Wallenius Wilhelmsen ASA

Q1 Report 2023

Investor relations
Torbjørn Wist
IR@walwil.com

Media
Anette Maltun Koefoed
anette.maltunkoefoed@walwil.com

Highlights – Q1 2023

- Solid Q1, though shipping is down from a record Q4 on change in net fuel cost and temporary congestion in Oceania
- Logistics segment sees increased demand from auto and terminal services
- Government segment experiences continued high U.S. flag cargo activity
- AGM approved dividend of USD 0.85 per share for FY 2022, totaling USD 360m
- Anette Maltun Koefoed appointed Chief Communications & Marketing Officer
- Gro Rognstad appointed acting Chief Technology & Information Officer
- Demand outlook is strong, and we expect a tight market balance through 2023

"Q1-23 is our third best quarter ever in terms of EBITDA. Shipping results are somewhat down from Q4 due to congestion and a change in net fuel cost, while logistics continues its positive development.

The tight biosecurity regulations in Australia created significant congestion challenges for our shipping and terminal operations. On the flip side, we benefited from the biosecurity measures by delivering extensive decontamination services. This diversification of our operations proves the robustness of our business model.

Contracts renewals continued to have a positive effect on net freight rates in Q1. Customers demand for shipping and logistics is very strong and recent bookings should add support to our Q2 and Q3 results."

Lasse Kristoffersen
CEO

Consolidated results and key figures – Q1 2023

The group delivered a strong quarter, but saw a QoQ drop in revenue and EBITDA from the all-time high Q4 due to congestion, trade mix and falling fuel surcharges in shipping.

USDm*	Q1 2023	Q4 2022	% change QoQ**	Q1 2022	% change YoY**
Total revenue	1,255	1,350	-7.0%	1,149	9 %
EBITDA	398	488	-19%	309	29 %
EBIT	250	261	-4%	177	41 %
Profit for the period	173	246	-30%	177	-2 %
Earnings per share[1]	0.34	0.48	-28%	0.37	-8 %
Net interest-bearing debt	2,490	2,872	-13%	3,294	-24 %
ROCE adjusted	14.5 %	13.7 %	0.8%	7.8 %	6.7 %
Equity ratio	42.4 %	41.8 %	0.6%	37.4 %	5.0 %
EBITDA adjusted[2]	398	488	-19%	301	32 %
EBITDA adjusted margin	31.7 %	36.2 %	-4.5%	26.2 %	5.5 %

** 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 Q1 were USD 1,255m, down 7% from the previous quarter. Volume and revenue reductions in the shipping and government segments were partially offset by increased volumes and revenues in the logistics segment. Compared to Q1-22, total revenue for the group was up 9%, with an increase in all segments.

EBITDA and adjusted EBITDA for the quarter ended at USD 398m, down 19% QoQ. However, the Q1-23 and Q4-22 results were significantly impacted by the change in net fuel cost, with a negative effect in Q1-23 versus a very positive effect in Q4-22. The shipping segment came down from a record strong previous quarter, with a QoQ EBITDA decrease of USD 86m, driving the decrease in the group results. The key drivers were the reduced fuel surcharges combined with lower net freight revenue due to trade mix QoQ. Logistics EBITDA was on par with the previous quarter on higher revenues despite the reduced average margin due to one-off costs. Further, government services EBITDA decreased by USD 13m QoQ from a strong Q4-22 mainly as a result of lower volumes and a less profitable cargo mix.

EBITDA increased by 29% YoY, with adjusted EBITDA up 32%, driven by solid growth in all segments.

Other effects in the quarter include a negative USD 3m change in value of the symmetric put/call option relating to the minority shareholding in EUKOR, see Note 2 - Other gain/loss.

The net financial expense was USD 58m in Q1, compared to a net financial income of USD 3m in Q4, as a net currency loss and unrealized losses on interest derivatives more than offset an increase in net financial income.

---

[1] After tax and non-controlling interests

[2] In Q1 2022, EBITDA was adjusted USD 8m for the gain on sale of a vessel.

Interest expenses including realized interest derivatives was USD 53m, on par with the previous quarter. The unrealized loss on interest rate derivatives amounted to USD 10m in Q1. The net currency loss was USD 7m, with USD 35m in net unrealized loss on currency derivatives (largely USDNOK cross currency swaps related to bond debt issued in NOK and swapped to USD), mostly offset by currency translation gains.

The group recorded a tax expense of USD 20m for Q1, compared to USD 19m in the previous quarter. This primarily relates to withholding tax on upstreaming of dividends from EUKOR.

The quarter ended with a net profit of USD 173m, down from USD 246m in Q4 and in line with the net profit of USD 177m in Q1-22. USD 145m of the net profit is attributable to shareholders of Wallenius Wilhelmsen, while USD 28m of net profit is attributable to non-controlling interests (primarily minority shareholders in EUKOR).

Capital and liquidity

Cash and cash equivalents were USD 1,439m, up USD 223m QoQ. Cash improved during Q1 on solid operational performance offset by an increase in a posted cash collateral related to the cross-currency swaps and regular debt service.

The USD 22m net investment cash flow consists of USD 16m of dry docking and vessel maintenance, and USD 13m to increase ownership in Syngin Technologies, a subsidiary in the logistics segment (see logistics services for more details). Further, USD 12m relates to vehicle replacements, preparations for dry docking and other minor projects. Moreover, in Q1 the group received USD 19m in interest and USD 1m from the sale of tangible assets.

Financial cash flows include interest paid and repayments on lease liabilities, loans and bonds. On March 31, the group had posted USD 21m in cash collateral relating to cross-currency swaps for the three outstanding NOK bonds. This is a net increase of USD 19m in total posted cash collateral compared to previous quarter.

In Q1, EUKOR extended a USD 15m revolving credit facility in shipping services by one year. WW ASA established a new one year USD 100m revolving credit facility for general corporate purposes, secured by five previously unencumbered vessels. These lead to an increase in undrawn credit facilities to USD 347m, up from USD 247m in Q4. In 2023, the group has maturities of USD 62m in vessel financings and USD 50m of drawn revolving credit facilities which will be refinanced prior to maturity. The next bond maturity is in September 2024.

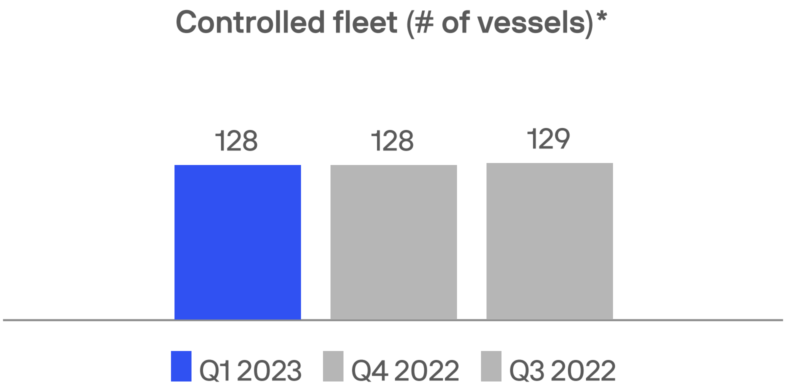
The equity ratio was 42.4% at the end of Q1, up from 41.8% in Q4 as the group recorded a solid profit for the period. Net interest-bearing debt was USD 2,490m at the end of Q1, down from USD 2,872m in Q4. Scheduled repayment of bank and lease debt contributed to total debt reduction. As a result, the decrease in total debt and the substantial cash increase reduced the net interest-bearing debt for the quarter.

In February 2023, the board of directors approved new long-term financial targets. In Q1, we delivered on all targets:

Financial target	Q1 2023	Q4 2022	Delta QoQ	Q1 2022	Delta YoY
ROCE > 8%	14.5 %	13.7 %	0.8 %	7.8 %	6.5 %
Leverage ratio < 3.5x	1.5x	1.9x	-0.4x	3.2x	-1.7x
Equity ratio > 35%	42.4 %	41.8 %	0.6 %	37.4 %	5.0 %

Fleet

At the end of Q1, Wallenius Wilhelmsen controlled a fleet of 128 vessels, which is stable from the previous quarter. Starting this quarter, three vessels on long-term charter to Armacup are added to the fleet count, including historical figures. Charter rates for tonnage continue to be high and the company had zero vessels on short-term charter in Q1. In general, the decision to add, extend or redeliver charters will depend on the overall market situation, including price of charters, demand growth and the long-term fleet strategy.



** Starting from this quarter, current and historical fleet counts are adjusted to include three Armacup vessels.*

Events after the balance sheet date

On April 26, the Annual General Meeting approved an ordinary dividend of USD 0.85 per share, of which the first tranche of USD 0.51 per share is payable on May 10. Accordingly, the shares in Wallenius Wilhelmsen were traded ex dividend USD 0.51 from April 27. The Annual General Meeting further approved re-election of board members Margareta Alestig and Thomas Wilhelmsen for a period of two years.

On April 1, Anette Maltun Koefoed was appointed Chief Communications and Marketing Officer, while Gro Rognstad was appointed acting Chief Technology and Information Officer.

Shipping services

Shipping services saw a decline in earnings from a record strong Q4-2022 due to a shift in trade mix and lower fuel surcharges despite favorable contract renewals.

USDm*	Q1 2023	Q4 2022	% change QoQ**	Q1 2022	% change YoY**
Total revenue	956	1,060	-10%	930	3%
EBITDA	341	427	-20%	268	27%
EBIT	229	265	-14%	172	33%
Volume ('000 CBM)[1]	15,262	15,779	-3%	15,223	-%
H&H Share[2]	28 %	28 %	-%	32 %	-4%
EBITDA adjusted[3]	341	427	-20%	278	23%
EBITDA adjusted margin	35.6 %	40.2 %	-5%	29.9 %	6%

** 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 very strong year for shipping services, with increasing EBITDA every quarter. Q1 EBITDA declined from a record strong previous quarter due to congestion, trade mix and falling fuel surcharges. The high profitability we are experiencing is 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 956m in Q1, down 10% QoQ on lower net freight revenues and declining fuel surcharge revenues.

EBITDA and adjusted EBITDA was USD 341m in Q1, down 20% QoQ, however the decline is less when considering the negative net fuel cost effect. Q4 benefited from a USD 68 million positive change in net fuel cost from Q3 2022, while Q1 2023 EBITDA was impacted by a USD 36 million negative change in net fuel cost from Q4. The adjusted EBITDA margin was 36%, a decrease from 40% in Q4.

Net freight rate in Q1 was USD 51 per cbm, down from USD 52 per cbm in Q4, due to a less favorable trade mix development despite favorable contract renewals. The H&H and BB share of the cargo mix was 28.3% in Q1, stable from 28.0% in Q4. Shipping volumes decreased by 3% QoQ due to less laden voyages. Volumes out of Asia fell in Q1, particularly in the Asia to South America and Oceania trades due to biosecurity related congestion in Oceania. This led to less capacity ex Asia in Q1, our most favorable trades. Exports out of Europe and US increased somewhat, 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 Q1.

---

[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] Q1-22 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.

Waiting times at key ports continued to create challenges for Wallenius Wilhelmsen and our customers throughout the quarter. Q1 was especially impacted by delays caused by biosecurity clearance in Australia, in addition to labor shortages which has been the main cause for operational disruptions and port congestion in several central ports around the world over the last year. 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. See the logistics services chapter below for more details.

Net freight revenue was down by USD 48m QoQ, while fuel surcharge revenue under FAF[4] was down USD 55m due to the time-lag effect. Fuel prices were relatively higher in Q2-22 and Q3 -22, and dropped significantly in Q4-22. Generally FAF revenues lag about 4-5 months after fuel price changes, hence FAF revenues dropped in Q1. Fuel expenses decreased by USD 19m QoQ due to continued drop in fuel prices. The company benefited from a positive change in net fuel cost in Q3-22 and Q4-22 and the effect is reversed in Q1 with a negative change in net fuel cost of USD 36m.

Voyage expenses increased from Q4 to Q1 despite lower volumes carried, impacted by higher cargo, port and canal expenses. Yet, voyage expenses per cbm were at relatively low levels in both Q4 and Q1. Charter expenses decreased from Q4 to Q1 on the purchase of the previously leased Morning Catherine and redelivery of the Morning Cornet in Q4. Ship operating expenses decreased from Q4 to Q1 on year-end adjustments and dry docking costs related to redelivery of the long-term charter vessel Morning Cornet. Sales, general and administrative expenses were stable from Q4 to Q1.

The strong volume demand growth is the key driver for the changes YoY. Revenues increased by 3% from Q1-22, due to higher fuel surcharges. Adjusted EBITDA improved by 23% 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

Revenue continued to increase on strong Oceania terminal activity and higher volumes and accessorization in Auto. However, EBITDA was flat QoQ due to Q1 one-off costs.

USDm*	Q1 2023	Q4 2022	% change QoQ**	Q1 2022	% change YoY**
Total revenue	277	261	6%	211	31%
EBITDA	37	37	-2%	22	65%
EBIT	10	-18	n/a	-3	n/a
EBITDA adjusted	37	37	-2%	22	65%
EBITDA adjusted margin	13.2%	14.3%	-1%	10.5%	3%
EBITDA by product					
Auto	9	7	42%	4	134%
H&H	6	9	-35%	1	496%
Terminals	28	19	50%	16	73%
Inland	4	6	-42%	4	-8%
Other	-10	-3	-221%	-3	-239%

** 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.

In Q1, logistics had positive effects from the strict biosecurity policies in Australia due to brown marmorated stink bugs (BMSB) seasonality and an increase in seed contaminants. Australia is heavily reliant on their agriculture and therefore have strict biosecurity policies in place to ensure no contaminants enter the country, including for BMSB and other biosecurity contaminants like seeds, dust, dirt, mud and even beehives. Our BMSB fumigation services at our terminals, and seed removal processes in the Melbourne terminal, ensure all shipments arriving in the country meet government regulation.

Due to the rigorous decontamination processes, the volume of contaminated cargo outweighed the terminal capacity, contributing to congestion and operational challenges in and around Australian ports. While this had a negative impact on shipping volumes and profitability, our terminal operations saw improved earnings for the quarter, as the additional decontamination services boosted margins in the region. This illustrates the resilience of our integrated supply chain business model.

Q1 revenues for the segment in total were USD 277m, up 6% QoQ. Volume development was strong on the Auto side, partially due to the stabilization in the global parts supply chains, but also due to seasonality, as some customers push volume for their fiscal year end. Terminal volume decreased somewhat, partly as a result of the global congestion issues at the ports bringing in fewer vessels.

Q1 EBITDA was USD 37m, down 2% QoQ as Auto and Terminal improved, partially offset by high and heavy (H&H) and Inland declining in the quarter. Additionally, the segment results were impacted by USD 6m in one-off costs from a discretionary bonus payment relating to the strong group results in FY 2022.

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 13% and revenue grew by 4%, due to supply chain normalization and seasonality. EBITDA increased 42% as a result of increased volumes, accessorization, increased rates and lower use of temporary labor.

H&H includes equipment processing centers on and off port sites globally with the largest concentration in the US. QoQ revenue decreased 16%, mainly due to lower volumes (seasonality) in the US, while congestion in Oceania negatively impacted processing and fumigation for exports from Asia. EBITDA decreased 35% QoQ, directly related to lower volumes.

Terminals offer cargo processing, handling and storage at some of the world's largest RoRo ports. Revenue increased 19% QoQ, almost exclusively due to the strong Oceania biosecurity activities, while all terminals are challenged with congestion and other disruptions. EBITDA increased 50% as a direct result of increased revenue in Oceania.

Inland includes the global transportation of cargo by road or rail to a port or final point of sale. QoQ revenue increased 13% with strong volumes in Europe and US. EBITDA decreased 42% QoQ largely on a Q4 one-off reduction in sales, general and administrative expenses in Asia.

YoY, revenues increased by 31% with all products except Inland positively contributing as volume strengthen although Terminal volume is slightly lower due to congestion. YoY, EBITDA increased 65%, mainly due to increased volumes in H&H and Auto, as well as strong biosecurity activities in Oceania.

In Q1, Wallenius Wilhelmsen purchased an additional 29.5 percent of Syngin Technology, giving us a 99.5 percent interest and control. Syngin relies heavily on technology and its concierge team to provide a reliable and cost-effective last-mile transportation service, managing individual asset moves for automotive fleet customers.

Government services

Government services had a solid quarter with significant YoY growth driven by continued high U.S. flag cargo activity, despite coming down from a very strong Q4.

USDm*	Q1 2023	Q4 2022	% change QoQ**	Q1 2022	% change YoY**
Total revenue	72	88	-18%	58	24%
EBITDA	23	36	-37%	16	46%
EBIT	13	26	-51%	5	130%
EBITDA adjusted[1]	23	36	-37%	8	189%
EBITDA adjusted margin	31.4%	41.0%	-10%	13.5%	18%

** 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 Q1 to generate increased U.S. flag cargo activity, including government charters and aid cargo. There were also improved levels of other U.S. flag cargoes. Combined with lower operating costs, this enabled government services to deliver strong results in Q1, up YoY. Looking ahead, the development of the situation in Ukraine and other geopolitical developments will be the main driver of demand for government services.

Total revenues in Q1 were USD 72m, down 18% QoQ. Q4 benefited heavily from the timing and mix of cargo moves and other government activities to support the NATO response to the war in the Ukraine. Q1 cargo was also constrained due to tight fleet capacity, a Q1 regularly scheduled vessel dry dock and the timing of vessel charters.

EBITDA of USD 23m was down 37% from an extraordinary Q4-22 due to the timing and mix of cargo and other cargo constraints noted above. EBITDA was up 189% YoY, due to increased mix of higher margin U.S. flag military cargo relating to the Ukraine situation.

[1] In Q1 2022 EBITDA was adjusted USD 8m for the gain on sale of a vessel.

Market update

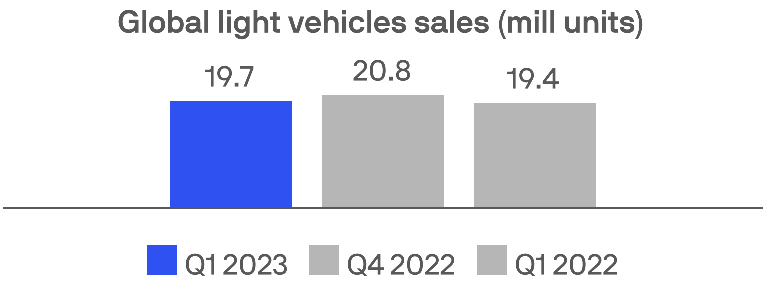
Auto sales increased 1.8% YoY and deep-sea volume up 8.4% as a moderate positive development were seen in major markets and global H&H exports remained high.

Global economic growth is slowing in 2023 as financial conditions tighten and the high demand for durable goods of the early stages of the pandemic moderates. Analyst company S&P Global expect world real GDP to end at a growth of 2.2% in 2023, a slight uptick since last quarter, before picking up to 2.8% in 2024, a moderate downward adjustment since last quarter, and 2.9% in 2025. The slowdown in 2023 is centered in Europe and the Americas—regions that are fighting high inflation. The reopening of mainland China's economy following the end of zero-Covid policies will lift its growth from 3.0% in 2022 to 5.3% in 2023, adding to global demand and providing some offsetting support to the world economy. The turbulence in the banking sector in Q1 has had limited effects on our markets.

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 Q1 were down 5.2% QoQ due to normal seasonality and up 1.8% YoY. Disruptions in the automotive supply chain are easing, and semiconductor production capacity has been ramped up to adequate levels. However, restocking plus other part shortages create challenges for the auto manufactures. Compared to sales in the same pre-Covid-19 quarter in 2019, sales were down 11.6%. 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 still pockets of order backlogs. The changed Covid policies in China led to shutdowns in January which drove down domestic sales. Incentives in the LV sector globally have resulted in a sales mix with an enhanced focus on low emission vehicles, however incentives have to some extent faded out.



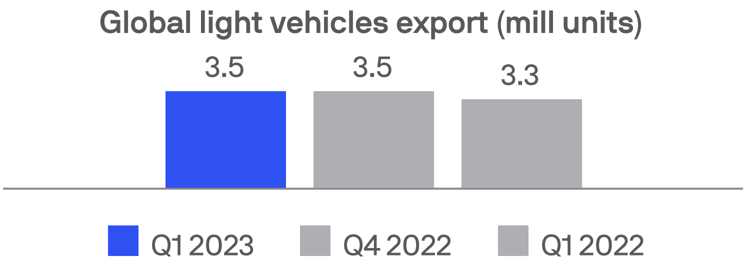
North American sales were up 5.9% YoY (down 3.6% QoQ). Despite the uncertainty in the economy, pent-up demand and household savings contributed to solid underlying demand. Vehicle pricing is trending high, making some consumers reluctant to sign deals on new cars. OEMs prioritize the most profitable models. Average transaction prices are high, inventories are

[1] Source(s): S&P

picking up, and analysts assume that OEMs will launch new incentives and reintroduce rebates to keep inventories steady. Production constraints of semiconductors seem to ease. However, distribution is still a concern.

Sales in Europe were up 10.5% YoY and 3.7% QoQ as vehicle production increased on the back of an improved supply chain situation. Restocking of semiconductors is still a concern. A large portion of sales are vehicles that were ordered some time back while moderating consumer sentiments leave car buyers searching for lower priced cars. Governmental subsidies continued in Q4, mostly focused on low-emission vehicles generally and Battery Electric Vehicles (BEVs) specifically. Parts of these subsidies, particularly for hybrid electric vehicles, were phased out at the end of the quarter. Uncertainty on energy supply and concerns on reduced production have diminished.

Sales in China were down 11.9% YoY and 19.2% QoQ. The changed Covid policies in China led to shutdowns and soft domestic sales in January and February. Sales however picked up again at the end of the quarter. Despite many consumers taking a wait-and-see approach amidst the price war, they apparently decided to buy vehicles in March before heavy discounts and the provincial governments' temporary tax incentives expire during Q2.



Global deep-sea exports recorded the best quarter for almost two years. Volumes were up 0.6% QoQ and up 8.4% YoY as supply chain congestion including semiconductor issues eased. The retail prices remain at a high level which leave some potential buyers reluctant to order a new vehicle. Exports out of Europe were solid with a growth of 16.5% YoY and 4.8% QoQ as some low emissions vehicles exported to North America gain traction. Exports out of North America were up a modest 4.2% YoY (up 0.8% QoQ) and trending well below pre-Covid levels, particularly as preferences in Europe have changed to low-emission vehicles. Japanese exports declined 1.7% YoY, down 0.8% QoQ, with main volumes exported to North America and Europe. Volumes exported out of Korea developed steady with a growth of 6.8% YoY and down 3.1% QoQ. Chinese exports continued to surge on a YoY basis, up 20.1%, despite the Covid-impacted reduced production during the start of the quarter. On a quarterly basis, volumes came down 13.9%, however it is still the second best quarter on record.The increase of Chinese export has driven up CEU miles, further driving demand for Roro tonnage.

Our shipping volumes developed below the global volumes as we maximized our current available capacity. The table below shows global deep-sea movements on selected trades:

Trades, # of LVs[2]	Q1 2023	Q4 2022	% change QoQ	Q1 2022	% change YoY
AS-EU	457,919	502,884	-8,9 %	417,396	9,7 %
AS-NA	693,854	701,368	-1,1 %	662,748	4,7 %
EU-NA	241,681	249,509	-3,1 %	214,458	12,7 %

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

High and heavy markets

Global exports of high & heavy machinery continued to grow strongly in Q1, rising 16.4% compared to the same period last year[3].

Exports of construction equipment increased 20.3% YoY, supported by higher shipments to North America and the Middle East. The construction industry faces diverging trends in 2023 – infrastructure investment remains firm, but housing demand and residential construction have been impacted by rising interest rates. In the US, total construction spending[4] was up 5.9% YoY during the first two months of 2023, despite a 5.1% YoY fall in residential construction. In contrast, non-residential construction spending was up 17.5% YoY during the same period, with investment in office, manufacturing and commercial structures accounting for much of the expansion. Within the EU, total production in construction[5] increased by 1.4% YoY in January 2023, with building construction (residential and non-residential) up 1.5% YoY and infrastructure construction expanding by 0.5% YoY over the same period.

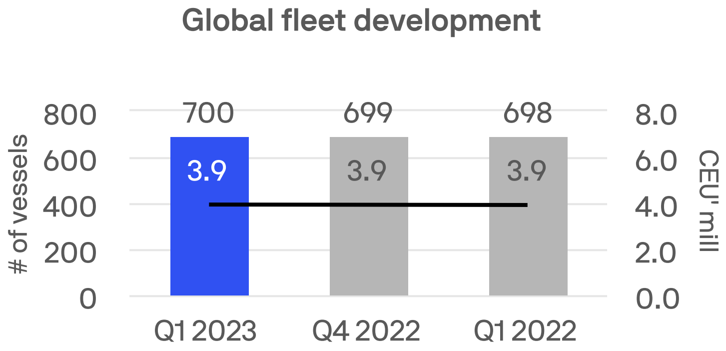
Global mining equipment exports grew by 4.1% YoY in Q1, supported by firm metals and minerals prices and continued expansion in global mining capital expenditure – the World Bank Metals & Minerals monthly price index was up 9.8% in Q1 compared to Q4, and more than 30% above the preceding 10-year average level[6]. Construction and mining equipment manufacturers reported strong sales growth compared to last year, and manufacturers still have high order backlogs for equipment to be delivered in 2023 and beyond. Caterpillar, Terex and Manitowoc reported aggregated construction and mining machinery order backlogs worth $35.5 billion in Q4 2022[7], 31% higher than in Q4 2021 and more than double pre-pandemic levels.

Global exports of farm machinery increased by 5.6% in Q1 compared to the same period last year, despite declining tractor sales in key markets[8]. Volumes to Oceania and South America drove the growth. US farmer sentiment[9] continued to weaken in March, with falling commodity prices, rising interest rates and higher equipment costs impacting equipment sales. North American tractor sales were down 14.7% YoY in Q1, but combine harvester sales continued to grow. After a record year for Australian tractor market in 2022, sales decreased 19% YoY in Q1. In Europe, German registrations fell by 5.4% YoY, while the UK market recorded a 10.1% YoY increase in registrations.

[3] Source(s): S&P Global. All import/export data refer to the three-month rolling period ending in February 2023 unless otherwise specified and are limited to countries that have reported data per April 18th, 2023
[4] Source(s): U.S. Census Bureau
[5] Source(s): Eurostat
[6] Source(s): World Bank Commodities Price Data (The Pink Sheet), April 2023; 10-year average period refers to 2013-22
[7] Source(s): Company financial report
[8] Source(s): AEM, TMA, AEA and VDMA
[9] Purdue University-CME Group Ag Economy Barometer registrations

Global fleet

The global car carrier fleet[10] (with size >1,000 car equivalent units, “CEU”) totaled 700 vessels with a capacity of 3.94m CEU at the end of Q1. One new vessel was delivered and no vessels were recycled during Q1. 12 new orders were confirmed for the official orderbook in the period since mid January (for vessels >4,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) stands at 128 vessels, representing some 26% of the global fleet capacity. Nine 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 during 2023, due to limited amount of new vessels joining the fleet, continued congestion and solid cargo volumes.



10 Source(s): Clarksons

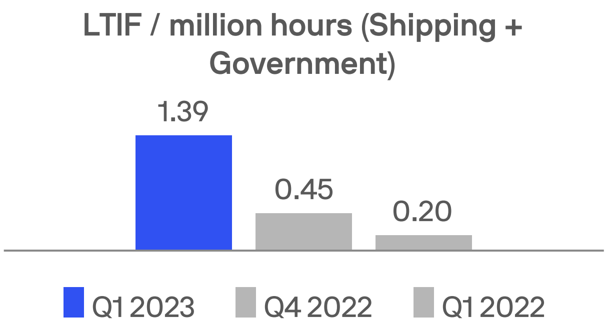
Sustainability

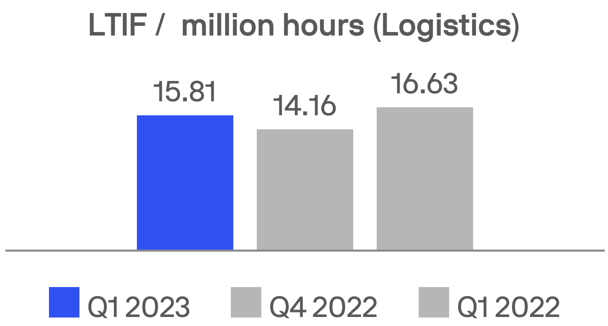
Safety is priority number one for Wallenius Wilhelmsen. Two serious injuries occurred in our shipping segment in Q1. We work closely to implement measures to ensure consistent strong safety performance across the fleet.

People

The lost time injuries frequency (LTIF)[1] for shipping and government services increased QoQ, from 0.45 in Q4-22 to 1.39 in Q1, above our LTIF target of <1. We experienced two serious injuries in Q1. Both incidents were related to mooring operations, but on separate vessels. One incident tragically resulted in the amputation of the affected crew member's lower-leg, whilst the other incident resulted in a broken leg. We take these incidents very seriously and we are working closely with our ship managers to ensure that our safety policies are adhered to and that we have a sound safety culture across our operations.

Although we have achieved improvements over the years, Logistic's LTIF was above our 2023 target of <14.15 in Q1. LTIF[2] increased QoQ, from 14.16 in Q4-22 to 15.81 in Q1-23. Key factors driving LTIF above target performance for Q1 include congestion, weather and labor volatility related to holidays. No serious injuries were reported in Q1. We recently completed the implementation of our Safety 1st Program across all sites in Asia and initiated enhanced safety engagement on sites that underperform relative to overall results.





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.

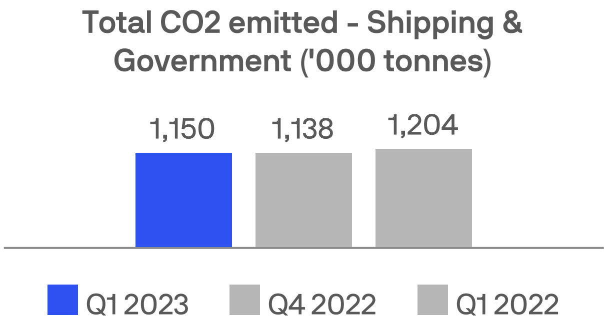
In 2021, we set a target to reduce our carbon emission intensity by 27.5% by 2030 compared to 2019. This is an ambitious target, particularly due to the recent operational challenges and tight global fleet situation which lead to higher speed for our vessels.

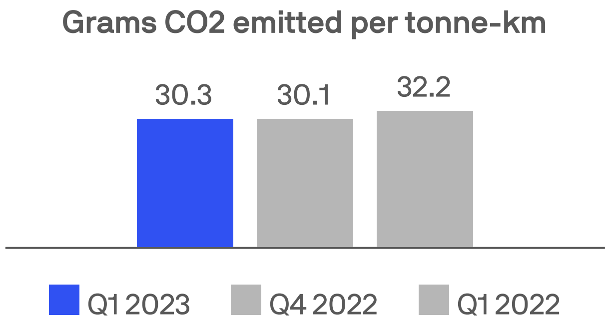
Our total CO2 emissions for Q1 remain relatively stable, both QoQ and YoY, at 1,150 thousand metric tonnes. Our CO2 intensity in Q1 was 30.3 gCO2 per tonne-km[3] and below our 2023 target of 31.16. This is comparable to our CO2 intensity Q4-22 and slightly lower than in Q1-22.

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

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

[3] Energy Efficiency Operational Indicator (EEOI),





In Q1, we received the Sapphire award from the Protecting Blue Whales, Blue skies program. In 2022, more than 85% of the distance our vessels traveled in specific Vessel Speed Reduction (VSR) zones was at 10 knots or less. Protecting Blue Whales and Blue Skies is a voluntary VSR Program along the coast of California. By creating seasonal and predictable slow speed zones, this program helps companies protect endangered whales, reduce fuel use and regional greenhouse gas emissions, and improve air quality and human health outcomes.

Prosperity

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

In January 2022, Wallenius Wilhelmsen published its Sustainability-linked financing framework which allows us to link financing to our carbon intensity reduction target of -27.5% from 2019 to 2030. In 2022, we did not meet the interim Key Performance Indicator (KPI) related to fleet average CO2 intensity due to higher than normal vessel speeds to meet the high market activity and compensate for delays caused by port congestion around the world. Together these developments led to higher fuel consumption. The shortfall will lead to an increase in interest cost of 5 basis points for USD 800m of sustainability-linked bank loans issued under the framework for the following 12 month period. It does not impact the pricing of the sustainability-linked bond. We remain committed to our CO_2 intensity target and continue to take steps to ensure that we meet our targeted reductions. Further information is included in the progress report published in April 2023, available on our investor website.

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.

Prospects

Market demand remains robust despite the current economic slowdown, and we expect continued high volumes and a tight market balance in 2023.

The fundamentals also look strong longer term, though with higher levels of uncertainty. This is related to the newbuild additions to the global fleet, the macro economic situation, and any deterioration in geopolitical dynamics.

Further upside potential relates to pent-up demand for vehicles, the shift to low-emission vehicles and renewal of multi-year customer contracts at higher rates.

Overall, we expect to further strengthen our financial position in 2023, enabling us to deliver on our financial targets and dividend policy.

Lysaker, May 3, 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	Q1 2023	Q1 2022	2022
Total revenue	3	1,255	1,149	5,045
Operating expenses	3	(858)	(841)	(3,497)
Operating profit before depreciation, amortization and impairment (EBITDA)		**398**	**309**	**1,548**
Other gain/(loss)	2	(3)	(3)	(47)
Depreciation and amortization	4, 5, 6	(145)	(128)	(541)
(Impairment)/reversal of impairment	4, 5, 6	-	-	(29)
Operating profit (EBIT)		**250**	**177**	**931**
Share of profit/(loss) from joint ventures and associates		1	1	2
Interest income and other financial items		56	63	184
Interest expense and other financial expenses		(114)	(60)	(288)
Financial items - net	7	**(58)**	**2**	**(104)**
Profit before tax		**193**	**180**	**829**
Tax income/(expense)	9	(20)	(3)	(35)
Profit for the period		**173**	**177**	**794**
Profit for the period attributable to:				
Owners of the parent		145	155	679
Non-controlling interests		28	22	116
Basic and diluted earnings per share (USD)		0.34	0.37	1.60

Consolidated statement of comprehensive income

USD million	Q1 2023	Q1 2022	2022
Profit for the period	173	177	794
Other comprehensive income/(loss):			
Items that may subsequently be reclassified to the income statement:			
Currency translation adjustment	2	1	(7)
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	-	3	(5)
Remeasurement pension liabilities, net of tax	-	0	11
Other comprehensive income/(loss), net of tax	2	**5**	(1)
Total comprehensive income for the period	**174**	**182**	**794**
Total comprehensive income attributable to:			
Owners of the parent	146	160	679
Non-controlling interests	28	22	115
Total comprehensive income for the period	**174**	**182**	**794**

Consolidated balance sheet

USD million	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Assets				
Non-current assets				
Deferred tax assets	9	65	72	59
Goodwill and other intangible assets	4	386	446	395
Vessels and other tangible assets	5	3,897	3,982	3,943
Right-of-use assets	6	1,552	1,530	1,599
Other non-current assets	2	230	261	247
Total non-current assets		**6,130**	**6,290**	**6,242**
Current assets				
Fuel/lube oil		130	141	139
Trade receivables		589	524	605
Other current assets		279	202	191
Cash and cash equivalents		1,439	759	1,216
Asset held for sale		-	13	-
Total current assets		**2,437**	**1,639**	**2,151**
Total assets		**8,566**	**7,929**	**8,394**
Equity and liabilities				
Equity				
Share capital	8	28	28	28
Retained earnings and other reserves		3,277	2,668	3,125
Total equity attributable to owners of the parent		**3,305**	**2,696**	**3,153**
Non-controlling interests		326	269	355
Total equity		**3,631**	**2,965**	**3,508**
Non-current liabilities				
Pension liabilities		38	55	40
Deferred tax liabilities	9	74	80	71
Non-current interest-bearing debt	10	2,072	2,098	2,200
Non-current lease liabilities	10	1,216	1,212	1,254
Non-current provisions	11	-	16	-
Other non-current liabilities		129	17	95
Total non-current liabilities		**3,529**	**3,477**	**3,659**
Current liabilities				
Trade payables		97	141	112
Current interest-bearing debt	10	347	486	316
Current lease liabilities	10	294	258	317
Current income tax liabilities	9	25	3	2
Current provisions	11	-	28	-
Other current liabilities		644	571	479
Total current liabilities		**1,407**	**1,487**	**1,226**
Total equity and liabilities		**8,566**	**7,929**	**8,394**

Consolidated cash flow statement

USD million	Notes	Q1 2023	Q1 2022	2022
Cash flow from operating activities				
Profit before tax		193	180	829
Financial (income)/expenses		58	(2)	104
Share of net (income)/loss from joint ventures and associates		(1)	(1)	(2)
Depreciation and amortization	4,5,6	145	128	541
Impairment/(reversal of impairment)		-	-	29
(Gain)/loss on sale of tangible assets		-	(7)	(14)
Change in net pension assets/liabilities		(2)	-	(12)
Change in derivative financial assets	2	3	3	47
Net change in other assets/liabilities		74	(24)	(190)
Tax (paid)/received		(1)	(7)	(35)
Net cash flow provided by operating activities[1]		**469**	**270**	**1,297**
Cash flow from investing activities				
Dividend received from joint ventures and associates		-	-	-
Proceeds from sale of tangible assets		1	22	45
Investments in vessels, other tangible and intangible assets		(28)	(17)	(112)
Investment in subsidiaries, net of cash acquired		(13)	(10)	(11)
Investment in joint ventures		-	-	-
Investment in financial investments		-	-	-
Other proceeds from investment		-	-	-
Interest received		19	-	15
Net cash flow provided by/(used in) investing activities		**(22)**	**(5)**	**(62)**
Cash flow from financing activities				
Proceeds from loans and bonds		-	40	1,002
Repayment of loans and bonds	10	(53)	(142)	(1,095)
Repayment of lease liabilities	10	(93)	(69)	(352)
Interest paid including interest derivatives		(53)	(44)	(189)
Dividend to shareholders		-	-	(63)
Realized other derivatives		(4)	-	(14)
Dividend to non-controlling interests		(2)	(1)	(16)
Net change in cash collateral	7	(19)	-	(2)
Net cash flow used in financing activities		**(224)**	**(216)**	**(729)**
Net increase/(decrease) in cash and cash equivalents		**223**	**49**	**505**
Cash and cash equivalents at beginning of period		1,216	710	710
Cash and cash equivalents at end of period[1]		**1,439**	**759**	**1,216**

[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
2023								
Balance at December 31, 2022		**28**	**-**	**28**	**3,125**	**3,153**	**355**	**3,508**
Profit for the period		-	-	-	145	145	28	173
Other comprehensive income		-	-	-	1	2	-	2
Total comprehensive income		**-**	**-**	**-**	**146**	**146**	**28**	**174**
Disposal of own shares	8	-	-	-	-	-	-	-
Change in non-controlling interests		-	-	-	6	6	(6)	-
Dividend to non-controlling interests		-	-	-	-	-	(52)	(52)
Balance at March 31, 2023		**28**	**-**	**28**	**3,277**	**3,305**	**326**	**3,631**

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		-	-	-	155	155	22	177
Other comprehensive income		-	-	-	5	5	-	5
Total comprehensive income		**-**	**-**	**-**	**160**	**160**	**22**	**182**
Disposal of own shares		-	-	-	-	-	-	-
Change in non-controlling interests		-	-	-	(3)	(3)	(7)	(10)
Dividend to non-controlling interests		-	-	-	-	-	(11)	(11)
Balance at March 31, 2022		**28**	**-**	**28**	**2,668**	**2,696**	**269**	**2,965**

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		-	-	-	1	1	-	1
Change in non-controlling interests		-	-	-	(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**

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, 2022 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, 2022.

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 most recent 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 first quarter of 2023, the change in the value of the derivative was USD 3 million recognized as a loss within Other gain/(loss) in the income statement. Comparatively, the change in value during the first quarter of 2022 resulted in a loss of USD 3 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 102 million at March 31, 2023, compared to USD 105 million at the end of 2022.

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. Segment reporting - YTD

USD million	Shipping services		Logistics services		Government services		Holding & eliminations		Total	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Net freight revenue	778	806	-	-	35	20	-	-	813	827
Fuel surcharges	174	113	-	-	1	1	-	-	176	114
Operating revenue	2	9	247	185	18	14	-	-	267	208
Internal operating revenue	3	2	30	26	17	23	(50)	(50)	-	—
Total revenue	**956**	**930**	**277**	**211**	**72**	**58**	**(50)**	**(50)**	**1,255**	**1,149**
Cargo expenses	(150)	(176)	-	-	(9)	(10)	37	40	(121)	(146)
Fuel	(222)	(235)	-	-	(8)	(7)	-	-	(229)	(243)
Other voyage expenses	(111)	(106)	-	-	(3)	(3)	-	-	(114)	(109)
Ship operating expenses	(61)	(55)	-	-	(19)	(19)	-	-	(80)	(74)
Charter expenses	(31)	(44)	-	-	(3)	(6)	9	10	(25)	(41)
Manufacturing cost	-	-	(88)	(73)	(2)	-	3	-	(87)	(73)
Other operating expenses[1]	(1)	(10)	(112)	(81)	(2)	8	-	10	(115)	(73)
Selling, general and admin expenses	(41)	(35)	(40)	(35)	(5)	(5)	(1)	(7)	(87)	(82)
Total operating expenses	**(616)**	**(662)**	**(240)**	**(189)**	**(50)**	**(43)**	**48**	**53**	**(858)**	**(841)**
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**341**	**268**	**37**	**22**	**23**	**16**	**(2)**	**3**	**398**	**309**
Other gain/(loss)	(3)	(3)	-	-	-	-	-	-	(3)	(3)
Depreciation	(108)	(92)	(18)	(16)	(9)	(9)	1	-	(134)	(117)
Amortization	(1)	(1)	(8)	(9)	(2)	(2)	-	-	(11)	(11)
(Impairment)/reversal of impairment	-	-	-	-	-	-	-	-	-	—
Operating profit/(loss) (EBIT)[2]	**229**	**172**	**10**	**(3)**	**13**	**5**	**(1)**	**3**	**250**	**177**
Share of profit/(loss) from joint ventures and associates	-	-	1	1	-	-	-	-	1	1
Financial income/(expense)	(35)	(1)	(3)	6	(1)	-	(18)	(3)	(58)	2
Profit/(loss) before tax	**193**	**171**	**8**	**4**	**12**	**6**	**(20)**	**-**	**193**	**180**
Tax income/(expense)	(18)	(7)	(2)	3	-	-	-	-	(20)	(3)
Profit/(loss) for the period	**175**	**164**	**6**	**7**	**12**	**6**	**(20)**	**-**	**173**	**177**
Profit for the period attributable to:										
Owners of the parent	147	143	5	7	12	6	(20)	-	145	155
Non-controlling interests	28	22	-	-	-	-	-	-	28	22

[1] Sale of a vessel from shipping to government services in Q1 2022 resulted in a USD 10 million loss in the shipping segment included in Other operating expenses. This amount is eliminated on group level

[2] 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[1]	Total goodwill and other intangible assets
2023				
Cost at January 1	**346**	**421**	**68**	**834**
Additions	-	-	2	2
Disposal	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
Cost at March 31	**346**	**421**	**70**	**837**
Accumulated amortization and impairment losses at January 1	(145)	(261)	(33)	(439)
Amortization	-	(9)	(2)	(11)
Impairment	-	-	-	-
Disposal	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
Accumulated amortization and impairment losses at March 31	(145)	(270)	(35)	(450)
Carrying amount at March 31	**201**	**150**	**35**	**386**

USD million	Goodwill	Customer relations/ contracts	Other intangible assets[1]	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[2]	(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**

[1] "Other intangible assets" include port use rights and software.

[2] In the fourth quarter of 2022, a goodwill impairment loss of USD 29 million was recognized in Logistics services.

Note 5. Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking	Vessel related projects[1]	Total tangible assets
2023					
Cost at January 1	121	117	5,584	8	5,829
Additions	-	6	16	3	26
Disposal	-	(1)	(10)	-	(11)
Reclassification	-	-	1	(2)	(1)
Currency translation adjustment	-	1	-	-	1
Cost at March 31	121	123	5,591	9	5,844
Accumulated depreciation and impairment losses at January 1	(29)	(52)	(1,806)	-	(1,887)
Depreciation	(2)	(3)	(65)	-	(70)
Disposal	-	1	10	-	11
Reclassification	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-
Accumulated depreciation and impairment losses at March 31	(31)	(54)	(1,861)	-	(1,946)
Carrying amount at March 31	90	69	3,730	9	3,897

USD million	Property & land	Other tangible assets	Vessels & docking	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 depreciation and impairment losses at January 1	(23)	(43)	(1,557)	-	(1,623)
Depreciation	(9)	(11)	(249)	-	(269)
Disposal	2	1	25	-	28
Reclassification	-	-	(26)	-	(26)
Currency translation adjustment	2	1	-	-	3
Accumulated depreciation and impairment losses at December 31	(29)	(52)	(1,806)	-	(1,887)
Carrying amount at December 31	92	65	3,778	8	3,943

[1] Vessel related projects include installments on scrubber installations and dry-dock expenditure.

Note 6. Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2023				
Cost at January 1	553	1,641	44	2,237
Additions	9	-	3	12
Change in lease payments	3	-	2	4
Disposal	(2)	(7)	(1)	(9)
Reclassification	-	-	-	-
Currency translation adjustment	(1)	1	-	1
Cost at March 31	**561**	**1,635**	**48**	**2,244**
Accumulated depreciation and impairment losses at January 1	(158)	(462)	(17)	(637)
Depreciation	(15)	(46)	(3)	(64)
Disposal	2	7	-	9
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
Accumulated depreciation and impairment losses at March 31	**(171)**	**(502)**	**(19)**	**(693)**
Carrying amount at March 31	**390**	**1,133**	**29**	**1,552**

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	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 amounts at December 31	**395**	**1,178**	**26**	**1,599**

Note 7. Financial items - net

USD million	Q1 2023	Q1 2022	2022
Financial income			
Interest income	19	-	15
Other financial items	-	-	3
Net financial income	**19**	**-**	**17**
Financial expenses			
Interest expenses	(58)	(36)	(179)
Interest rate derivatives - realized	5	(7)	(10)
Interest rate derivatives - unrealized	(10)	54	111
Other financial items	(6)	(3)	(17)
Loss on sale investments	-	-	-
Net financial expenses	**(69)**	**7**	**(96)**
Net currency gain/(loss)	32	(14)	56
Foreign currency derivatives - realized	(4)	-	(14)
Foreign currency derivatives - unrealized[1]	(35)	9	(67)
Net currency	**(7)**	**(5)**	**(25)**
Fuel oil derivatives - realized	-	-	-
Fuel oil derivatives - unrealized	-	-	-
Net fuel derivatives	**-**	**-**	**-**
Financial income/(expenses)	**(58)**	**2**	**(104)**

[1] On March 31, 2023, the group had posted USD 21m 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 8. 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 first quarter of 2023 was USD 0.34 compared with USD 0.37 in the same quarter last year. Earnings per share for the year ended December 31, 2022 was USD 1.60.

The company's number of shares:	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Total number of shares	423,104,938	423,104,938	423,104,938
Own shares	586,119	700,883	586,119

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

Note 9. 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 20 million for the first quarter 2023, compared with a tax expense of USD 3 million for the same quarter in 2022. The tax expense in Q1 2023 relates primarily to withholding taxes on dividends paid by subsidiaries. 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 10. Interest-bearing debt

USD million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Non-current interest-bearing debt	2,072	2,098	2,200
Non-current lease liabilities	1,216	1,212	1,254
Current interest-bearing debt	347	486	316
Current lease liabilities	294	258	317
Total interest-bearing debt	**3,929**	**4,053**	**4,087**
Cash and cash equivalents	1,439	759	1,216
Net Interest-bearing debt	**2,490**	**3,294**	**2,872**

Repayment schedule for interest-bearing debt

USD million	Bank loans	Bonds	Leasing commitments	Other interest bearing debt	Mar 31, 2023
Due in 2023	244	-	240	-	484
Due in 2024	557	193	272	-	1,022
Due in 2025	348	-	250	-	598
Due in 2026	256	193	190	-	639
Due in 2027 and later	522	120	558	-	1,201
Total repayable interest-bearing debt	**1,926**	**506**	**1,510**	**1**	**3,943**
Amortized financing costs	(10)	(4)	-	-	(14)
Total	**1,916**	**502**	**1,510**	**1**	**3,929**

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, 2022	2,200	316	1,254	317	4,087
Proceeds from loans and bonds	-	-	-	-	-
Repayments of loans, bonds and leases	-	(53)	-	(93)	(145)
New lease contracts and amendments, net	-	-	10	23	32
Foreign exchange movements	(28)	-	(1)	-	(29)
Other non-cash movements	2	(19)	-	-	(17)
Reclassification	(102)	102	(47)	47	-
Total interest-bearing debt March 31, 2023	**2,072**	**347**	**1,216**	**294**	**3,929**

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**
Proceeds from loans and bonds	916	87	-	-	1,002
Repayments of loans, bonds and leases	-	(1,095)	-	(352)	(1,447)
New lease contracts and amendments, net	-	-	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**

In Q1 2023, EUKOR extended a USD 15 million revolving credit facility in shipping services by 1 year. Wallenius Wilhelmsen ASA established a new 1 year USD 100 million revolving credit facility for general corporate purposes, secured by five previously unencumbered vessels. This led to an increase in undrawn credit facilities to USD 347 million at March 31, 2023 (USD 247 million at December 31, 2022). In 2023, the group has maturities of USD 62 million in vessel financings and USD 50 million of drawn revolving credit facilities which will be refinanced prior to maturity. The next bond maturity is in September 2024.

At March 31, 2023, the group had 9 unencumbered vessels with a total net carrying value of USD 140m.

Note 11. Provisions and contingent liabilities

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 12. Acquisition of non-controlling interest

In March 2023, the group acquired a further 29.5 percent of the shares in Syngin Technology, LLC for cash consideration of USD 13 million, bringing the group ownership to 99.5 percent.

With an existing 70% ownership, the group already controlled Syngin and consolidated the investment as a subsidiary. The acquisition of the non-controlling interest was thus recognized as an equity transaction. Additionally, the non-controlling shareholders had an existing right (put option) to sell some or all of their interest to the group. The reversal of the liability arising from the put option, USD 19 million, resulted in a net gain (finance income) from the transaction of USD 6 million.

Note 13. Events after the balance sheet date

On April 26, 2023, the Annual General Meeting approved an ordinary dividend of USD 0.85 per share, of which the first tranche of USD 0.51 per share is payable on May 10, 2023.

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.

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	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Non-current interest-bearing loans and bonds	2,072	2,098	2,200
Non-current lease liabilities	1,216	1,212	1,254
Current interest-bearing loans and bonds	347	486	316
Current lease liabilities	294	258	317
Total interest-bearing debt	3,929	4,053	4,087
Less Cash and cash equivalents	1,439	759	1,216
Net Interest-bearing debt	2,490	3,294	2,872

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

USD million	YTD 2023	YTD 2022	2022
Net Interest-bearing debt	2,490	3,294	2,872
Last twelve months adjusted EBITDA	1,625	1,035	1,528
Net interest-bearing debt/adjusted EBITDA ratio	1.5	3.2	1.9

Equity ratio

USD million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Total equity	3,631	2,965	3,508
Total assets	8,566	7,929	8,394
Equity ratio	42.4 %	37.4 %	41.8 %

Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	Q1 2023	Q1 2022	2022
Total revenue	1,255	1,149	5,045
Operating expenses excluding other gain/ (loss)	-858	-841	-3,497
EBITDA	398	309	1,548
	-	-	-
EBITDA shipping services	341	268	1,359
Loss on sale of vessel	-	10	10
Anti-trust expense/ (reversal of expenses)	-	-	-6
EBITDA adjusted shipping services	341	278	1,363
EBITDA logistics services	37	22	107
EBITDA adjusted logistics services	37	22	107
EBITDA government services	23	16	95
Gain on sale of vessel	-	-8	-14
EBITDA adjusted government services	23	8	81
EBITDA holding/eliminations	-2	3	-14
Loss on sale of vessel	-	-10	-10
EBITDA adjusted holding/eliminations	-2	-7	-23
EBITDA adjusted	398	301	1,528

Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Q1 2023	Q1 2022	2022
EBITDA	398	309	1,548
Other gain/loss	(3)	(3)	(47)
Depreciation and amortization	(145)	(128)	(541)
(Impairment/reversal of impairment)	-	-	(29)
EBIT	250	177	931
Anti-trust expense/ (reversal of expenses)	-	-	(6)
Gain on sale of vessel	-	(8)	(14)
Change in fair value of derivative financial asset	3	3	47
Reversal of/impairment asset held-for-sale	-	-	-
Impairment goodwill and intangible assets	-	-	29
Total adjustments	3	(4)	55
EBIT adjusted	253	173	986
Profit/(loss) for the period	173	177	794
Total adjustments	3	(4)	55
Profit/(loss) for the period adjusted	176	173	850

Reconciliation of total assets to capital employed and ROCE calculation

	LTM average		
USD million	Q1 2023	Q1 2022	2022
Total assets	8,280	7,677	8,116
Less Total liabilities	4,997	4,945	5,008
Total equity	3,283	2,730	3,108
Total interest-bearing debt	4,059	4,080	4,081
Capital employed	7,342	6,810	7,189
EBIT last twelve months	1,004	471	931
EBIT last twelve months adj	1,067	542	986
ROCE	13.7 %	6.8 %	12.9 %
ROCE adjusted	14.5 %	7.8 %	13.7 %