Wallenius Wilhelmsen ASA
Q2 Report 2023

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Highlights – Q2 2023

- Strong performance in all segments yielding EBITDA of USD 477m and operating cash flow of USD 396m
- Shipping delivered an all-time-high EBITDA margin with increasing volumes and rates, combined with strong voyage efficiency
- Persisting high demand for auto services drives another strong quarter for Logistics, and Government Services is up on high U.S. government activity
- Multi-year contracts have been concluded at attractive rates during the quarter, reflecting the current market conditions and our ambitions on decarbonization
- Improvement across all environmental and safety KPIs
- Signed LOI for delivery of four 9,350 CEU methanol-capable and ammonia-ready vessels with delivery from mid-2026 onwards, with individual options for an additional eight vessels

"Q2 was a very strong quarter for Wallenius Wilhelmsen, financially, commercially, and operationally. EBITDA is strong and improving in all segments, and cash generation is solid.

We are renewing contracts for the next years at attractive market prices. We are pleased to see that our customers partner with us in taking action on the way to net-zero.

We signed a letter of intent for delivery of four 9,350 CEU methanol-capable and ammonia-ready vessels, with individual options for an additional eight newbuildings. This demonstrates our commitment to investing in tonnage that will allow our strategy of a net-zero service already in 2027.

Our people are doing an outstanding job managing a high-quality operation and a safety first approach in an environment still characterized by congestion and supply chain constraints."

Lasse Kristoffersen
CEO

Consolidated results and key figures – Q2 2023

The group delivered another very strong quarter, with quarterly improvement in revenue and EBITDA across all business segments.

USDm*	Q2 2023	Q1 2023	% change QoQ**	Q2 2022	% change YoY**
Total revenue	1,302	1,255	4%	1,190	9 %
EBITDA	477	398	20%	311	53 %
EBIT	368	250	47%	187	97 %
Profit for the period	332	173	92%	126	164 %
Earnings per share[1]	0.70	0.34	106%	0.25	182 %
Net interest-bearing debt	2,457	2,490	-1%	3,257	-25 %
ROCE adjusted	16.5 %	14.5 %	2.0%	9.0 %	7.5 %
Equity ratio	43.0 %	42.4 %	0.6%	37.5 %	5.5 %
EBITDA adjusted[2]	477	398	20%	305	56 %
EBITDA adjusted margin	36.6 %	31.7 %	4.9%	25.6 %	11.0 %

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

Consolidated results

Total revenue in Q2 was USD 1,302m, up 4% from the previous quarter, as volume and revenue increased in all segments. Compared to Q2-22, total revenue for the group was up 9%, again with positive developments in all segments.

EBITDA and adjusted EBITDA for the quarter ended at USD 477m, up 20% QoQ. The shipping segment experienced an EBITDA increase of USD 62m from the first quarter, which was negatively affected by change in net fuel cost and temporary congestion in Oceania. The key drivers were higher volumes and continued lower net fuel expenses. Logistics EBITDA increased USD 11m compared to the previous quarter on higher revenues, improved margins and one-off effects in Q1. Further, government services EBITDA increased by USD 7m QoQ mainly as a result of strong volumes and a favorable cargo mix.

EBITDA increased by 53% YoY, with adjusted EBITDA up 56%, driven by solid rate improvements and growth in all segments.

Other effects in the quarter include a positive USD 36m change in value of the net derivative (symmetrical put/call option) relating to the non-controlling interest in EUKOR, impacting EBIT and net profit. The main drivers behind the positive change in the quarter are currency effects (USD/KRW) and reduced net debt in EUKOR. The item has no cash effect. The company expects a negative effect in Q4 this year as the exercise price of the symmetrical options is expected to increase (see Note 2 for more details).

The net financial expense was USD 33m in Q2, down from a net financial expense of USD 58m in Q1, mainly due to unrealized gain on interest derivatives in the quarter compared to a loss in the previous quarter.

[1] After tax and non-controlling interests
[2] In Q2 2022, EBITDA was adjusted USD 6m for the gain on sale of a vessel.

Interest expenses including realized interest derivatives was USD 54m, on par with the previous quarter. The unrealized gain on interest rate derivatives amounted to USD 13m in Q2. The net currency loss was USD 3m, with USD 14m in net unrealized loss on currency derivatives (largely USDNOK cross currency swaps related to bond debt issued in NOK and swapped to USD), offset by currency translation gains.

The group recorded a tax expense of USD 3m for Q2, compared to USD 20m in the previous quarter which was primarily related to accrued withholding tax in Q1 on upstreaming of dividends from EUKOR.

The quarter ended with a net profit of USD 332m, up 92% from USD 173m in Q1 and 164% from USD 126m in Q2-22. USD 298m of the net profit is attributable to shareholders of Wallenius Wilhelmsen ASA, while USD 34m of net profit is attributable to non-controlling interests (primarily minority shareholders in EUKOR).

Several, multi-year contracts have been or were in the process of being concluded during the quarter, reflecting the current market conditions and our ambitions on decarbonization. The revenue effect of these contracts will primarily be seen from 2024 and onwards.

Capital and liquidity

Cash and cash equivalents ended at USD 1,346m, down USD 93m QoQ. Cash decreased during Q2 on dividend payments, regular debt service and change in working capital, countered by solid operational performance and limited investments.

Cash flow provided by operating activities ended at USD 396m for the quarter, up from USD 155m same quarter last year, representing a cash conversion ratio[1] of around 83% .

The USD 15m net investment cash flow consists of USD 17m of dry docking and vessel maintenance. Further, USD 11m relates to investments in property and land, vessel related projects, and other tangible assets. Moreover, in Q2 the group received USD 13m in interest on deposits.

Financial cash flows include interest paid and scheduled repayments on lease liabilities, loans and bonds. In Q2, the group paid USD 219m in dividends to shareholders of Wallenius Wilhelmsen, and USD 52m to the 20% minority shareholder in EUKOR and other non-controlling interests. In addition, EUKOR closed a financing of USD 75m. This related to refinancing of two vessels and a purchase of a third vessel previously on a lease. This released USD 34m in cash to EUKOR.

At the end of Q2, the group had posted USD 33m in cash collateral relating to cross-currency swaps for the three outstanding NOK bonds. This is a net increase of USD 12m in total posted cash collateral compared to previous quarter. The next bond maturity is in September 2024.

In addition to the group's solid cash position, Wallenius Wilhelmsen had at the end of the quarter USD 397m in undrawn credit facilities, up USD 50m QoQ due to repayment of a drawn credit facility.

The equity ratio was 43.0% at the end of Q2, up from 42.4% in Q1 as the group recorded a solid profit for the period which offset the effect of the dividend payment. Net interest-bearing debt

[1] Cash conversion ratio = Operating cash flow / EBITDA

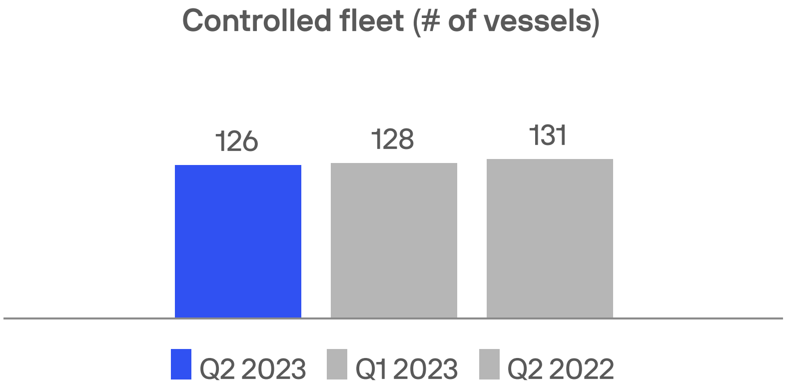
was USD 2,457m at the end of Q2, down from USD 2,490m in Q1. Scheduled repayment of bank and lease debt contributed to total debt reduction. As a result, net interest-bearing debt was reduced QoQ due to substantial cash from operations and the decrease in total debt.

In Q2 we delivered on all the long-term financial targets approved by the board of directors in February 2023.

Financial target	Q2 2023	Q1 2023	Change QoQ	Q2 2022	Change YoY
ROCE > 8%[2]	16.5 %	14.5 %	2.0 p.p.	9.0 %	7.5 p.p.
Leverage ratio < 3.5x[3]	1.4x	1.5x	-0.1x	2.9x	-1.5x
Equity ratio > 35%[4]	43.0 %	42.4 %	0.6 p.p.	37.5 %	5.5 p.p.

Fleet

At the end of Q2, Wallenius Wilhelmsen controlled a fleet of 126 vessels, down from 128 vessels in the previous quarter as Grand Quest and Thruxton were redelivered to their owners. As stated last quarter, three vessels on long-term charter to Armacup were added to the fleet count, including historical figures. Charter rates for tonnage continue to be high and the company had no vessels on short-term charter in Q2[5]. 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.



Events after the balance sheet date

The company has post quarter-end signed a letter of intent for delivery of four 9,350 CEU methanol-capable and ammonia-ready vessels with delivery from mid-2026 and onwards. Further, the LOI includes individual options for an additional eight newbuildings. The options are declarable in two batches of four. All vessels are designed to support Wallenius Wilhelmsen's trading pattern and have a high degree of flexibility when it comes to allowing for a variety of cargo compositions.

Lastly, the ability to install ammonia propulsion at a later stage provides for optionality when it comes to a choice of future green fuel types in line with our ambitions to deliver net zero transportation solutions.

[2] ROCE: LTM adj. EBIT / Average capital employed

[3] Leverage ratio: Net interest-bearing debt / LTM adj. EBITDA

[4] Equity ratio: Total Equity / Total Assets

[5] Except Grand Quest which was recognized as a regular short-term charter in Q2 as the vessel was prolonged for a short period of time after original contract expiry.

Shipping services

Shipping services increased profits and margins in Q2 on higher transported volumes

USDm*	Q2 2023	Q1 2023	% change QoQ**	Q2 2022	% change YoY**
Total revenue	987	956	3%	968	2%
EBITDA	402	341	18%	280	44%
EBIT	329	229	44%	191	72%
Volume ('000 CBM)[1]	16,583	15,176	9%	15,647	6%
H&H Share[2]	28 %	29 %	-1%	32 %	-4%
EBITDA adjusted	402	341	18%	280	44%
EBITDA adjusted margin	40.7 %	35.6 %	5.1%	28.9 %	11.9%

** 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.

Q2 earnings increased from Q1 on higher transported volumes, more favorable trade mix and increased voyage efficiency. The RoRo industry continues to experience high profitability due to the very tight global fleet situation, but also considerable operational challenges due to port congestion in several regions. As we develop our book of business through new and renegotiated contracts, we establish a robust foundation for future earnings with rates at commercially sustainable levels.

Total revenues were USD 987m in Q2, up 3% QoQ on higher net freight revenues but lower FAF compensation.

EBITDA and adjusted EBITDA was USD 402m in Q2, up 18% QoQ. The adjusted EBITDA margin was 41% in Q2, an increase from 36% in Q1.

Net freight rate in Q2 was USD 50 per cbm, down from USD 51 per cbm in Q1, due to a less favorable cargo and customer mix development, mainly driven by delivery under long-term contractual commitments. The H&H and BB share of the cargo mix was 28% in Q2, down from 29% in Q1. The reduction in H&H share can in part be explained by a normalization of breakbulk volumes (included in the H&H volume) as these have shifted back to the container market. Furthermore, part of the volume increase on the auto side is linked to legacy contracts that have yet to be renegotiated. Additionally, as part of our continuous work to more fully integrate Armacup into our Shipping operation, Q2 net freight rates were affected by a one-off effect from changes in Armacup accounting practices[3]. Shipping volumes increased by 9% QoQ due to more

[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] Changes in accounting practices relate to aligning prorating methodology and FAF calculation. Adjusting for Q1, the QoQ impact on the average net freight rate is negative. The outstanding 35% minority share of Armacup will be acquired at the end of 2024.

laden voyages. Despite lower net freight per cbm, the average time charter earnings per day[4] increased from USD 46.5K in Q1 to USD 52.9K in Q2 (+14%). Compared to Q2 2022, the average time charter earnings increased by USD 13.4K (+34.0%) per day.

Volumes out of both Asia and US/Europe increased in Q2, particularly in the Asia to North America and Atlantic trades. The volume increase was relatively larger from ex Asia trades, hence a slight improvement in trade mix. Contract renewals have had positive effects on the net freight rate over the last quarters, and this continued into Q2, but effect of recent renewals will have a lag effect. However, with less favorable cargo and customer mix, average net rate per cbm decreased during the quarter.

Waiting times at key ports continued to create challenges for Wallenius Wilhelmsen and our customers throughout the quarter. During the quarter, some 10% of the available trading days were caught up in congestion. Q2 continued to be impacted by delays caused by biosecurity clearance in Australia but with significantly less impact than in Q1 due to reduced number of sailings. The west coast of US and Canada is seeing significantly increasing congestion and in June this region represented close to 50% of our days in congestion. 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.

During the quarter, a contract was signed with a major EV manufacturer. This is a new contract that extends into the end of 2025, involving land and sea services from Asia to Europe and North America. The contract rates reflect the strength of the current market, and includes provisions for the use of, and payment for, biofuel.

Net freight revenue was up by USD 52m QoQ, while fuel surcharge revenue under FAF[5] was down USD 20m due to the time-lag effect. Generally FAF revenues lag about 4-5 months after fuel price changes, hence FAF revenues dropped in Q2 as fuel prices were lower in Q1 compared to Q4-22. Fuel expenses ended down USD 31m QoQ due to a continued drop in fuel prices. The company was impacted by a negative change in net fuel cost in Q1-23 and the effect is reversed in Q2 with a positive QoQ change in net fuel cost of USD 11m.

Voyage expenses were stable from Q1 to Q2 despite higher volumes carried, impacted by higher voyage efficiency. This includes more laden voyages in Q2 vs Q1 and increased cbm per port call efficiency on a significant increase in volumes, despite a marginal increase in number of port calls. This can be seen in voyage expenses per cbm which fell in Q2.

Charter expenses increased from Q1 to Q2 due to the reclassification of Grand Quest as a short-term charter. Up until Q1, Grand Quest was recognized as a lease under IFRS16 as the vessel was on long-term charter. After the original contract expiry, the vessel was hired as a regular short-term charter in Q2 for a short period of time. Ship operating expenses and sales, general and administrative expenses were stable from Q1 to Q2.

[4] TC earnings per day (excluding SG&A) defined as net freight and surcharges minus cargo expenses, fuel, other voyage expenses and other operating costs (adjusted for one off items), divided by number of active days

[5] 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.

Revenues increased by 2% YoY from Q2-22, due to higher net freight revenues. Adjusted EBITDA improved by 44% YoY, driven by both higher revenues and lower expenses. Compared to Q2 2022, the volume growth has been delivered with a lower number of vessels, down five vessels over the period.

Logistics service

Revenue continues to remain strong overall with more stable volumes, EBITDA significantly improved QoQ due to strong Auto revenue and one-off costs in Q1.

USDm*	Q2 2023	Q1 2023	% change QoQ**	Q2 2022	% change YoY**
Total revenue	283	277	2%	208	36%
EBITDA	47	37	29%	18	159%
EBIT	21	10	99%	-6	n/a
EBITDA adjusted	47	37	29%	18	159%
EBITDA adjusted margin	16.7%	13.2%	3.4%	8.8%	7.9%
EBITDA by product					
Auto	13	9	42%	1	1231%
H&H	7	6	15%	3	129%
Terminals	22	28	-20%	13	72%
Inland	4	4	2%	4	-6%
Other	1	-10	109%	-3	n/a

** 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.

Q2 revenues for the segment in total were USD 283m, up 2% QoQ. Volume development was positive overall, in particular for Autos in the Americas with strong volumes, accessorization and storage. Terminal volume overall was increased in the US and EMEA offset by a decrease in APAC and Oceania, as congestion issues led to fewer port calls.

Q2 EBITDA was USD 47m, up 29% QoQ as a result of strong Auto volume in the Americas. In addition, we saw high margin accessorization installs and storage revenue. Although labor challenges are still a factor, we saw a reduction in high cost temporary labor as volumes stabilize. Q1 EBITDA was negatively impacted by one-off expenses including a discretionary bonus expense of USD6m as a result of strong performance.

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 3%, revenue grew by 4% and EBITDA increased 42% as a result of increased volumes, accessorization, storage and a decrease in temporary labor.

H&H includes equipment processing centers on and off port sites globally with the largest concentration in the US. QoQ revenue increased 8% and EBITDA increased 15% with strong volumes in the US ports as well as in Australia.

Terminals offer cargo processing, handling and storage at some of the world's largest RoRo ports. Revenue decreased 6% QoQ, mainly due to fewer port calls in Oceania as a result of congestion from biosecurity measures. Seasonality of biosecurity restrictions negatively impacted the Terminals, specifically in EMEA. Australia is heavily reliant on their agriculture and therefore have strict biosecurity policies in place to ensure no contaminants enter the country, including for brown marmorated stink bugs (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. EBITDA decreased 20% as a direct result of decreased revenue. Q2 had negative effects from BMSB seasonality. Melbourne terminal storage fees decreased overall due to lower volumes, however demand for high margin washing and deseeding services remain high.

Inland includes the global transportation of cargo by road or rail to a port or final point of sale. QoQ revenue increased 5% with strong volumes in the US brokerage services. EBITDA increased 2% QoQ as result of the strong volume.

YoY, revenues increased by 36% with all products except Inland positively contributing as volume improves mainly in Auto while H&H volume decreases and Terminal volume remains slightly lower. YoY, EBITDA increased 159%, mainly due to Auto volume increase and strong biosecurity activities in Oceania.

Government services

Government services had a strong quarter with significant growth driven by continued high U.S. government logistics activity.

USDm*	Q2 2023	Q1 2023	% change QoQ**	Q2 2022	% change YoY**
Total revenue	79	72	10%	65	23%
EBITDA	30	23	32%	15	100%
EBIT	20	13	56%	4	372%
EBITDA adjusted[1]	30	23	32%	9	226%
EBITDA adjusted margin	37.8%	31.4%	6.5%	14.3%	23.6%

** 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 to generate increased U.S. flag cargo activity in Q2, including government charters and aid cargo. There were also improved levels of other U.S. flag cargoes. This enabled government services to deliver strong results in Q2. Looking ahead, the development of the geopolitical situation will be the main driver of demand for government services.

Total revenues in Q2 were USD 79m, up 10% QoQ, while EBITDA of USD 30m was up 32% QoQ due to the timing and mix of cargo and government charters. Adjusted EBITDA was up 226% YoY, due to increased U.S. flag government cargo to and from Europe.

[1] In Q2 2022 EBITDA was adjusted USD 6m for the gain on sale of a vessel.

Consolidated results – H1 2023

Wallenius Wilhelmsen delivered a strong first half of 2023, increasing EBITDA with 41.1% to USD 875m YoY on the back of the continued shipping market rebound from H1-22, coupled with significant improved results within Logistics and Government Services.

USDm*	H1 2023	H1 2022	% change
Total revenue	2,557	2,339	9%
EBITDA	875	620	41%
EBIT	618	364	70%
Profit/(loss) for the period	505	303	67%
Earnings per Share	1.05	0.62	70%
Net interest-bearing debt	2,457	3,257	-25%
ROCE adjusted	16.5 %	9.0 %	7.5%
Equity ratio	43.0 %	37.5 %	5.5%
EBITDA adjusted[1]	875	606	44%
EBITDA adjusted margin	34.2 %	25.9 %	8.3%

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

Consolidated results

Total revenues in H1-23 were USD 2,557m, up 9% YoY, largely on the back of strong results within Logistics and Government Services. Increased fuel surcharges and higher volume boosted Shipping Services earnings. However, this was partly offset by lower average net freight per CBM, mainly due to cargo and trade mix. EBITDA was USD 875m compared to USD 620m in H1-22, on the back of increased revenues and significant margin improvements in all segments. Shipping results were boosted by lower net fuel cost YoY. H1-22 was positively impacted by a USD 14m gain related to sale of two vessels to the US Government .

Furthermore, there were some items impacting the result below EBITDA. The put-call arrangement[2] in the shareholder agreement with the non-controlling interest in EUKOR had a positive change in value of USD 33m during H1-23, recognized as a gain under Other gain/(loss) in the income statement, compared to gain of USD 5m in H1-22. Net financial expense was USD 91m in H1-23, compared to USD USD 55m in H1-22. The group recorded a tax expense of USD 24m in H1-23, up from an expense of USD 7m in H1-22. The half year ended with a net profit of USD 505m, significantly up from USD 303m in H1-22.

[1] H1-22 EBITDA adjusted for USD 14m gain on sale of two vessels

[2] See Note 2. Non-controlling shareholders hold a put option for their 20% shareholding in EUKOR through the shareholder agreement from 2002. The shareholder agreement also contains a symmetrical call option held by the group.

Market update

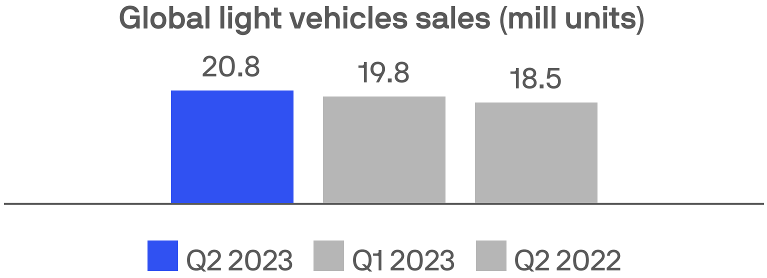
According to S&P, deep-sea auto volumes are up 11.4% as a solid development were seen in major markets (the best quarter in two years). The driver is continued growing auto sales (up 12.6% YoY). Further, global H&H exports remained strong, but with a normalization in breakbulk volumes. On the back of this and continued capacity constraints on the shipping side, market outlook remains firm.

Global economic growth in early 2023 surpassed expectations. Mainland China and India experienced post-pandemic surges, driving a quarterly world real GDP growth rate of 3.2% in Q1, double the pace of the previous quarter. As financial conditions have tightened, global growth have slowed in the second quarter and is projected to remain below potential until mid-2024. A risk factor being rising interest rates and restricted access to credit adding pressure on business investment and discretionary consumer spending. Global real GDP is expected to be of 2.4% in 2023, 2.5% in 2024 and 2.8% in 2025[1]. Policy interest rates are nearing their peaks, but the inflation fight is not finished. With core inflation deemed to be too high, central banks are likely to continue with high interest rates.

We observe that light vehicle sales gain traction as production has been ramped up. Some of these sales relate to legacy contracts. The time needed to deliver order backlogs, consumer confidence levels and pricing of the vehicles are some of the parameters that will define sales going forward. However, the recent outlook statements by OEMs and H&H producers such as Caterpillar in connection with Q2 reporting remain strong, signalling a supportive sentiment for the RoRo market.

Auto markets and shipping[2]

Global deep-sea auto export volumes recorded the best quarter for more than two years and were up 5.6% QoQ and up 11.4% YoY.



Chinese exports continued to surge and are up 45.1% on a YoY basis, in part driven by higher Battery Electric Vehicle (BEV) exports. The increase in exports from China is a contributor to higher CEU-mile demand supporting demand for RoRo tonnage.

Japanese exports increased 12.2% YoY and 6.4% QoQ. Key drivers are volumes exported to North America and Europe. Korean export volumes developed steady with a growth of 9.3% YoY and 11.1% QoQ. Exports out of Europe grew 15.1% YoY and 11.6% QoQ as certain low emissions vehicles exported to North America gained traction. Exports from North America were more muted and

[1] Source(s): S&P

[2] Source(s): S&P

ended up a modest 0.3% YoY and 4.4% QoQ. This remains well below pre-Covid levels, particularly as consumer preferences in Europe have changed to low-emission vehicles.

Our shipping volumes developed better than the market on a QoQ basis but remains impacted by congestion issues in Oceania and to an increasing extent on the west coast of North America. The table below shows global deep-sea movements on selected trades:

Trades, # of LVs[3]	Q2 2023	Q1 2023	% change QoQ	Q2 2022	% change YoY
AS-EU	517,146	458,313	13 %	365,900	41 %
AS-NA	796,385	727,263	10 %	705,434	13 %
EU-NA	291,232	232,047	26 %	244,656	19 %

In terms of demand, global light vehicle ("LV") sales including all passenger cars, SUVs, MPVs and light commercial vehicles for Q2 were up 5.1% QoQ and up 12.6% YoY. Sales increased in all major markets. Disruptions in the automotive supply chain have eased and semiconductor production capacity are at sufficient levels. Some auto manufactures experience challenges with restocking plus other part shortages.

Sales remain 7% below sales in Q2 2019 (pre-Covid-19). There is a risk that moderating consumer confidence may impact demand for vehicles, but so far sales remain positive in most regions. Original equipment manufacturers (OEMs) report gradually increasing inventory levels. At the same time, there are still pockets of order backlogs. 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 11.9% YoY (up 13.1% QoQ). Despite the uncertainty in the economy, pent-up demand and household savings contributed to solid underlying demand. OEMs prioritize the most profitable models and average transaction prices are high. Even if used car prices have trended down, inventories indicate an upward trend. However, analysts suggest that OEMs will launch new incentives and reintroduce rebates to keep inventories steady. Production constraints due to semiconductors seem to fade-out in the back mirror.

Sales in Europe were up 18.7% YoY and 4.8% QoQ as vehicle production increased on the back of an improved supply chain situation. Issues with restocking of semiconductors seems to ease. A large portion of sales are linked to order backlogs. A moderating consumer sentiment may lead car buyers to search for lower priced cars. Governmental subsidies continued in Q2, mostly focused on low-emission vehicles generally and BEVs specifically. These subsidies, particularly for hybrid electric vehicles, are somewhat being phased out.

Sales in China were up 18.2% YoY and 15.8% QoQ. Sales picked up in Q2 after the changed Covid policies in China led to shutdowns and soft domestic sales in January and February. As the price war appears to be peaking out, consumers, who were taking a wait-and-see approach, started to go ahead with their purchases.

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

High and heavy markets

Global exports of high & heavy (H&H) machinery continued to grow strongly in Q2, rising 15.5% compared to the same period last year[4]. Given order backlogs and recent comments made by producers, near term outlook seems positive for H&H. However, a normalization of breakbulk volumes have an impact on RoRo shipping volumes and net freight per cbm.

Exports of construction equipment increased 19.0% YoY, supported by higher shipments to North America and Europe. Investments in infrastructure, energy and utilities continue to support demand for equipment, with residential construction lagging. In the US, total construction spending[5] (+22.2% YoY) (investments in manufacturing, office, commercial and highway sectors accounted for ~70% of the increase). Residential construction was down 9.7% during the same period. Within the EU, rising interest rates continue to have a negative impact on the residential construction sector. Total production in construction[6] was flat YoY in April but declined by 0.4% YoY in May 2023, with building construction (residential and non-residential) down 0.9% YoY and infrastructure construction expanding by 3.0% YoY in May.

In China, a prolonged downturn in the housing market has had a negative impact on domestic construction equipment sales – excavator sales were down 43.9% YoY during the first five months of 2023[7]. Weaker domestic demand has led Chinese OEMs to increase their focus on export markets, with total Chinese construction equipment exports rising by 48.9% YoY over the same period.

Global mining equipment exports grew by 25.2% YoY in Q2 on the back of higher exports to North America and the Middle East despite softening metals and minerals prices. The World Bank Metals & Minerals monthly price index was down 17.8% YoY and 7.6% QoQ in Q2 but remains comfortably above long-term average levels[8]. Global mining capital expenditure is forecasted to increase by 9.4% YoY in 2023, partly supported by investment in decarbonization[9]. Caterpillar's Q2 statement on outlook for the year seems to confirm this picture.

Construction and mining equipment manufacturers continue to report 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 $35.6 billion in Q1 2023[10], representing an increase of just 0.2% on the preceding quarter, but 12.4% higher than Q1 2022 levels. In its recent Q2 report, Caterpillar added further to its backlog and continued to see solid demand for most of its high and heavy products.

Global exports of farm machinery increased by 3.7% YoY in Q2, despite further falls in tractor sales in key markets[11]. Total North American tractor sales were down 6.8% YoY in Q2, with sales diverging by tractor size – sub-100 HP tractors declined in Q2, whereas sales of larger units (including 4WD tractors) expanded by 13.1% YoY over the same period. Combine harvester sales also continued to grow, increasing by 26.6% YoY in Q2. Tractor sales also diverged in Brazil during Q2, with smaller units declining by 4.8% YoY whilst sales of larger units grew by 3.1% YoY. In

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[4] Source(s): S&P Global, national statistical agencies. All import/export data refer to the three-month rolling period ending in May

[5] U.S. Census Bureau, refers to the three-month rolling period ending in May 2023

[6] Source(s): Eurostat

[7] Source(s): China Construction Machinery Association

[8] Source(s): World Bank Commodities Price Data (The Pink Sheet), July 2023

[9] Source(s): Maritime Strategies International (MSI)

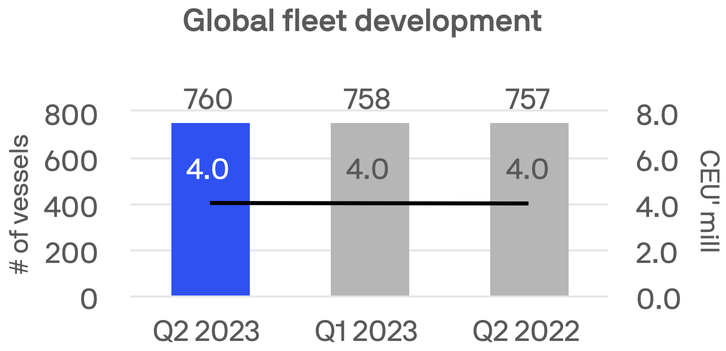
[10] Company financial reports

[11] Source(s): AEM, TMA, AEA, SAAMA and VDMA.

Europe, German tractor registrations were down 0.4% YoY in Q2, whilst the UK market recorded a 1.5% YoY increase in registrations. South African tractor sales were flat YoY in Q2 but combine harvester sales were up 58.5% YoY, whilst tractor sales in Australia were down 16% YoY for the first six months of 2023.

Global fleet

The global car carrier fleet (with size >1,000 car equivalent units, "CEU") totaled 760[12] vessels with a capacity of 4.02m CEU at the end of Q2. Two new vessels were delivered and no vessels were recycled during Q2. 16 new orders were confirmed for the official orderbook in the period since early April (for vessels >1,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) stands at 152 vessels and 154 vessels (>1,000 CEU), representing some 29% of the global fleet capacity. Six newbuildings are expected to be delivered during the remaining 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.



[12] after reclassification of vessel size to >1000CEU

Sustainability

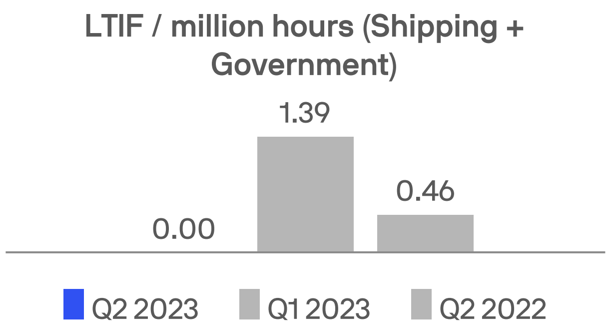
In Q2 we signed a our first biofuel contract with ExxonMobil. The agreement marks a significant milestone in our commitment to sustainable operations and is in line with our strategic goal of delivering one net-zero emissions integrated supply chain service by 2027.

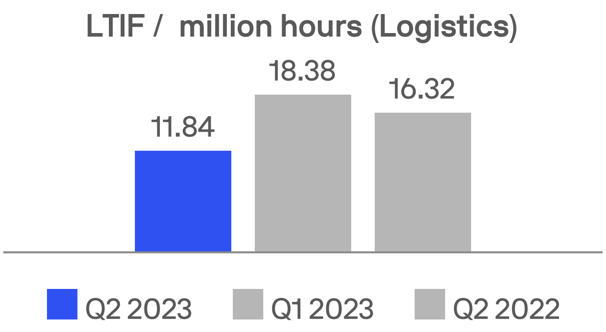
People

Safety is priority number one for Wallenius Wilhelmsen. We work diligently to implement measures to ensure consistent and strong safety performance across our operations.

Shipping and governmental services had no Lost Time Incidents or serious injuries in Q2, resulting in a lost time injuries frequency (LTIF)[1] of 0, compared to 1.39 in Q1. Shipping has just completed a fleet wide survey with the mission to strengthen organizational culture and to improve safety performance. The results of the survey, which included our ship managers and relevant areas of our port and terminal operations, are currently being analyzed. The next steps will be to identify improvement areas and determine actions. The survey achieved a high participation rate and we are grateful for the engagement from our colleagues at sea and ashore on this important topic.

In Logistics, LTIF[2] decreased from 18.38[3] in Q1 to 11.84 in Q2. Key factors driving LTIF in Logistic include congestion, weather and labor volatility related to holidays. No serious injuries were reported in Q2. We have initiated enhanced safety engagement on sites that underperform relative to overall results. In Americas, we are preparing for upcoming Occupational Health and Safety (ISO 45001) certification audits, with the final audit to be completed in Q4.





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 further into 2023 as we aspire to lead the way in transforming shipping and logistics.

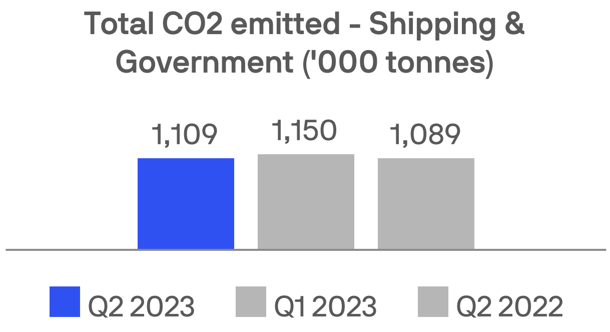
In 2021, we set a target to reduce our carbon emission intensity by 27.5% by 2030 compared to 2019. This is an ambitious target, particularly due to the recent operational challenges and tight global fleet situation which lead to higher speed for our vessels.

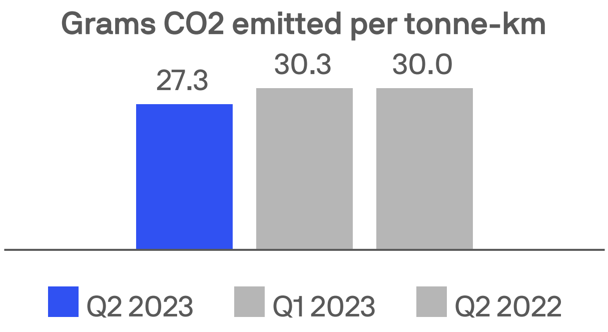
[1] Per million exposure hours, which for our crew means 24 hours a day while at sea, including free time

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

[3] LTIF of 15.81 was disclosed in Q1 report. This number has been updated as a result of late incoming data

Our total CO_2 emissions for Q2 was 1,109 thousand metric tonnes and relatively stable QoQ and YoY. Our CO_2 intensity in Q2 was 27.3 gCO_2 per tonne-km[4] and below our 2023 intensity target of 31.16 gCO_2 per Tonne-km. This is a 10% reduction of CO_2 intensity QoQ, which is mainly an effect of increased cargo-work in Q2.





In Q2 we signed our first biofuel contract which will be bunkered in the months July to November this year. The contract, signed with ExxonMobil, will be for the supply of sustainable biofuel to vessels calling Zeebrugge, with an option for Antwerp.

While the contracted volume represents a small portion compared to our annual fuel consumption, it marks a significant milestone in our commitment to sustainable operations and is in line with our strategic goal of delivering one net-zero emissions integrated supply chain service by 2027.

Prosperity

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

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.

Risk update

As a global organization, Wallenius Wilhelmsen is exposed to a variety of risks through its worldwide ocean, land based and other operations. The risks span from strategic, financial, market, commercial and operational, to various regulatory, cyber, environmental and safety categories.

The Group's overall risks are analyzed and reported at business area and corporate levels. The Wallenius Wilhelmsen 2022 Annual Report provides further details about our key risks. For the second half of 2023, we foresee a continuation of the tight tonnage situation despite indications of softening world demand for Auto and H&H. Geopolitical unrest and somewhat volatile international markets also impact our short-to-medium term risk assessment. See further discussion in our Prospects section.

Wallenius Wilhelmsen's diversified portfolio of business activities, combined with a clear strategic direction and risk reducing measures will further strengthen and position the Company for the next years, and opportunities ahead.

[4] Energy Efficiency Operational Indicator (EEOI)

Related parties

For detailed information on related party transactions, please refer to note 22 Related party transactions in the group's annual report 2022.

Prospects

On the back of a strong H1, we remain confident of similar high volumes and a tight market balance throughout 2023. Short-term market demand remains robust despite tightening financial conditions. As vehicle inventories are returning to pre-pandemic levels, consumer confidence and demand for vehicles will be a key driver for volume in the medium term.

Renewal of multi-year contracts at higher rates is expected to lend support to the revenue base in the years ahead. Reduction in high-paying breakbulk volumes will somewhat offset this.

The underlying fundamentals remain 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.

Overall, we expect to continue to strengthen our financial position enabling us to deliver on our dividend policy and invest in our business, while delivering on our financial targets.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of interim consolidated financial statements at June 30, 2023 and for the period January 1 to June 30, 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting and give a true and fair view of the group's assets, liabilities, financial position and profit as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year and major transactions with related parties.

Lysaker, August 14, 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	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Total revenue	3	1,302	1,190	2,557	2,339	5,045
Operating expenses	3	(825)	(879)	(1,683)	(1,719)	(3,497)
Operating profit before depreciation, amortization and impairment (EBITDA)		**477**	**311**	**875**	**620**	**1,548**
Other gain/(loss)	2	36	8	33	5	(47)
Depreciation and amortization	4, 5, 6	(145)	(133)	(289)	(260)	(541)
Impairment	4, 5, 6	-	-	-	-	(29)
Operating profit (EBIT)		**368**	**187**	**618**	**364**	**931**
Share of profit/(loss) from joint ventures and associates		1	1	1	1	2
Interest income and other financial items		37	80	96	121	184
Interest expense and other financial expenses		(70)	(138)	(187)	(176)	(288)
Financial items - net	7	**(33)**	**(58)**	**(91)**	**(55)**	**(104)**
Profit before tax		**335**	**130**	**528**	**310**	**829**
Tax expense	9	(3)	(4)	(24)	(7)	(35)
Profit for the period		**332**	**126**	**505**	**303**	**794**
Profit for the period attributable to:						
Owners of the parent		298	105	443	260	679
Non-controlling interests		34	21	62	43	116
Basic and diluted earnings per share (USD)		0.70	0.25	1.05	0.62	1.60

Consolidated statement of comprehensive income

USD million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Profit for the period	332	126	505	303	794
Other comprehensive income/(loss):					
Items that may subsequently be reclassified to the income statement:					
Currency translation adjustment	(3)	(10)	(1)	(9)	(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	–	–	–	–	11
Other comprehensive income/(loss), net of tax	(3)	(10)	(1)	(5)	(1)
Total comprehensive income for the period	**329**	**115**	**504**	**297**	**794**
Total comprehensive income attributable to:					
Owners of the parent	296	96	442	256	679
Non-controlling interests	34	19	62	41	115
Total comprehensive income for the period	**329**	**115**	**504**	**297**	**794**

Consolidated balance sheet

USD million	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Assets				
Non-current assets				
Deferred tax assets	9	64	65	59
Goodwill and other intangible assets	4	379	437	395
Vessels and other tangible assets	5	3,852	3,929	3,943
Right-of-use assets	6	1,513	1,580	1,599
Other non-current assets	2	276	270	247
Total non-current assets		**6,084**	**6,281**	**6,242**
Current assets				
Fuel/lube oil		120	151	139
Trade receivables		606	570	605
Other current assets		219	227	191
Cash and cash equivalents		1,346	821	1,216
Total current assets		**2,292**	**1,770**	**2,151**
Total assets		**8,376**	**8,051**	**8,394**
Equity and liabilities				
Equity				
Share capital	8	28	28	28
Retained earnings and other reserves		3,216	2,701	3,125
Total equity attributable to owners of the parent		**3,244**	**2,729**	**3,153**
Non-controlling interests		358	288	355
Total equity		**3,602**	**3,016**	**3,508**
Non-current liabilities				
Pension liabilities		37	50	40
Deferred tax liabilities	9	71	77	71
Non-current interest-bearing debt	10	1,766	1,456	2,200
Non-current lease liabilities	10	1,163	1,245	1,254
Non-current provisions	11	-	5	-
Other non-current liabilities		142	83	95
Total non-current liabilities		**3,179**	**2,915**	**3,659**
Current liabilities				
Trade payables		73	103	112
Current interest-bearing debt	10	573	1,107	316
Current lease liabilities	10	300	271	317
Current income tax liabilities	9	9	3	2
Current provisions	11	-	39	-
Other current liabilities		639	597	479
Total current liabilities		**1,595**	**2,120**	**1,226**
Total equity and liabilities		**8,376**	**8,051**	**8,394**

Consolidated cash flow statement

USD million	Notes	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Cash flow from operating activities						
Profit before tax		335	130	528	310	829
Financial (income)/expenses		33	58	91	55	104
Share of net income from joint ventures and associates		(1)	(1)	(1)	(1)	(2)
Depreciation and amortization	4,5,6	145	133	289	260	541
Impairment		-	-	-	-	29
(Gain)/loss on sale of tangible assets		(1)	(9)	(1)	(14)	(14)
Change in net pension assets/liabilities		(2)	(6)	(4)	(6)	(12)
Change in derivative financial assets	2	(36)	(8)	(33)	(5)	47
Net change in other assets/liabilities		(61)	(141)	(5)	(166)	(190)
Tax paid		(17)	(1)	(18)	(8)	(35)
Net cash flow provided by operating activities[1]		**396**	**155**	**847**	**425**	**1,297**
Cash flow from investing activities						
Dividend received from joint ventures and associates		-	-	-	-	-
Proceeds from sale of tangible assets		-	21	1	42	45
Investments in vessels, other tangible and intangible assets		(28)	(27)	(57)	(45)	(112)
Investment in subsidiaries, net of cash acquired		-	-	(13)	(10)	(11)
Interest received		13	1	32	2	15
Net cash flow used in investing activities		**(15)**	**(5)**	**(37)**	**(11)**	**(62)**
Cash flow from financing activities						
Proceeds from loans and bonds		75	281	75	320	1,002
Repayment of loans and bonds	10	(135)	(222)	(187)	(364)	(1,095)
Repayment of lease liabilities[1]	10	(72)	(51)	(148)	(120)	(352)
Interest paid including interest derivatives		(54)	(43)	(107)	(87)	(189)
Realized other derivatives		(6)	(3)	(10)	(3)	(14)
Dividend to non-controlling interests		(52)	(11)	(54)	(12)	(16)
Dividend to shareholders		(219)	(38)	(219)	(38)	(63)
Net change in cash collateral	7	(12)	-	(31)	-	(2)
Net cash flow used in financing activities		**(474)**	**(87)**	**(680)**	**(303)**	**(729)**
Net increase/(decrease) in cash and cash equivalents		**(93)**	**62**	**130**	**111**	**505**
Cash and cash equivalents at beginning of period		1,439	759	1,216	710	710
Cash and cash equivalents at end of period[2]		**1,346**	**821**	**1,346**	**821**	**1,216**

[1] A reclassification of USD 17 million, between Repayment of lease liabilities and Net change in other assets/liabilities related to Q1 has been reflected in the 2023 YTD figures.

[2] 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		-	-	-	443	443	62	505
Other comprehensive loss		-	-	-	(1)	(1)	-	(1)
Total comprehensive income		**-**	**-**	**-**	**442**	**442**	**62**	**504**
Disposal of own shares	8	-	-	-	3	3	-	3
Change in non-controlling interests		-	-	-	6	6	(6)	-
Dividend to owners of the parent		-	-	-	(359)	(359)	-	(359)
Dividend to non-controlling interests		-	-	-	-	-	(54)	(54)
Balance at June 30, 2023		**28**	**-**	**28**	**3,216**	**3,244**	**358**	**3,602**

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		-	-	-	260	260	43	303
Other comprehensive loss		-	-	-	(4)	(4)	(1)	(5)
Total comprehensive income		**-**	**-**	**-**	**256**	**256**	**41**	**297**
Disposal of own shares		-	-	-	-	-	-	-
Change in non-controlling interests		-	-	-	(3)	(3)	(7)	(10)
Dividend to owners of the parent		-	-	-	(63)	(63)	-	(63)
Dividend to non-controlling interests		-	-	-	-	-	(12)	(12)
Balance at June 30, 2022		**28**	**-**	**28**	**2,701**	**2,729**	**288**	**3,016**

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 loss		-	-	-	-	-	(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.

The net derivative asset is calculated as the difference between the estimated fair value of the 20% non-controlling interest related to EUKOR and the exercise price of the symmetrical options. The estimated fair value of the 20% non-controlling interest is based on a discounted cash flow model. 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, i.e., 2020, 2021 and 2022, updated only at each year-end, meaning that the exercise price for Q4 2022 and Q1 through Q3 2023 is calculated based on these results while Q4 2023 will be calculated based on EUKOR's results for 2021, 2022, and 2023. More weight is given to more recent years. Further, the calculation is based on KRW figures, which makes the amount subject to USD/KRW currency fluctuations.

During the second quarter of of 2023, the change in the value of the derivative was USD USD 36 million recognized as a gain within Other gain/(loss) in the income statement. The gain for the six months ended June 30, 2023 was USD 33 million. Comparatively, the change in value during the first half of 2022 resulted in a gain of USD 5 million.

The financial derivative is recognized in Other non-current assets in the balance sheet and has a carrying value of USD 137 million at June 30 , 2023, compared to USD 105 million at the end of 2022 and USD 102 million at 31 March 2023.

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 and 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 - QTD

USD million	Shipping services		Logistics services		Government services		Holding & eliminations		Total	
	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022
Net freight revenue	829	804	-	-	45	24	-	-	874	828
Fuel surcharges	154	153	-	-	1	2	-	-	155	155
Operating revenue	2	8	255	181	16	18	-	-	272	206
Internal operating revenue	2	3	28	27	18	21	(48)	(51)	-	-
Total revenue	**987**	**968**	**283**	**208**	**79**	**65**	**(48)**	**(51)**	**1,302**	**1,190**
Cargo expenses	(157)	(164)	-	-	(12)	(9)	36	40	(134)	(133)
Fuel	(191)	(281)	-	-	(7)	(9)	-	-	(198)	(291)
Other voyage expenses	(101)	(101)	-	-	(3)	(4)	-	-	(104)	(105)
Ship operating expenses	(62)	(56)	-	-	(19)	(21)	-	-	(81)	(77)
Charter expenses	(35)	(49)	-	-	(1)	(6)	9	9	(26)	(46)
Manufacturing cost	-	-	(94)	(75)	(1)	(1)	2	2	(93)	(73)
Other operating expenses	-	(1)	(105)	(78)	(2)	5	-	-	(107)	(75)
Selling, general and admin expenses	(38)	(37)	(37)	(37)	(5)	(5)	(2)	(2)	(82)	(80)
Total operating expenses	(585)	(689)	(236)	(190)	(49)	(50)	45	49	(825)	(879)
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**402**	**280**	**47**	**18**	**30**	**15**	(3)	(2)	477	311
EBITDA margin (%)	*40.7 %*	*28.9 %*	*16.7 %*	*8.8 %*	*37.8 %*	*23.3 %*	*5.7 %*	*4.1 %*	*36.6 %*	*26.1 %*
Other gain/(loss)	36	8	-	-	-	-	-	-	36	8
Depreciation	(107)	(96)	(18)	(16)	(9)	(9)	1	-	(133)	(122)
Amortization	(1)	(1)	(8)	(8)	(2)	(2)	-	-	(11)	(11)
(Impairment)/reversal of impairment	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss) (EBIT)	**329**	**191**	**21**	**(6)**	**20**	**4**	**(2)**	**(2)**	**368**	**187**
Share of profit/(loss) from joint ventures and associates	-	-	1	1	-	-	-	-	1	1
Financial income/(expense)	(27)	(30)	(3)	(7)	-	(1)	(3)	(20)	(33)	(58)
Profit/(loss) before tax	**302**	**161**	**18**	**(12)**	**20**	**3**	**(5)**	**(22)**	**335**	**130**
Tax income/(expense)	(1)	(6)	(1)	3	(1)	(2)	-	-	(3)	(4)
Profit/(loss) for the period	**301**	**155**	**17**	**(9)**	**19**	**1**	**(5)**	**(22)**	**332**	**126**
Profit for the period attributable to:										
Owners of the parent	267	135	17	(9)	19	1	(5)	(22)	298	105
Non-controlling interests	34	21	-	-	-	-	-	-	34	21

Note 3. Segment reporting - YTD

USD million	Shipping services			Logistics services			Government services			Holding & eliminations			Total		
	YTD 2023	YTD 2022	2022	YTD 2023	YTD 2022	2022	YTD 2023	YTD 2022	2022	YTD 2023	YTD 2022	2022	YTD 2023	YTD 2022	2022
Net freight revenue	1,607	1,611	3,289	-	-	-	80	45	136	-	-	-	1,687	1,655	3,425
Fuel surcharges	328	267	724	-	-	-	3	3	7	-	-	-	331	269	732
Operating revenue	4	17	14	502	366	799	34	32	77	-	-	-	539	415	889
Internal operating revenue	5	4	11	58	53	112	35	44	82	(98)	(101)	(205)	-	—	-
Total revenue	**1,944**	**1,898**	**4,038**	**560**	**419**	**911**	**152**	**123**	**302**	**(98)**	**(101)**	**(205)**	**2,557**	**2,339**	**5,045**
Cargo expenses	(307)	(340)	(652)	-	-	-	(21)	(19)	(37)	73	80	157	(254)	(279)	(532)
Fuel	(413)	(517)	(1,065)	-	-	-	(15)	(17)	(38)	-	-	-	(428)	(533)	(1,103)
Other voyage expenses	(212)	(207)	(399)	-	-	-	(6)	(7)	(13)	-	-	-	(218)	(214)	(412)
Ship operating expenses	(123)	(111)	(236)	-	-	-	(38)	(40)	(82)	-	-	-	(161)	(151)	(317)
Charter expenses	(66)	(93)	(175)	-	-	-	(3)	(12)	(16)	18	18	40	(51)	(87)	(150)
Manufacturing cost	-	-	-	(182)	(148)	(314)	(3)	(1)	(9)	5	2	7	(180)	(147)	(316)
Other operating expenses[1]	(1)	(11)	(2)	(217)	(159)	(348)	(4)	13	9	-	10	10	(222)	(148)	(331)
Selling, general and admin expenses	(79)	(72)	(150)	(78)	(71)	(142)	(10)	(10)	(21)	(3)	(8)	(23)	(169)	(161)	(335)
Total operating expenses	(1,201)	(1,351)	(2,679)	(476)	(379)	(803)	(99)	(92)	(207)	93	102	192	(1,683)	(1,719)	(3,497)
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**743**	**548**	**1,359**	**84**	**40**	**107**	**53**	**31**	**95**	**(5)**	**1**	**(14)**	**875**	**620**	**1,548**
EBITDA margin (%)	*38.2 %*	*28.8 %*	*33.7 %*	*15.0 %*	*9.6 %*	*11.8 %*	*34.7 %*	*24.9 %*	*31.4 %*	*5.0 %*	*(1.0)%*	*6.6 %*	*34.2 %*	*26.5 %*	*30.7 %*
Other gain/(loss)	33	5	(47)	-	-	-	-	-	-	-	-	-	33	5	(47)
Depreciation	(215)	(188)	(395)	(36)	(33)	(67)	(18)	(18)	(36)	2	-	1	(267)	(239)	(497)
Amortization	(2)	(2)	(4)	(17)	(17)	(34)	(3)	(3)	(6)	-	-	-	(22)	(22)	(45)
(Impairment)/reversal of impairment	-	-	-	-	-	(29)	-	-	-	-	-	-	-	—	(29)
Operating profit/(loss) (EBIT)	**558**	**363**	**913**	**31**	**(9)**	**(22)**	**32**	**10**	**53**	**(3)**	**1**	**(13)**	**618**	**364**	**931**
Share of profit/(loss) from joint ventures and associates	-	-	-	1	1	2	-	-	-	-	-	-	1	1	2
Financial income/(expense)	(63)	(31)	(63)	(6)	-	(11)	(1)	(1)	-	(22)	(23)	(31)	(91)	(55)	(104)
Profit/(loss) before tax	**496**	**332**	**851**	**26**	**(8)**	**(31)**	**31**	**9**	**53**	**(25)**	**(22)**	**(43)**	**528**	**310**	**829**
Tax income/(expense)	(20)	(12)	(44)	(3)	6	(5)	(1)	(2)	(2)	-	-	16	(24)	(7)	(35)
Profit/(loss) for the period	**476**	**320**	**806**	**23**	**(2)**	**(35)**	**31**	**7**	**51**	**(25)**	**(22)**	**(27)**	**505**	**303**	**794**
Profit for the period attributable to:															
Owners of the parent	414	277	691	22	(2)	(36)	31	7	51	(25)	(22)	(27)	443	260	679
Non-controlling interests	62	42	115	-	-	-	-	-	-	-	-	-	62	43	116

[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. The amount is eliminated at group level

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	-	-	6	6
Disposal	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
Cost at June 30	**346**	**421**	**73**	**840**
Accumulated amortization and impairment losses at January 1	(145)	(261)	(33)	(439)
Amortization	-	(18)	(4)	(22)
Impairment	-	-	-	-
Disposal	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
Accumulated amortization and impairment losses at June 30	**(145)**	**(279)**	**(37)**	**(461)**
Carrying amount at June 30	**201**	**141**	**37**	**379**

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	3	9	33	6	51
Disposal	-	(2)	(13)	-	(15)
Reclassification	12	(12)	4	(5)	(1)
Currency translation adjustment	(1)	1	-	-	-
Cost at June 30	134	113	5,608	8	5,864
Accumulated depreciation and impairment losses at January 1	(29)	(52)	(1,806)	-	(1,887)
Depreciation	(4)	(6)	(129)	-	(140)
Disposal	-	1	13	-	14
Reclassification	-	-	-	-	-
Currency translation adjustment	-	-	-	-	-
Accumulated depreciation and impairment losses at June 30	(33)	(57)	(1,923)	-	(2,012)
Carrying amount at June 30	102	57	3,686	8	3,852

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	11	-	4	15
Change in lease payments	11	17	2	30
Disposal	(5)	(20)	(1)	(26)
Reclassification	-	-	-	-
Currency translation adjustment	(4)	1	-	(3)
Cost at June 30	**566**	**1,639**	**48**	**2,253**
Accumulated depreciation and impairment losses at January 1	(158)	(462)	(17)	(637)
Depreciation	(30)	(92)	(5)	(127)
Disposal	4	20	-	25
Reclassification	-	-	-	-
Currency translation adjustment	1	-	-	-
Accumulated depreciation and impairment losses at June 30	**(183)**	**(534)**	**(22)**	**(739)**
Carrying amount at June 30	**382**	**1,105**	**26**	**1,513**

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	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Financial income					
Interest income	13	1	32	2	15
Other financial items	1	-	2	-	3
Net financial income	**14**	**1**	**33**	**2**	**17**
Financial expenses					
Interest expenses	(60)	(38)	(118)	(75)	(179)
Interest rate derivatives - realized	6	(4)	12	(12)	(10)
Interest rate derivatives - unrealized	13	22	3	76	111
Other financial items	(4)	(4)	(10)	(7)	(17)
Loss on sale investments	-	-	-	-	-
Net financial expenses	**(45)**	**(25)**	**(114)**	**(18)**	**(96)**
Net currency gain/(loss)	16	57	49	43	56
Foreign currency derivatives - realized	(6)	(3)	(10)	(3)	(14)
Foreign currency derivatives - unrealized[1]	(14)	(88)	(49)	(80)	(67)
Net currency	**(3)**	**(34)**	**(10)**	**(39)**	**(25)**
Financial income/(expenses)	**(33)**	**(58)**	**(91)**	**(55)**	**(104)**

[1] On June 30, 2023, the group had posted USD 33m 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 USD/NOK 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 USD/NOK 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 six months ended June 30, 2023 was USD 1.05 compared with USD 0.62 in the same period in 2022. Basic earnings per share for the second quarter of 2023 was USD 0.70 compared with USD 0.25 in the same quarter last year. Earnings per share for the year ended December 31, 2022 was USD 1.60.In May 2023, 486,273 own shares were allocated to current and former executives under the group's long-term incentive program.

The company's number of shares:	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Total number of shares (nominal value NOK 0.52)	423,104,938	423,104,938	423,104,938
Own shares	99,846	700,883	586,119

	NOK million	USD million
The company's share capital is as follows, translated to USD at the historical exchange rate:	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 3 million for the second quarter 2023, compared with a tax expense of USD 4 million for the same quarter in 2022. The tax expense for the first half of 2023 was USD 24 million, compared with USD 7 million in the same period last year. The tax expense in the first half of 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	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Non-current interest-bearing debt	1,766	1,456	2,200
Non-current lease liabilities	1,163	1,245	1,254
Current interest-bearing debt	573	1,107	316
Current lease liabilities	300	271	317
Total interest-bearing debt	**3,802**	**4,079**	**4,087**
Cash and cash equivalents	1,346	821	1,216
Net Interest-bearing debt	**2,457**	**3,257**	**2,872**

Repayment schedule for interest-bearing debt

USD million	Bank loans	Bonds	Leasing commitments	Other interest bearing debt	Jun 30, 2023
Due in 2023	115	-	175	-	290
Due in 2024	568	185	272	-	1,025
Due in 2025	358	-	244	-	602
Due in 2026	266	185	175	-	626
Due in 2027 and later	559	116	597	-	1,271
Total repayable interest-bearing debt	**1,867**	**485**	**1,463**	**1**	**3,815**
Amortized financing costs	(9)	(4)	-	-	(13)
Total	**1,858**	**482**	**1,463**	**1**	**3,802**

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	75	-	-	-	75
Repayments of loans, bonds and leases	-	(187)	-	(148)	(335)
New lease contracts and amendments, net	-	-	11	32	43
Foreign exchange movements	(49)	-	(4)	-	(53)
Other non-cash movements	4	(19)	-	-	(15)
Reclassification	(464)	464	(99)	99	-
Total interest-bearing debt June 30, 2023	**1,766**	**573**	**1,163**	**300**	**3,802**

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. In Q2 2023, EUKOR closed a financing of USD 75 million. This related to refinancing of two vessels and the purchase of a third vessel, which was previously held under a lease agreement.

In 2023, the group has maturities of USD 33 million in vessel financings to be repaid with cash and USD 100 million of undrawn revolving credit facilities which will be refinanced prior to maturity. Furthermore, USD 303 million in current debt is related to a revolving credit facility in logistics services (maturity in June 2024). The facility is planned to be refinanced by the end of Q3 2023. The next bond maturity is in September 2024. Undrawn credit facilities were USD 397 million at June 30 , 2023 (USD 247 million at December 31, 2022).

At June 30 , 2023, the group had 8 unencumbered vessels with a total net carrying value of USD 91m

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 in the first quarter of 2023.

Note 13. Events after the balance sheet date

The company has post quarter-end signed a letter of intent for delivery of four 9,350 CEU methanol-capable and ammonia-ready vessels with delivery from mid-2026 and onwards. Further, the LOI includes individual options for an additional eight newbuildings. The options are declarable in two batches of four. All vessels are designed to support Wallenius Wilhelmsen's trading pattern and have a high degree of flexibility when it comes to allowing for a variety of cargo compositions.

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, 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, 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	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Non-current interest-bearing loans and bonds	1,766	1,456	2,200
Non-current lease liabilities	1,163	1,245	1,254
Current interest-bearing loans and bonds	573	1,107	316
Current lease liabilities	300	271	317
Total interest-bearing debt	3,802	4,079	4,087
Less Cash and cash equivalents	1,346	821	1,216
Net Interest-bearing debt	2,457	3,257	2,872

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

USD million	YTD 2023	YTD 2022	2022
Net Interest-bearing debt	2,457	3,257	2,872
Last twelve months adjusted EBITDA	1,797	1,135	1,528
Net interest-bearing debt/adjusted EBITDA ratio	1.4x	2.9x	1.9x

Equity ratio

USD million	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Total equity	3,602	3,016	3,508
Total assets	8,376	8,051	8,394
Equity ratio	43.0 %	37.5 %	41.8 %

Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Total revenue	1,302	1,190	2,557	2,339	5,045
Operating expenses excluding other gain/ (loss)	-825	-879	-1,683	-1,719	(3,497)
EBITDA	477	311	875	620	1,548
EBITDA shipping services	402	280	743	548	1,359
Loss on sale of vessel	-	-	-	10	10
Anti-trust expense/ (reversal of expenses)	-	-	-	-	(6)
EBITDA adjusted shipping services	402	280	743	558	1,363
EBITDA logistics services	47	18	84	40	107
EBITDA adjusted logistics services	47	18	84	40	107
EBITDA government services	30	15	53	31	95
Gain on sale of vessel	-	-6	-	-14	(14)
EBITDA adjusted government services	30	9	53	16	81
EBITDA holding/eliminations	-3	-2	-5	1	(14)
Loss on sale of vessel	-	-	-	-10	(10)
EBITDA adjusted holding/eliminations	-3	-2	-5	-9	-23
EBITDA adjusted	477	305	875	606	1,528

Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
EBITDA	477	311	875	620	1,548
Other gain/loss	36	8	33	5	(47)
Depreciation and amortization	(145)	(133)	(289)	(260)	(541)
Impairment/reversal of impairment	-	-	-	-	(29)
EBIT	368	187	618	364	931
Anti-trust expense/ (reversal of expenses)	-	-	-	-	(6)
Gain on sale of vessel	-	(6)	-	(14)	(14)
Change in fair value of derivative financial asset	(36)	(8)	(33)	(5)	47
Reversal of/impairment asset held-for-sale	-	-	-	-	-
Impairment goodwill and intangible assets	-	-	-	-	29
Total adjustments	(36)	(14)	(33)	(19)	55
EBIT adjusted	332	173	585	345	986
Profit/(loss) for the period	332	126	505	303	794
Total adjustments	(36)	(14)	(33)	(19)	55
Profit/(loss) for the period adjusted	296	112	472	283	850

Reconciliation of total assets to capital employed and ROCE calculation

	LTM average		
USD million	Q2 2023	Q2 2022	2022
Total assets	8,385	7,759	8,116
Less Total liabilities	4,985	4,945	5,008
Total equity	3,400	2,814	3,108
Total interest-bearing debt	4,017	4,054	4,081
Capital employed	7,416	6,868	7,189
EBIT last twelve months	1,185	593	931
EBIT last twelve months adj	1,227	623	986
ROCE	16.0 %	8.0 %	12.9 %
ROCE adjusted	16.5 %	9.0 %	13.7 %