with the semiconductor shortage easing, and global H&H exports remained close to all-time high levels.

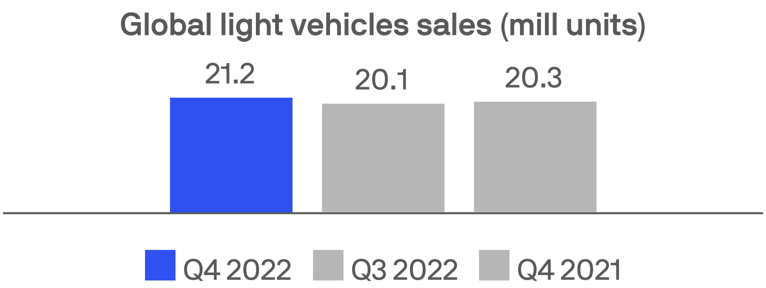
After a 3% expansion in 2022, world real GDP is now projected to increase 1.9% in 2023, up from last quarter's forecast of 1.5% growth. There are signals that recessions in Europe and the United States may be milder than previously expected, and China's acceleration might be quicker following the end of its zero-Covid policies. With supply conditions improving and price inflation slowly ticking down, the risk of a global recession - defined as an annual decline in real per capita GDP - has diminished. World real GDP growth is projected to return to 3% in 2024.

Unemployment rates in North America and Europe are expected to rise in 2023, slowly alleviating wage pressures. However, the legacy of the Covid-19 pandemic and retirements from an aging workforce could keep labor markets relatively tight in the major economies. Interest rates are nearing their peaks, but major central banks will delay policy easing. With inflation rates still well above targets and credibility at stake, major central banks will continue to tighten policies in early 2023.

We observe that light vehicle sales have been soft for some time already, not due to low demand, but due to low supply of new light vehicles. As a consequence, if the global economy weakens further, car sales are already at low levels, so further downside in sales, and shipments, might be limited.

Auto markets[1]

Global light vehicle ("LV") sales include all passenger cars, SUVs, MPVs and light commercial vehicles. Sales in Q4 were up 5.5% QoQ and 4.8% YoY. Sales and production continued to be held back by disruptions in the automotive supply chain, particularly in Europe and North America. The semiconductor shortage and restocking plus other part shortages create challenges for the auto manufactures. Vehicle inventories are increasing. Compared to sales in the same pre-Covid-19 quarter in 2019, sales were down 8.9%. The strong demand side is moderating as consumers see a downside in increased inflation, higher interest rates and lower disposable income. Original equipment manufacturers (OEMs) report that inventory levels are increasing. At the same time, however, there are significant pockets of order backlogs. The Covid lockdown in China in November took away some sales. The changed Covid-policies are expected to accelerate LV sales in addition to other activities. Incentives in the LV sector globally have resulted in a sales mix with an enhanced focus on low emission vehicles.

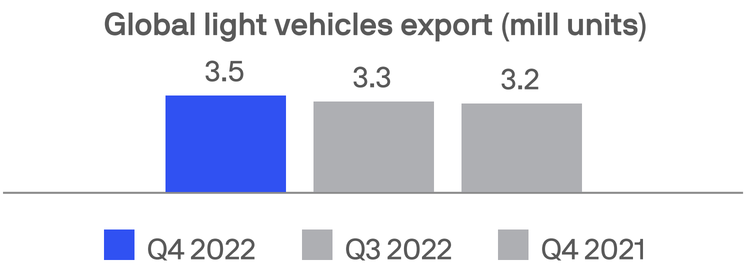


[1] Source(s): IHS

North American sales were up 7.2% YoY (3.1% QoQ). Despite the uncertainty in the economy, pent-up demand and household savings contribute to solid underlying demand which is not fully reflected in high sales as production continues to a certain degree to be is hampered by semiconductor shortages and other parts shortages. OEMs prioritize the most profitable models. Average transaction prices are high, inventories are picking up, analysts assume that OEMs will launch new incentives and reintroduce rebates to keep inventories steady.

Sales in Europe were up 1.3% YoY and 11.9% QoQ as vehicle production was held back by issues in the supply chain (including the semiconductor shortage) and moderating consumer sentiments. In Europe, Q3 is by seasonality the weakest sales quarter during the year. Governmental subsidies continued in Q4, mostly focused on low-emission vehicles generally and Battery Electric Vehicles (BEVs) specifically. The war in Ukraine is leading to some inbound supply chain issues for the OEMs, including shortage of wiring looms. Uncertainty on energy supply and concerns on reduced production have diminished.

Sales in China were up 1.3% YoY and 6.8% QoQ. The government put in place various stimulus measures to improve LV sales including reduced purchasing tax. In addition, several cities and provinces introduced local incentives.



Global deep-sea exports recorded the best quarter for more than a year. Volumes were up 7.3% QoQ and down 9.0% YoY as parts shortage including semiconductor issues held back LV production and export. The high retail prices also leave some potential buyers reluctant to order a new vehicle. Exports out of Europe increased most with 20.4% YoY and 13.5% QoQ as some low emissions vehicles exported to North America gain traction. Exports out of North America were down 5.4% YoY (up 1.2% QoQ) and trending below pre-Covid levels, particularly as preferences in Europe have changed to low-emission vehicles. Japanese exports declined 10.3% YoY, up 7.5% QoQ, with main volumes exported to North America and Europe. Volumes exported out of Korea developed steady with a growth of 8.4% YoY and down 1.6% QoQ. Chinese exports continued to surge on a YoY basis despite the Covid lockdown in November, though on a quarterly basis volume came down 13.2% from the all-time high seen in Q3.

Our shipping volumes developed below the global volumes as we maximized our current available capacity and had less vessels in operations. The table below shows global deepsea movements on selected trades:

Trades, # of LVs[2]	Q4 2022	Q3 2022	% change QoQ	Q4 2021	% change YoY
AS-EU	448,000	371,000	21 %	429,000	5 %
AS-NA	685,000	677,000	1 %	625,000	10 %
EU-NA	257,000	235,000	9 %	223,000	15 %

[2] Source(s):S&P Mobility

High and heavy markets

Global exports of high & heavy machinery were sustained close to record levels in Q4 – after growing 15.6% compared to the same period last year[3].

Exports of construction equipment increased 17.4% YoY to another all-time high as volumes increased to all market regions except Africa. Meanwhile, the construction industry continues to face slowing activity[4] in key markets. The downturn signalled by the Eurozone construction PMI extended to eight months in December, with a broad decline across construction sectors. U.S. construction spending posted a minor gain compared to the previous quarter, as non-residential outlays offset a sharp decline in residential spending. Australian construction activity declined for the sixth straight month in November as housing activity continued to contract sharply.

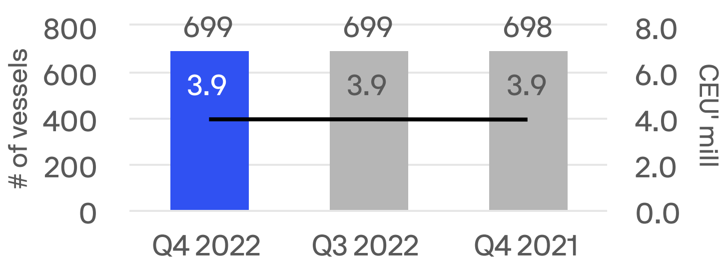
Global mining equipment demand remained strong in Q4. Chinese policy shifts on Covid-19 and real estate supported a rally in metal and mineral prices, allowing miners to continue generating some of their strongest earnings on record. Equipment manufacturers again reported strong sales growth compared to last year, but ordering activity increasingly shifted from machinery to aftermarket.

Global exports of farm machinery increased 8.8% compared to the same period last year. Farmers continue to generate historically high profits with prices of key commodities well above pre-pandemic levels. Demand for tractors from end-users was again strong in key markets[5]. The U.S. market for high-horsepower tractors grew for the ninth straight quarter, with sales increasing 12.1% YoY. Australian large tractor sales increased 2.5% YoY in the quarter, making 2022 another record year for tractor sales. In Europe, German registrations grew 8.7% YoY, while the UK market rebounded with a 5.4% YoY increase in registrations.

Global fleet

The global car carrier fleet (with size >1,000 car equivalent units, "CEU") totaled 699 vessels with a capacity of 3.93m CEU at the end of Q4. No new vessels were delivered and no vessels were recycled during Q4. 42 new orders were confirmed for the official orderbook in the period since mid October (for vessels >4,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) stands at 126 vessels, representing some 23% of the global fleet capacity. 10 newbuildings are expected to be delivered in 2023, and the rest in 2024 or beyond. The RoRo market is expected to be at a high utilization rate, at least in the first parts of 2023, due to limited amount of new vessels joining the fleet, continued congestion and strong cargo volumes.

Global fleet development



[3] Source(s): S&P Global. All import/export data refer to the three-month rolling period ending in November 2022 unless otherwise specified and are limited to countries that have reported data per January 25th, 2023

[4] Source(s): S&P Global, U.S. Bureau of Census, Ai Group

[5] Source(s): AEM, TMA, AEA and VDMA. High-Horsepower tractor sales/registrations

Sustainability

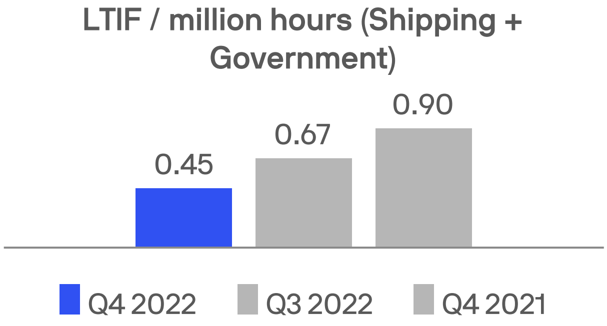
In Q4 Wallenius Wilhelmsen and project partners secured funding from EU Horizon Europe totaling EUR 9m to support the further development of the Orcelle Wind concept

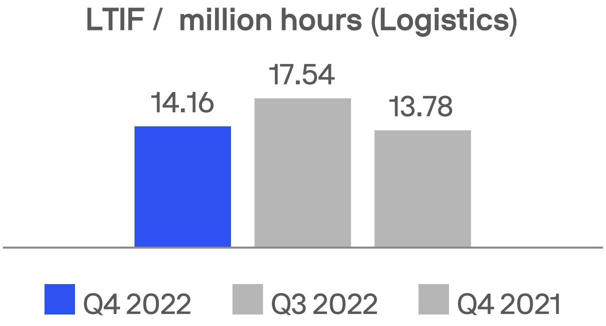
People

In Q4 Wenche Agerup joined our leadership team as Chief People Officer. She has extensive experience from senior management positions in different international companies such as Norsk Hydro and Telenor, and various board directorships, including Equinor.

Tragically, a seafarer on a chartered vessel was lost at sea in November. A three day search and rescue operation was initiated, with participation of Japanese coast guard patrol boats and airplane. Sadly the person was not located. Our heartfelt condolences goes out to the seafarer's family and friends.

Safety is priority number one for Wallenius Wilhelmsen and we remain committed to continuously improving our safety performance. The lost time injuries frequency (LTIF)[6] for shipping and government services remain low and below our target of <1 at 0.45 in Q4. Although we have achieved improvements over the years, Logistics did not meet our 2022 LTIF target of <14.5, in part due to relatively high turn-over of new personnel. However, we experienced a clear decrease in LTIF[7] from 17.54 in Q3 to 14.16 in Q4. No serious injuries were reported in Q4, and most LTIs were related to ergonomics, such as muscle strains.





Fire onboard a ship can have catastrophic consequences. Over the years we have implemented several loss prevention initiatives to combat fire risk and we have seen a strong improvement in performance. Our safety policies have been ahead of regulations on battery electric vehicle (BEV) transportation since 2016, and we strongly support the regulators' ongoing development of safety standards on this important topic. On our Asia-Oceania trade we are currently conducting a small scale pilot on a quality assurance and inspection process of used BEVs for transport. The goal is to establish a robust safety protocol for acceptance of used BEVs before loading on our vessels.

Planet

Wallenius Wilhelmsen has for several years been working to reduce our carbon emissions, both on land and at sea. This work will only accelerate going into 2023 as we aspire to lead the way in transforming shipping and logistics.

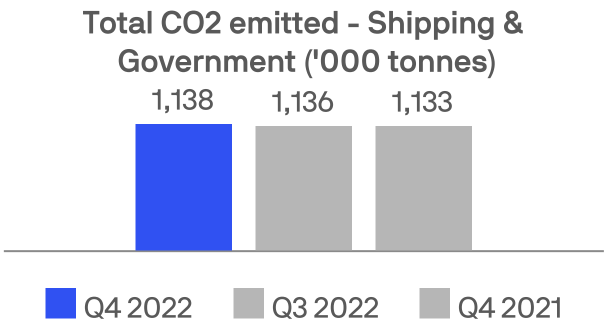
[6] Per million exposure hours, which for our crew means 24 hours a day while at sea, including free time

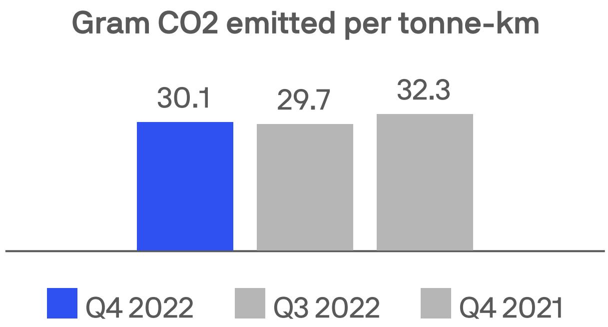
[7] Per million man-hours, reflects actual hours worked

In 2021 we set a target to reduce our carbon emission intensity by 27.5% by 2030 compared to 2019. This is an ambitious target, particularly due to the recent operational challenges and tight global fleet situation which lead to higher speed for our vessels. In turn, higher speed increases overall fuel consumption and CO_2 emissions, making it more challenging to meet our interim annual target for 2022.

Our total CO_2 emissions for Q4 remain relatively stable, both QoQ and YoY, at 1,138 thousand metric tonnes. Due to a small reduction of the cargo work compared to Q3 we see a 1% increase of our carbon intensity in Q4, measured in grams CO_2 per tonne kilometer[8]. YoY we experienced a 7% decrease in our carbon intensity due to increased cargo work while at the same time we managed to keep fuel consumption stable.

We remain committed to reaching our targets for decarbonization. Our ongoing carbon reduction initiatives include technical upgrades of selected vessels, preparing for zero emissions at berth by 2025 and investing in zero emission equipment and vehicles for our terminals and processing centers. DeepSea AI, the fully-AI based approach to voyage optimization targeting 10% fuel consumption reduction was installed at 4 vessels at year-end, with the target to expand to 65 vessels within Q1-23.





Prosperity

Our focus is to create long-term value for our stakeholders by solving some of our industry's greatest challenges.

In Q4 Wallenius Wilhelmsen and project partners secured EUR 9m in funding from Horizon Europe, EU's research and innovation framework program which is part of the European Green Deal. The project aims to bring the world's first full-scale deep-sea wind-powered RoRo vessel, the Orcelle Wind, from concept to reality. Our application received 14.5 of 15 points possible, showcasing the project's solid technical foundation and EU's confidence in our plans. The project is estimated to last 60 months from January 1, 2023 until the end of 2027. An important milestone will be the retrofit installation and testing of a sail on an existing vessel planned for 2024.

Principles of governance

Wallenius Wilhelmsen adheres to good corporate governance standards to realize our strategy to lead the journey to zero emissions and communicate transparently to our shareholders and other stakeholders.

[8] Energy Efficiency Operational Indicator (EEOI)

Prospects

2022 was an exceptional year for our shipping and terminal markets, despite global light vehicle sales at 2012-levels. We expect continued strong volumes and a tight market balance, at least for the first part of 2023. Volumes are more uncertain towards the second part of 2023, and will depend on the length and depth of the current economic slowdown in Europe and the US. In 2024, the fleet capacity in CEU is expected to grow about 8% which may cause a less tight balance for shipping. On the upside, we see a potential rate upside from renewing multi-year customer contracts. Further, the global production and sales of light vehicles are still far below pre-Covid levels. Constrained supply-chains have led to pent-up demand for new vehicles. The age of the global light vehicle fleet is increasing and needs to be replaced. The shift towards low-emission vehicles, and in particular battery electric vehicles, is also expected to drive sales and demand for deepsea shipments.

We continue to expect increasing light vehicle sales in 2023 compared to 2022, despite a shift from supply driven constraints to a softening of demand. This will benefit both the shipping and logistics services segments. H&H volumes were at all time high levels in the second half of 2022 and are expected to soften somewhat in 2023, in particular in the construction segment. The steep fall in container freight rates will increase the competition for break bulk cargoes. We see risks to sales and deep-sea volumes from a deeper than expected economic recession, further disruptions to the global supply chains, as well as labor costs and labor availability. Any escalation of geopolitical tensions may exacerbate these risks and in particular impact our global business model.

Overall, we expect to further strengthen our financial position in 2023, while enabling us to meet our financial targets and to remunerate shareholders. The strengthened financial position will serve us well in a period of increasing uncertainty.

Lysaker, 7 February 2023

The board of directors of Wallenius Wilhelmsen ASA

Rune Bjerke – Chair

Margareta Alestig   Anna Felländer   Thomas Wilhelmsen   Hans Åkervall   Yngvil Eriksson Åsheim

Forward-looking statements presented in this report are based on various assumptions. The assumptions were reasonable when made but are inherently subject to uncertainties and contingencies that are difficult or impossible to predict. Wallenius Wilhelmsen ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

Consolidated income statement

USD million	Note	Q4 2022	Q4 2021	2022	2021
Total revenue	3	1,350	1,078	5,045	3,884
Operating expenses	3, 7	(862)	(772)	(3,497)	(3,054)
Operating profit before depreciation, amortization and impairment (EBITDA)		**488**	**306**	**1,548**	**830**
Other gain/(loss)	2	(54)	24	(47)	21
Depreciation and amortization	4, 5, 6	(144)	(132)	(541)	(483)
(Impairment)/reversal of impairment	4, 5, 6	(29)	(76)	(29)	(62)
Operating profit/(loss) (EBIT)		**261**	**121**	**931**	**306**
Share of profit/(loss) from joint ventures and associates		-	-	2	1
Interest income and other financial items		84	46	184	95
Interest expense and other financial expenses		(81)	(53)	(288)	(203)
Financial items - net	8	**3**	**(7)**	**(104)**	**(108)**
Profit/(loss) before tax		**264**	**114**	**829**	**199**
Tax income/(expense)	10	(19)	(16)	(35)	(23)
Profit/(loss) for the period		**246**	**98**	**794**	**177**
Profit/(loss) for the period attributable to:					
Owners of the parent		203	77	679	133
Non-controlling interests		43	22	116	43
Basic and diluted earnings per share (USD)		0.48	0.18	1.60	0.32

Consolidated statement of comprehensive income

USD million	Q4 2022	Q4 2021	2022	2021
Profit/(loss) for the period	246	98	794	177
Other comprehensive income/(loss):				
Items that may subsequently be reclassified to the income statement:				
Currency translation adjustment	11	(1)	(7)	(6)
Items that will not be reclassified to the income statement:				
Changes in the fair value of equity investments designated at fair value through other comprehensive income	(8)	22	(5)	22
Remeasurement pension liabilities, net of tax	11	3	11	3
Other comprehensive income/(loss), net of tax	**14**	**24**	**(1)**	**19**
Total comprehensive income/(loss) for the period	**260**	**122**	**794**	**196**
Total comprehensive income and loss attributable to:				
Owners of the parent	216	97	679	149
Non-controlling interests	44	26	115	47
Total comprehensive income/(loss) for the period	**260**	**122**	**794**	**196**

Consolidated balance sheet

USD million	Note	Dec 31, 2022	Dec 31, 2021
Assets			
Non-current assets			
Deferred tax assets	10	59	71
Goodwill and other intangible assets	4	395	455
Vessels and other tangible assets	5	3,943	4,033
Right-of-use assets	6	1,599	1,507
Other non-current assets	2	247	249
Total non-current assets		**6,242**	**6,315**
Current assets			
Fuel/lube oil		139	147
Trade receivables		605	457
Other current assets		191	144
Cash and cash equivalents		1,216	710
Asset held for sale	7	-	21
Total current assets		**2,151**	**1,479**
Total assets		**8,394**	**7,794**
Equity and liabilities			
Equity			
Share capital	9	28	28
Retained earnings and other reserves		3,125	2,511
Total equity attributable to owners of the parent		**3,153**	**2,539**
Non-controlling interests		355	266
Total equity		**3,508**	**2,804**
Non-current liabilities			
Pension liabilities		40	55
Deferred tax liabilities	10	71	82
Non-current interest-bearing debt	11	2,200	2,158
Non-current lease liabilities	11	1,254	1,218
Non-current provisions	12	-	16
Other non-current liabilities		95	68
Total non-current liabilities		**3,659**	**3,596**
Current liabilities			
Trade payables		112	154
Current interest-bearing debt	11	316	515
Current lease liabilities	11	317	238
Current income tax liabilities	10	2	4
Current provisions	12	-	28
Other current liabilities		479	455
Total current liabilities		**1,226**	**1,395**
Total equity and liabilities		**8,394**	**7,794**

Consolidated cash flow statement

USD million	Notes	Q4 2022	Q4 2021	2022	2021
Cash flow from operating activities					
Profit before tax		264	114	829	199
Financial (income)/expenses		(3)	7	104	108
Share of net (income)/loss from joint ventures and associates		-	-	(2)	(1)
Depreciation and amortization	4,5,6	144	132	541	483
Impairment/(reversal of impairment)		29	76	29	62
(Gain)/loss on sale of tangible assets		-	1	(14)	-
Change in net pension assets/liabilities		(3)	(8)	(12)	(8)
Change in derivative financial assets	2	54	(24)	47	(21)
Net change in other assets/liabilities		76	(58)	(190)	(173)
Tax (paid)/received		(22)	(13)	(35)	(24)
Net cash flow provided by operating activities[1]		**540**	**228**	**1,297**	**623**
Cash flow from investing activities					
Dividend received from joint ventures and associates		-	-	-	-
Proceeds from sale of tangible assets		-	1	45	5
Investments in vessels, other tangible and intangible assets		(46)	(73)	(112)	(141)
Investment in subsidiaries, net of cash acquired		(1)	-	(11)	-
Investment in joint ventures		-	8	-	-
Investment in financial investments		-	(7)	-	(7)
Interest received		9	1	15	2
Net cash flow provided by/(used in) investing activities		**(38)**	**(70)**	**(62)**	**(140)**
Cash flow from financing activities					
Proceeds from loans and bonds		(3)	188	1,002	474
Repayment of loans and bonds	11	(131)	(131)	(1,095)	(531)
Repayment of lease liabilities	11	(163)	(56)	(352)	(204)
Interest paid including interest derivatives		(53)	(38)	(189)	(165)
Dividend to shareholders		(25)	-	(63)	-
Realized other derivatives		(10)	6	(14)	7
Dividend to non-controlling interests		(4)	(3)	(16)	(8)
Net change in cash collateral	8	40	-	(2)	-
Net cash flow used in financing activities		**(349)**	**(34)**	**(729)**	**(427)**
Net increase/(decrease) in cash and cash equivalents		**153**	**124**	**505**	**56**
Cash and cash equivalents at beginning of period		1,063	587	710	654
Cash and cash equivalents at end of period[1]		**1,216**	**710**	**1,216**	**710**

[1] The group is located and operating world-wide and every entity has several bank accounts in different currencies. Unrealized currency effects are included in net cash provided by operating activities.

Consolidated statement of changes in equity

USD Million	Note	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2022								
Balance at December 31, 2021		**28**	**-**	**28**	**2,511**	**2,539**	**266**	**2,804**
Profit for the period		-	-	-	679	679	116	794
Other comprehensive income		-	-	-	-	-	(1)	(1)
Total comprehensive income		**-**	**-**	**-**	**679**	**679**	**115**	**794**
Disposal of own shares	9	-	-	-	1	1	-	1
Change in non-controlling interests	13	-	-	-	(3)	(3)	(8)	(11)
Dividend to owners of the parent		-	-	-	(63)	(63)	-	(63)
Dividend to non-controlling interests		-	-	-	-	-	(16)	(16)
Balance at December 31, 2022		**28**	**-**	**28**	**3,125**	**3,153**	**355**	**3,508**

USD million	Note	Share Capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2021								
Balance at December 31, 2020		**28**	**-**	**28**	**2,363**	**2,391**	**224**	**2,615**
Profit for the period		-	-	-	133	133	43	177
Other comprehensive income		-	-	-	16	16	3	19
Total comprehensive income		**-**	**-**	**-**	**149**	**149**	**47**	**196**
Disposal of own shares	9	-	-	-	-	-	-	-
Change in non-controlling interests		-	-	-	(1)	(1)	3	1
Dividend to non-controlling interests		-	-	-	-	-	(8)	(8)
Balance at December 31		**28**	**-**	**28**	**2,511**	**2,539**	**266**	**2,804**

Note 1. Accounting principles

This consolidated interim financial report has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The consolidated interim financial reporting should be read in conjunction with the annual financial statements for the year ended December 31, 2021 for Wallenius Wilhelmsen ASA group (the group), which have been prepared in accordance with IFRS endorsed by the EU.

The accounting policies implemented are consistent with those of the annual financial statements for the group for the year end December 31, 2021.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The effect of a change in an accounting estimate is recognized in profit or loss in the period in which the estimate is revised or in the period of the revision and future periods if the change affects both.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

As a result of rounding amounts to the nearest million, totals presented may deviate from the sum of individual amounts.

Note 2. Other gain/(loss)

Non-controlling shareholders in EUKOR hold a put option for their 20% interest, pursuant to the shareholder agreement entered into in 2002. The shareholder agreement also contains a symmetrical call option held by the group.

The symmetrical put and call options are recognized as one integrated derivative financial instrument. The derivative financial instrument is recognized as a non-current asset when the options are exercisable and the fair value of the non-controlling interest exceeds the value of the exercise price for the symmetrical put and call option.

During the fourth quarter of 2022, the change in the value of the derivative was USD 54 million recognized as a loss within Other gain/(loss) in the income statement. The total loss for the year ended December 31, 2022 is USD 47 million. Comparatively, the change in value during 2021 resulted in a gain of USD 21 million.

Key elements in calculating the gain/loss are the estimated fair value of the 20% non-controlling interest related to EUKOR and the input factors used in calculating the exercise price of the symmetrical options. The exercise price is based on a stipulated methodology based on local legislation in Korea where an important input variable is the taxable results in EUKOR for the three previous calendar years, updated at each year-end. Moreover, the calculation is based on KRW figures, which makes the amount subject to USD/KRW currency fluctuations.

The financial derivative is recognized in Other non-current assets in the balance sheet and has a carrying value of USD 105 million at December 31, 2022, compared to USD 152 million at the end of 2021.

Note 3. Segment description

The group's operating segments, which are the same as the group's reporting segments, are the key components of the group's business which are assessed, monitored and managed on a regular basis by the Chief Executive Officer (CEO). The reporting segments comprise:

- Shipping services
- Logistics services
- Government services

The Board of Directors and management have identified the three reporting segments based on the current organization of activities. The organization of activities and reporting segments are continuously being assessed and remains subject to future changes.

Shipping services

The shipping services segment is engaged in ocean transport of cars and RoRo cargo. Its main customers are global car manufacturers as well as manufacturers of construction and other high and heavy equipment, in addition to select industrial break-bulk cargo. The customers' cargo is carried in a worldwide transport network. This is the group’s most capital-intensive segment. The revenue is generated from transporting these products and varies with voyage routes. The total vessel capacity is balanced by time charter, both in and out. The shipping services segment's margin is highly influenced by fuel prices. FAF (fuel adjustment factor) is a key mechanism to manage fuel oil price risk in the segment and the main contributor to fuel surcharges revenue. However, the segment has a short-term exposure to fuel prices since FAF is calculated based on the average fuel price over a historical period and then fixed during an application period, creating a lag effect. In periods of rising fuel prices the segment will therefore not be able to recoup the higher prices through the FAF. Conversely, in periods of falling fuel prices the segment will benefit from higher FAF. In the shipping services segment, contract duration is normally one to five years, with some 20-30 percent of contracts being renewed annually. Fixed prices are usually applied, with review for CPI development or other applicable index for contracts exceeding three years. FAF adjustments are reflected in most contracts and represent a variable pricing element. In some contracts, the group is guaranteed a fixed percentage of a customer’s volume, but mostly there are no defined minimum volumes.

Logistics services

The logistics services segment has mainly the same customer groups as shipping services. Customers operating globally are offered sophisticated logistics services, such as vehicle processing centers, equipment processing centers, inland distribution networks and terminals. The segment’s primary assets are human capital (expertise and systems) and long-term customer relationships. In the logistics services segment, contract duration is normally one to five years with options to extend and in some cases a term up to 10 years. Pricing is usually fixed with CPI or other adjustments applicable for many contracts. Volumes may vary depending on customer output.

Government services

The government services segment provides ocean transport of RoRo cargo, breakbulk and vehicles. The segment also performs logistics services primarily related to multimodal transportation, stevedoring and terminal operations. The primary customer is the U.S. government, but the segment also includes commercial cargos such as those generated by the financial sponsorship of a Federal program or a guarantee provided by the U.S. Government. In the government services segment, contract duration can vary between less than one year and as long as ten years. Segment revenue and EBITDA is primarily driven by government activities which are in part driven by world events and government objectives, and does not necessarily follow regular seasonal patterns.

Holding/Eliminations

Remaining group activities are shown in the "holding & eliminations" column. The holding segment includes the parent company, and other minor activities (including corporate group activities such as operational management, tax and finance) which fail to meet the definition for other core activities. Eliminations are transactions between the group's three segments described above.

Note 3.1. Segment reporting - QTD

USD million	Shipping services		Logistics services		Government services		Holding & eliminations		Total	
	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021
Net freight revenue	823	760	-	-	43	30	-	-	866	789
Fuel surcharges	230	91	-	-	2	1	-	-	231	92
Operating revenue	5	10	228	172	20	14	-	-	253	197
Internal operating revenue	3	1	33	27	23	15	(59)	(43)	-	-
Total revenue	**1,060**	**862**	**261**	**199**	**88**	**60**	**(59)**	**(43)**	**1,350**	**1,078**
Cargo expenses	(153)	(163)	-	-	(8)	(12)	45	37	(117)	(137)
Fuel	(241)	(195)	-	-	(9)	(8)	-	-	(249)	(203)
Other voyage expenses	(88)	(86)	-	-	(3)	(4)	-	-	(91)	(90)
Ship operating expenses	(67)	(64)	-	-	(23)	(14)	-	-	(90)	(79)
Charter expenses	(45)	(39)	-	-	(1)	(9)	12	6	(34)	(42)
Manufacturing cost	-	-	(85)	(64)	(2)	(1)	1	-	(86)	(65)
Other operating expenses	3	(33)	(102)	(76)	(1)	(1)	-	32	(100)	(78)
Selling, general and admin expenses	(42)	(34)	(36)	(36)	(6)	(5)	(12)	(4)	(95)	(79)
Total operating expenses	**(634)**	**(615)**	**(223)**	**(176)**	**(52)**	**(53)**	**47**	**71**	**(862)**	**(772)**
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**427**	**247**	**37**	**24**	**36**	**7**	**(12)**	**28**	**488**	**306**
Other gain/(loss)	(54)	24	-	-	-	-	-	-	(54)	24
Depreciation	(106)	(96)	(18)	(16)	(9)	(8)	1	-	(132)	(120)
Amortization	(2)	(2)	(8)	(9)	(2)	(2)	-	-	(12)	(12)
(Impairment)/reversal of impairment	-	(76)	(29)	-	-	-	-	-	(29)	(76)
Operating profit/(loss) (EBIT)[1]	**265**	**97**	**(18)**	**(1)**	**26**	**(2)**	**(11)**	**28**	**261**	**121**
Share of profit/(loss) from joint ventures and associates	-	-	-	-	-	-	-	-	-	-
Financial income/(expense)	6	(1)	(8)	(4)	(2)	3	6	(4)	3	(7)
Profit/(loss) before tax	**271**	**95**	**(25)**	**(5)**	**24**	**-**	**(5)**	**24**	**264**	**114**
Tax income/(expense)	(23)	(17)	(11)	-	(1)	1	16	-	(19)	(16)
Profit/(loss) for the period	**248**	**78**	**(36)**	**(5)**	**23**	**1**	**11**	**24**	**246**	**98**
Profit/(loss) for the period attributable to:										
Owners of the parent	205	57	(37)	(5)	23	1	11	24	203	77
Non-controlling interests	43	21	-	-	-	-	-	-	43	22

[1]Cash settled portion of fuel hedge swaps is included in net operating profit by reduction/(increase) of voyage related expenses.

Note 3.2. Segment reporting - YTD

USD million	Shipping services		Logistics services		Government services		Holding & eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net freight revenue	3,289	2,742	-	-	136	110	-	-	3,425	2,851
Fuel surcharges	724	246	-	-	7	4	-	-	732	250
Operating revenue	14	33	799	687	77	62	-	-	889	782
Internal operating revenue	11	8	112	102	82	60	(205)	(170)	-	—
Total revenue	**4,038**	**3,029**	**911**	**789**	**302**	**236**	**(205)**	**(170)**	**5,045**	**3,884**
Cargo expenses	(652)	(660)	-	-	(37)	(48)	157	147	(532)	(561)
Fuel	(1,065)	(701)	-	-	(38)	(25)	-	-	(1,103)	(726)
Other voyage expenses	(399)	(402)	-	-	(13)	(13)	-	-	(412)	(415)
Ship operating expenses	(236)	(219)	-	-	(82)	(56)	-	-	(317)	(275)
Charter expenses	(175)	(173)	-	-	(16)	(31)	40	19	(150)	(185)
Manufacturing cost	-	-	(314)	(254)	(9)	(4)	7	4	(316)	(254)
Other operating expenses[2]	(2)	(72)	(348)	(300)	9	(2)	10	32	(331)	(342)
Selling, general and admin expenses	(150)	(133)	(142)	(126)	(21)	(17)	(23)	(20)	(335)	(296)
Total operating expenses	**(2,679)**	**(2,359)**	**(803)**	**(681)**	**(207)**	**(196)**	**192**	**182**	**(3,497)**	**(3,054)**
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**1,359**	**670**	**107**	**108**	**95**	**40**	**(14)**	**11**	**1,548**	**830**
Other gain/(loss)	(47)	21	-	-	-	-	-	-	(47)	21
Depreciation	(395)	(340)	(67)	(66)	(36)	(33)	1	-	(497)	(439)
Amortization	(4)	(4)	(34)	(34)	(6)	(6)	-	-	(45)	(44)
(Impairment)/reversal of impairment	-	(76)	(29)	-	-	14	-	-	(29)	(62)
Operating profit/(loss) (EBIT)[3]	**913**	**271**	**(22)**	**8**	**53**	**15**	**(13)**	**11**	**931**	**306**
Share of profit/(loss) from joint ventures and associates	-	-	2	1	-	-	-	-	2	1
Financial income/(expense)	(63)	(66)	(11)	(26)	-	1	(31)	(17)	(104)	(108)
Profit/(loss) before tax	**851**	**205**	**(31)**	**(16)**	**53**	**17**	**(43)**	**(6)**	**829**	**199**
Tax income/(expense)	(44)	(27)	(5)	4	(2)	1	16	-	(35)	(23)
Profit/(loss) for the period	**806**	**177**	**(35)**	**(12)**	**51**	**17**	**(27)**	**(6)**	**794**	**177**
Profit/(loss) for the period attributable to:										
Owners of the parent	691	136	(36)	(14)	51	17	(27)	(6)	679	133
Non-controlling interests	115	42	-	2	-	-	-	-	116	43

[2] Sale of a vessel from shipping to government services in Q1 resulted in a USD 10 million loss in the shipping segment included in Other operating expenses. This amount is eliminated on group level

[3] Cash settled portion of fuel hedge swaps is included in net operating profit by reduction/(increase) of voyage related expenses.

Note 4. Goodwill, customer relations/contracts and other intangible assets

USD million	Goodwill	Customer relations/ contracts	Other intangible assets	Total goodwill and other intangible assets
2022				
Cost at January 1	**346**	**421**	**58**	**824**
Additions	-	-	8	8
Disposal	-	-	-	-
Reclassification	-	-	2	2
Currency translation adjustment	-	-	-	-
Cost at December 31	**346**	**421**	**68**	**834**
Accumulated amortization and impairment losses at January 1	(116)	(225)	(28)	(369)
Amortization	-	(36)	(8)	(45)
Impairment	(29)	-	-	(29)
Disposal	-	-	-	-
Reclassification	-	-	4	4
Currency translation adjustment	-	-	-	-
Accumulated amortization and impairment losses at December 31	(145)	(261)	(33)	(439)
Carrying amount at December 31	201	159	35	395

USD million	Goodwill	Customer relations/ contracts	Other intangible assets	Total goodwill and other intangible assets
2021				
Cost at January 1	346	421	54	820
Additions	-	-	5	5
Disposal	-	-	-	-
Currency translation adjustment	-	-	-	-
Cost at December 31	**346**	**421**	**58**	**824**
Accumulated amortization and impairment losses at January 1	(40)	(188)	(21)	(249)
Amortization	-	(36)	(8)	(44)
Impairment	(76)	-	-	(76)
Disposal	-	-	1	1
Currency translation adjustment	-	-	-	-
Accumulated amortization and impairment losses at December 31	(116)	(225)	(28)	(369)
Carrying amount at December 31	230	196	29	455

"Other intangible assets" include port use rights and software.

In the fourth quarter of 2022, a goodwill impairment loss of USD 29 million was recognized in Logistics services. This is based on updated long-term cash-flow forecasts for the segment. The table below shows an overview of cash generating units that include goodwill, and the main assumptions used for the impairment test in Q4 2022 compared with 2021. In the fourth quarter of 2021, a goodwill impairment loss of USD 76 million was recognized, related to WW Ocean, part of the shipping segment.

USD million unless otherwise stated	Goodwill		Discount rate, post-tax		Growth rate terminal value	
	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
WW Ocean	43	43	8.0 %	7.0 %	2.0 %	1.0 %
Government services	11	11	8.0 %	7.0 %	2.0 %	0.0 %
Logistics services	147	176	8.1 %	7.5 %	2.0 %	1.5 %
Total	**201**	**230**				

Note 5. Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking[2]	Vessel related projects[1]	Total tangible assets
2022					
Cost at January 1	**125**	**92**	**5,439**	**1**	**5,656**
Additions	3	33	52	16	103
Disposal	(2)	(6)	(30)	(1)	(39)
Reclassification	-	-	123	(7)	116
Currency translation adjustment	(5)	(1)	-	-	(7)
Cost at December 31	**121**	**117**	**5,584**	**8**	**5,829**
Accumulated amortization and impairment losses at January 1	**(23)**	**(43)**	**(1,557)**	**-**	**(1,623)**
Depreciation	(9)	(11)	(249)	-	(269)
Disposal	2	1	25	-	28
Impairment	-	-	-	-	-
Reclassification	-	-	(26)	-	(26)
Currency translation adjustment	2	1	-	-	3
Accumulated amortization and impairment losses at December 31	**(29)**	**(52)**	**(1,806)**	**-**	**(1,887)**
Carrying amount at December 31	**92**	**65**	**3,778**	**8**	**3,943**

USD million	Property & land	Other tangible assets	Vessels & docking[2]	Vessel related projects[1]	Total tangible assets
2021					
Cost at January 1	127	89	5,307	45	5,567
Additions	2	11	63	60	136
Disposal	(1)	(3)	(23)	-	(27)
Reclassification	2	(2)	92	(104)	(12)
Currency translation adjustment	(5)	(2)	-	-	(7)
Cost at December 31	**125**	**92**	**5,439**	**1**	**5,656**
Accumulated amortization and impairment losses at January 1	(16)	(33)	(1,343)	-	(1,392)
Depreciation	(10)	(12)	(242)	-	(264)
Disposal	1	1	22	-	25
Impairment	-	-	14	-	14
Reclassification	-	-	(8)	-	(8)
Currency translation adjustment	2	1	-	-	3
Accumulated amortization and impairment losses at December 31	**(23)**	**(43)**	**(1,557)**	**-**	**(1,623)**
Carrying amount at December 31	**102**	**49**	**3,882**	**1**	**4,033**

[1] Vessel related projects include installments on scrubber installations and dry-dock expenditure
[2] During the fourth quarter 2021, a new vessel (Nabucco) was delivered, resulting in a reclassification from newbuilding contracts to vessels of USD 74 million. The reclassification balance in Total tangible assets (cost and related depreciation) relates to the classification of two vessels to assets held-for-sale as at 31 December 2021, and the reversal of a vessel classified as held for sale back to tangible assets, as it continues to be used in operations

Note 6. Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2022				
Cost at January 1	**484**	**1,464**	**31**	**1,979**
Additions	57	223	4	283
Change in lease payments	39	94	12	145
Disposal	(5)	(21)	(3)	(29)
Reclassification	-	(117)	-	(117)
Currency translation adjustment	(22)	(2)	-	(25)
Cost at December 31	**553**	**1,641**	**44**	**2,237**
Accumulated depreciation and impairment losses at January 1	(114)	(348)	(10)	(472)
Depreciation	(55)	(161)	(10)	(227)
Disposal	-	-	-	-
Impairment	5	21	3	29
Reclassification	-	26	-	26
Currency translation adjustment	6	-	-	6
Accumulated depreciation and impairment losses at December 31	**(158)**	**(462)**	**(17)**	**(637)**
Carrying amount at December 31	**395**	**1,178**	**26**	**1,599**

USD million	Property & land	Vessels	Other assets	Total leased assets
2021				
Cost at January 1	478	1,226	4	1,708
Additions	19	166	28	214
Change in lease payments	33	85	-	119
Disposal	(29)	(13)	-	(42)
Reclassification	-	-	-	-
Currency translation adjustment	(18)	-	-	(19)
Cost at December 31	**484**	**1,464**	**31**	**1,979**
Accumulated depreciation and impairment losses at January 1	(91)	(250)	(2)	(344)
Depreciation	(55)	(111)	(8)	(174)
Disposal	29	13	-	42
Impairment	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	3	-	-	4
Accumulated depreciation and impairment losses at December 31	**(114)**	**(348)**	**(10)**	**(472)**
Carrying amounts at December 31	**370**	**1,115**	**21**	**1,507**

Note 7. Assets held for sale

During the fourth quarter 2021 two vessels were classified as assets held for sale as their sale was highly probable. The vessels were measured at their net carrying value, USD 21 million, which was lower than their fair value less costs to sell. In Q1 2022 one of the vessels was sold for a consideration of USD 21 million, resulting in a gain to the group of 8 million, and in Q2 the second vessel was sold for a consideration of USD 21 million, with a gain to the group of USD 6 million. There are no assets held for sale as at December 31, 2022. Net gain/loss on disposal of assets is presented as part of operating expenses.

Note 8. Financial items - net

USD million	Q4 2022	Q4 2021	2022	2021
Financial income				
Interest income	9	1	15	2
DNK distribution[1]	-	19	-	19
Other financial items	2	4	3	6
Net financial income	**11**	**24**	**17**	**27**
Financial expenses				
Interest expenses	(56)	(35)	(179)	(140)
Interest rate derivatives - realized	3	(2)	(10)	(25)
Interest rate derivatives - unrealized	2	16	111	58
Other financial items	(8)	(3)	(17)	(9)
Loss on sale investments	-	-	-	-
Net financial expenses	**(60)**	(24)	**(96)**	(117)
Net currency gain/(loss)	(7)	2	56	(9)
Foreign currency derivatives - realized	(10)	1	(14)	(3)
Foreign currency derivatives - unrealized[2]	68	(9)	(67)	(12)
Net currency	**51**	**(6)**	**(25)**	**(24)**
Fuel oil derivatives - realized	-	4	-	10
Fuel oil derivatives - unrealized	-	(4)	-	(5)
Net fuel derivatives	**-**	**-**	**-**	**6**
Financial income/(expenses)	**3**	**(7)**	**(104)**	**(108)**

[1]In the fourth quarter 2021, the group received a distribution from Den Norske Krigsforsikring (DNK) of USD 19 million less withholding tax of USD 5 million. The gross amount is recognized as finance income, and the related withholding tax is recognized as an income tax expense/receivable.

[2]On December 31, 2022, the group had posted USD 2 million in cash collateral relating to cross-currency swaps for the three outstanding NOK bonds to the counterparty. The cash collateral is recognized in Other current assets in the balance sheet. The transaction has no effect on profit or loss. The company regularly issues NOK debt in the Norwegian bond market, with proceeds swapped into USD via cross-currency swaps at the time of each issue. If the USDNOK exchange rate increases above certain thresholds from the rate at the time of issue, the company will need to post cash collateral with the counterparties based on the mark-to-market value above the threshold. The cash collateral is released back to the company if the USDNOK exchange rate decreases.

Note 9. Shares

Earnings per share takes into consideration the number of issued shares excluding own shares in the period. Basic earnings per share is calculated by dividing profit for the period attributable to the owners of the parent by the average number of total outstanding shares (adjusted for average number of own shares). Basic earnings per share for the fourth quarter of 2022 was USD 0.48 compared with USD 0.18 in the same quarter last year. Earnings per share for the year ended December 31, 2022 was USD 1.60 compared with USD 0.32 in the same period in 2021.

The company's number of shares:	Dec 31, 2022	Dec 31, 2021
Total number of shares	423,104,938	423,104,938
Own shares	586,119	700,883

	NOK million	USD million
The company's share capital is as follows	220	28

On April 26, 2022 the annual general meeting approved an ordinary dividend for 2021 of USD 15 cents per share and the total amount of USD 63 million was reclassified from equity to current liabilities. Of this, USD 9 cents per share, totaling USD 38 million, was paid to shareholders of the parent company in May 2022. The remaining USD 6 cents per share, totaling USD 25 million, was paid to shareholders of the parent company in November 2022.

Note 10. Tax

The effective tax rate for the group will, from period to period, change depending on gains and losses from investments inside the exemption method, and tax-exempt revenues from tonnage tax regimes. Tonnage tax is classified as an operating expense in the income statement.

The group recognized a tax expense of USD 19 million for the fourth quarter 2022, compared with a tax expense of USD 16 million for the same quarter in 2021. The tax expense for the full year 2022 was USD 35 million, compared with USD 23 million in 2021. The group continues the non-recognition of net deferred tax assets in the balance sheet due to uncertain future utilization of tax losses carried forward and non-deductible interest cost carried forward in the Norwegian entities.

Note 11. Interest-bearing debt

USD million	Dec 31, 2022	Dec 31, 2021
Non-current interest-bearing debt	2,200	2,158
Non-current lease liabilities	1,254	1,218
Current interest-bearing debt	316	515
Current lease liabilities	317	238
Total interest-bearing debt	**4,087**	**4,128**
Cash and cash equivalents	1,216	710
Net Interest-bearing debt	**2,872**	**3,418**

Repayment schedule for interest-bearing debt

USD million	Bank loans	Bonds	Leasing commitments	Other interest bearing debt	Dec 31, 2022
Due in 2023	297	-	317	19	633
Due in 2024	556	203	217	-	977
Due in 2025	348	-	262	-	609
Due in 2026	256	203	257	-	716
Due in 2027 and later	522	127	518	-	1,167
Total repayable interest-bearing debt	**1,978**	**534**	**1,572**	**19**	**4,103**
Amortized financing costs	(11)	(4)	-	-	(15)
Total	**1,967**	**529**	**1,572**	**19**	**4,087**

Reconciliation of liabilities arising from financing activities

USD million	Non-current interest bearing debt	Current interest bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
Total debt December 31, 2021	2,158	515	1,218	238	4,128
Cash flow from loans and bonds (proceeds)	916	87	-	-	1,002
Cash flow from loans and bonds (repayments)	-	(1,095)	-	(352)	(1,447)
Net-change lease commitments	-	-	221	265	486
Foreign exchange movements	(63)	(4)	(20)	(1)	(88)
Other non-cash movements	(2)	5	-	-	3
Reclassification	(808)	808	(165)	167	3
Total interest-bearing debt December 31, 2022	**2,200**	**316**	**1,254**	**317**	**4,087**

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
Total debt December 31, 2020	**2,353**	**378**	**1,176**	**174**	**4,081**
Cash flows (proceeds) from loans and bonds	430	44	-	-	474
Cash flow (repayments) from loans and bonds	(104)	(427)	-	(204)	(735)
Net change lease commitments	-	-	258	67	325
Foreign exchange movement	(2)	(6)	(15)	(1)	(24)
Other non-cash movements	7	-	-	-	7
Re-classification	(526)	526	(202)	202	-
Total interest-bearing debt December 31, 2021	**2,158**	**515**	**1,218**	**238**	**4,128**

In Q1, the group prepaid USD 49m of deferred debt installments granted during the onset of the pandemic in 2020. Following the prepayment, no further bank waivers or deferred debt remain. Further, the group refinanced a USD 30m facility secured by 3 vessels, repaid USD 6m of maturing bond debt and prepaid USD 34m on a secured vessel facility relating to an intra-group sale of two vessels.

In Q2, the group signed USD 1.15bn of new debt for refinancing purposes, including a USD 144m sustainability linked bond, new USD 800m sustainability linked bank facilities, a USD 100m unsecured revolving credit facility, and USD 100m of vessel and corporate debt. During the third quarter, there were net proceeds of USD 101m from the new USD 800m facility and USD 15m of proceeds from a vessel refinancing.

In Q4 the group extended a revolving credit facility in logistics services with 1 year to a maturity in June 2024. The facility amount was reduced from USD 450m to USD 320m, and the drawn amount remained unchanged at USD 303m. The group further extended an undrawn USD 25m revolving credit facility in shipping services. The group repaid USD 71m (USD 78m when including derivative effects) in bond debt relating to two maturities.

At December 31 , 2022, the group had USD 247m in undrawn credit facilities.

At December 31 , 2022, the group had 14 unencumbered vessels with a total net carrying value of USD 258m .

Note 12. Provisions

USD million	Dec 31, 2022	Dec 31, 2021
Non-current provisions	-	28
Current provisions	-	16
Total provisions	-	**44**

The operating entities WW Ocean and EUKOR have been part of anti-trust investigations in several jurisdictions since 2012. Proceedings with the outstanding jurisdictions were resolved in 2021, and all remaining customer claims were settled in 2022. As of December 31, 2022, there are no provisions or other outstanding liabilities related to anti-trust, as all remaining amounts were paid during the year, specifically USD 31 million in the fourth quarter and USD 113 million for the full year 2022.

Contingent liabilities
The group is sometimes party to lawsuits related to laws and regulations in various jurisdictions arising from the conduct of its business. Based on information currently available, the probability of any such cases resulting in a material outflow of resources is low, and a provision has not been recognized.

Note 13. Acquisition of non-controlling interest

In March 2022, the group acquired the remaining 40% of the shares in Wallenius Wilhelmsen Logistics Abnormal Load Services Holding B.V. (ALS) for cash consideration of USD 10 million. With an existing 60% ownership, the group already controlled ALS and consolidated the investment as a subsidiary. The acquisition of the non-controlling interest was thus recognized as an equity transaction.

Note 14. Events after the balance sheet date

In February, the board proposed an ordinary dividend of USD 0.85 cent per share to the annual general meeting on 26 April 2023, with USD 0.51 cent to be payable in May 2023 and USD 0.34 cent to be payable in November 2023. The dividend is declared in USD and paid in NOK. The total proposed dividend amounts to USD 360m, representing 45% of profit after tax for 2022, which is in the upper end of the dividend policy range of 30-50% of profit after tax. Adjusting for one-off, non-cash items such as the change in value of the symmetric put/call option in EUKOR and the impairment in logistics, the dividend represents 42% of the adjusted 2022FY profit after tax.

Reconciliation of alternative performance measures

Definitions of Alternative Performance Measures (APMs)

This section describes the non-GAAP financial alternative performance measures (APM) that are used in the quarterly and annual reports.

The following measures are not defined nor specified in the applicable financial reporting framework of IFRS. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to IFRS. These APMs are intended to enhance comparability of the results and cash flows from period to period and it is the group's experience that these are frequently used by investors, analysts and other parties. Internally, these APMs are used by management to measure performance on a regular basis. The APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

EBITDA is defined as Total revenue less operating expenses. EBITDA is used as an additional measure of the group's operational profitability, excluding the impact from financial items, taxes, depreciation and amortization and impairment/(reversal of impairment).

EBITDA adjusted is defined as EBITDA excluding items in the result which are not regarded as part of the underlying business. Examples of such items are restructuring costs, anti-trust, gain/loss on sale of vessels and other tangible assets and other income and expenses which are not primarily related to the period in which they are recognized.

EBIT is defined as Total revenue less Operating expenses, Other gain/loss and depreciation, amortization and impairment/(reversal of impairment). EBIT is used as a measure of operational profitability excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses.

EBIT adjusted and Profit/(loss) for the period adjusted is defined as EBIT/Profit/(loss) for the period adjusted excluding items in the result which are not regarded as part of the underlying business. Example of such items are restructuring costs, anti-trust, gain/loss on sale of vessels and other tangible assets, impairment, other gain/loss and other income and expenses which are not primarily related to the period in which they are recognized.

Capital employed (CE) is calculated based on the average of Total assets less Total liabilities plus total interest-bearing debt for the last twelve months. CE is measured in order to assess how much capital is needed for the operations/business to function and evaluate if the capital employed can be utilized more efficiently and/or if operations should be discontinued.

Return on capital employed (ROCE) is based on last twelve months EBIT/EBIT adjusted divided by capital employed. ROCE is used to measure the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The group considers this ratio as appropriate to measure the return of the period. The metric was changed with effect from the financial year 2022, and previously utilized annualized profit/(loss) based on the current quarter results in the calculation. Prior period figures have been changed to reflect this.

Return on equity is based profit/(loss) after tax for the last twelve months divided by annual average of equity. The group considers this ratio as appropriate to measure the return for the period. The metric was changed with effect from the financial year 2022, and previously utilized annualized profit/(loss) based on the current quarter results in the calculation. Prior period figures have been changed to reflect this.

Total interest-bearing debt is calculated as the end of period sum of Non-current interest-bearing loans and bonds, Non-current lease liabilities, Current interest-bearing loans and bonds and Current lease liabilities. The group considers this a good measure of total financial debt.

Net interest-bearing debt (NIBD) is calculated as the end of period Total interest-bearing debt less the end of period Cash and cash equivalents. The group considers this a good measure of underlying financial debt.

NIBD/EBITDA adjusted is calculated based on the end of period Net interest-bearing debt divided by the aggregate last twelve months of EBITDA adjusted. The group considers this a good measure of leverage as it indicates how many years of EBITDA adjusted, being a proxy for normal cash flow from operations, is needed to cover the NIBD.

Net interest-bearing debt

USD million	Dec 31, 2022	Dec 31, 2021
Non-current interest-bearing loans and bonds	2,200	2,158
Non-current lease liabilities	1,254	1,218
Current interest-bearing loans and bonds	316	515
Current lease liabilities	317	238
Total interest-bearing debt	4,087	4,128
Less Cash and cash equivalents	1,216	710
Net Interest-bearing debt	2,872	3,418

Net interest-bearing debt divided by last twelve months adjusted EBITDA

USD million	2022	2021
Net Interest-bearing debt	2,872	3,418
Last twelve months adjusted EBITDA	1,528	865
Net interest-bearing debt/adjusted EBITDA ratio	1.9	4.0

Equity ratio

USD million	Dec 31, 2022	Dec 31, 2021
Total equity	3,508	2,804
Total assets	8,394	7,794
Equity ratio	41.8 %	36.0 %

Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	Q4 2022	Q4 2021	2022	2021
Total revenue	1,350	1,078	5,045	3,884
Operating expenses excluding other gain/(loss)	(862)	(772)	(3,497)	(3,054)
EBITDA	488	306	1,548	830
EBITDA shipping services	427	247	1,359	670
Loss on sale of vessel	-	32	10	32
Anti-trust expense/ (reversal of expenses)	-	-	(6)	35
EBITDA adjusted shipping services	427	279	1,363	736
EBITDA logistics services	37	24	107	108
EBITDA adjusted logistics services	37	24	107	108
EBITDA government services	36	7	95	40
Gain on sale of vessel	-	-	(14)	-
EBITDA adjusted government services	36	7	81	40
EBITDA holding/eliminations	(12)	28	(14)	11
Loss on sale of vessel	-	(32)	(10)	(32)
EBITDA adjusted holding/eliminations	(12)	(4)	(23)	(20)
EBITDA adjusted	488	306	1,528	865

Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Q4 2022	Q4 2021	2022	2021
EBITDA	488	306	1,548	830
Other gain/loss	(54)	24	(47)	21
Depreciation and amortization	(144)	(132)	(541)	(483)
(Impairment/reversal of impairment)	(29)	(76)	(29)	(62)
EBIT	261	121	931	306
Anti-trust expense/ (reversal of expenses)	-	-	(6)	35
Gain on sale of vessel	-	-	(14)	-
Change in fair value of derivative financial asset	54	(24)	47	(21)
Reversal of/impairment asset held-for-sale	-	-	-	(8)
Impairment goodwill and intangible assets	29	76	29	76
Total adjustments	83	52	55	82
EBIT adjusted	344	173	986	388
Profit/(loss) for the period	246	98	794	177
Total adjustments	83	52	55	82
Profit/(loss) for the period adjusted	329	151	850	259

Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation

	LTM average	
USD million	2022	2021
Total assets	8,117	7,621
Less Total liabilities	5,008	4,959
Total equity	3,109	2,661
Total interest-bearing debt	4,082	4,098
Capital employed	7,191	6,759
EBIT last twelve months	931	306
EBIT last twelve months adj	986	388
ROCE	12.9 %	4.5 %
ROCE adjusted	13.7 %	5.7 %
Profit/(loss) last twelve months	794	177
Profit/(loss) last twelve months adjusted	850	259
Return on equity	25.6 %	6.6 %
Return on equity adjusted	27.3 %	9.7 %