Wallenius Wilhelmsen ASA
Q3 Report 2023

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Highlights – Q3 2023

- Wallenius Wilhelmsen delivered another strong quarter with an EBITDA of USD 478m
- Shipping contributed with an EBITDA of USD 392m, supported by higher net rates
- Logistics segment EBITDA was USD 48m, on par with previous quarter
- Government segment posted the largest EBITDA gain QoQ, ending at USD 46m
- Demand remains firm despite the uncertain macroeconomic backdrop

"With a strong Q3 behind us, we now expect EBITDA in the second half of 2023 to be at or above what we delivered in the first half, as vessel utilization remains high and we see solid demand for our logistics services. Moreover, the contribution from government services remains strong.

Our efforts to reduce CO2 emissions are paying off and we see emissions stabilizing at lower levels. An additional effect is a recurring reduction in fuel consumption and fuel cost.

Further, we continue to strengthen the fundamentals for future earnings by renegotiating contracts at higher rates. To secure attractively priced tonnage, we have exercised purchase options under our long-term charter agreements and turned the LOI into contracts for four firm and eight optional vessels."

Lasse Kristoffersen
CEO

Consolidated results and key figures – Q3 2023

The group delivered another very strong quarter on the back of continued high activity and profitability across all segments.

USDm*	Q3 2023	Q2 2023	% change QoQ**	Q3 2022	% change YoY**
Total revenue	1,311	1,302	1%	1,356	-3 %
EBITDA	478	477	0%	440	9 %
EBIT	385	368	5%	305	26 %
Profit for the period	328	332	-1%	246	34 %
Earnings per share[1]	0.70	0.70	0%	0.51	38 %
Net interest-bearing debt	2,171	2,457	-12%	3,041	-29 %
ROCE adjusted	16.8 %	16.5 %	0.3%	11.7 %	5.1 %
Equity ratio	45.5 %	43.0 %	2.5%	38.8 %	6.8 %
EBITDA adjusted[2]	478	477	0.2%	434	10 %
EBITDA adjusted margin	36.5 %	36.6 %	-0.2%	32.0 %	4.5 %

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

Consolidated results

Total revenue in Q3 was USD 1,311m, up 1% from the previous quarter, as volumes and revenues increased in the logistics and government services segments. We also see underlying improvements in shipping. Compared to Q3-22, total revenue for the group was down 3%, caused by lower fuel surcharges in the shipping services segment.

EBITDA and adjusted EBITDA for the quarter ended at USD 478m, on par with Q2.

The shipping segment delivered an EBITDA of USD 392m in Q3, down USD 11m from Q2. Adjusted for changes in FAF compensation and fuel cost, underlying EBITDA is better in Q3 as Q2 experienced a positive net fuel effect and the effect is reversed in Q3. Further, an increase in average net freight rate was partly offset by a seasonal decline in volume. Logistics services EBITDA increased USD 1m compared to the previous quarter on higher revenues with stable margins QoQ. Further, government services EBITDA increased by USD 16m QoQ, mainly as a result of continued strong volumes and a favorable cargo mix.

EBITDA increased by 9% YoY, with adjusted EBITDA up 10%, driven by growth in the logistics and government segments.

Other effects in the quarter include a positive non-cash USD 50m 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), an update in estimated future cash flows, 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 and exceed the positive effect seen YTD (see Note 2 for more details).

[1] After tax and non-controlling interests

[2] In Q3 2022, EBITDA was adjusted USD 6m for reversals in anti-trust provisions.

The net financial expense was USD 50m in Q3, compared to a net financial expense of USD 33m in Q2, mainly due to lower unrealized gain on interest derivatives in the quarter compared to last quarter, and a larger net currency loss compared to previous quarter.

Interest expenses including realized interest derivatives was USD 56m, slightly higher than the previous quarter. The unrealized gain on interest rate derivatives amounted to USD 3m in Q3.

The net currency loss ended at USD 12m, with USD 14m in net unrealized gain on currency derivatives (largely USDNOK cross currency swaps related to bond debt issued in NOK and swapped to USD), offset by currency translation losses and realized losses on currency derivatives. The latter were mostly realized in connection with the bond buyback in August.

The group recorded a tax expense of USD 7m for Q3, compared to USD 3m in the previous quarter.

The quarter ended with a net profit of USD 328m, down 1% from USD 332m in Q2 and up 34% from USD 246m in Q3-22. USD 298m of the net profit is attributable to shareholders of Wallenius Wilhelmsen ASA, while USD 31m of net profit is attributable to non-controlling interests (primarily minority shareholders in EUKOR).

Capital and liquidity

Cash and cash equivalents ended at USD 1,577m, up USD 232m QoQ. Cash Increased during Q3 on solid operational performance, limited investments, and a favorable net change in cash collateral. This is partly countered by change in working capital and regular debt service.

Cash flow provided by operating activities ended at USD 406m for the quarter, up from USD 332m same quarter last year, representing a cash conversion ratio[1] of around 85% .

The USD 11m net investment cash flow consists of USD 19m of dry docking and vessel related projects. Further, USD 9m relates to investments in property and land, and other assets. Moreover, in Q3 the group received USD 17m in interest on deposits.

Financial cash flows include interest paid and scheduled repayments on lease liabilities, loans and bonds. In Q3, the group completed the issuance of new NOK 1 billion sustainability-linked bond while NOK 528m of WalWil03, maturing in September 2024, were bought back. The proceeds of the new-issued bond were swapped to USD immediately after issuance.

During the quarter, the shipping services segment exercised purchase options for two vessels. The exercise price paid is included in repayment of lease liabilities. For more details, please refer to the shipping services section.

In Q3, the logistics services segment completed refinancing of a revolving credit facility. The previous facility of USD 320m had maturity in June 2024, comprising USD 303m and USD 17m of drawn and undrawn amount, respectively. The new RCF amounts to USD 345m, with same drawn amount (USD 303m) on improved terms. The new facility has 5 years duration with maturity in September 2028. Notably, the same banking group was retained in the new facility.

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

At the end of Q3, the group had posted USD 22m in cash collateral relating to cross-currency swaps for the three outstanding NOK bonds. This is a net decrease of USD 11m in total posted cash collateral compared to previous quarter.

In addition to the group's solid cash position, Wallenius Wilhelmsen had at the end of the quarter USD 422m in undrawn credit facilities, up USD 25m QoQ due to signing of an increased credit facility.

The equity ratio was 45.5% at the end of Q3, up from 43.0% in Q2 as the group recorded a solid profit for the period. Net interest-bearing debt was USD 2,171m at the end of Q3, down from USD 2,457m in Q2. 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.

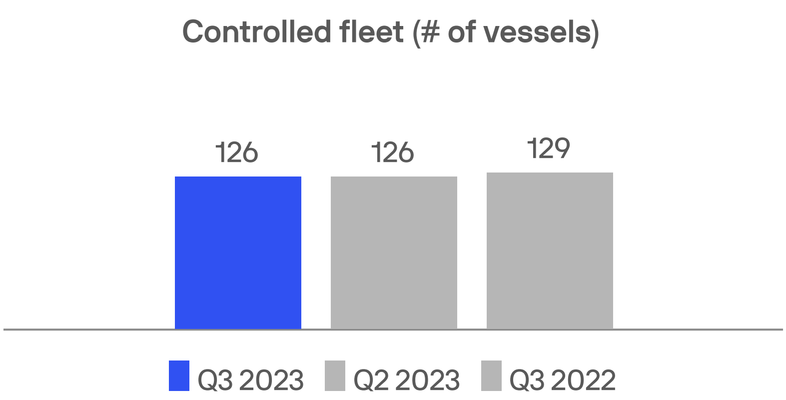
In Q3 we delivered in excess of all the long-term financial targets approved by the board of directors in February 2023.

Financial target	Q3 2023	Q2 2023	Change QoQ	Q3 2022	Change YoY
ROCE > 8%[2]	16.8 %	16.5 %	0.3 p.p.	11.7 %	5.1 p.p.
Leverage ratio < 3.5x[3]	1.2x	1.4x	-0.2x	2.3x	-1.1x
Equity ratio > 35%[4]	45.5 %	43.0 %	2.5 p.p.	38.8 %	6.8 p.p.

As per our announcement on 8 February 2023 about the dividend for the 2022 fiscal year, the second tranche of the dividend of USD 0.34 per share will be payable to shareholders on record as of 8 November 2023. The ex-dividend date is 9 November 2023. The payment will be made in NOK and the date of payment is expected to be 22 November 2023.

Fleet

At the end of Q3, Wallenius Wilhelmsen controlled a fleet of 126 vessels, maintaining the same fleet as the previous quarter. The market remains fundamentally strong and charter rates for tonnage continue to be high and the company had no vessels on short-term charter in Q3. 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.



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

Based on the average of two independent broker estimates, the estimated market value of our 76 owned vessels is USD 6.1bn at the end of Q3

Events after the balance sheet date

On October 24, the company firmed up the previously announced LOI and signed firm contracts for the delivery of four 9,300 CEU methanol-capable and ammonia-ready vessels. The vessels are scheduled for delivery from mid-2026 and onwards. Further, eight individual optional agreements for additional vessels have been signed. The options are declarable in two batches of four vessels. 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.

Gro Rognstad was appointed Chief Technology & Information Officer on October 1, 2023, having held the acting role since March.

Shipping services

Shipping delivered a solid quarter on higher net rates and improved customer mix, which is slightly offset by decline in FAF revenues and seasonal decline in volumes QoQ

USDm*	Q3 2023	Q2 2023	% change QoQ**	Q3 2022	% change YoY**
Total revenue	976	987	-1%	1,079	-10%
EBITDA	392	402	-3%	385	2%
EBIT	334	329	1%	286	17%
Volume ('000 CBM)[1]	16,120	16,574	-3%	16,137	0%
H&H Share[2]	27 %	28 %	-1%	32 %	-5%
EBITDA adjusted	392	402	-3%	379	3%
EBITDA adjusted margin	40.1 %	40.7 %	-0.6%	35.1 %	5.0%

** Except per cent*
*** For High & Heavy (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 original equipment manufacturers of autos and H&H equipment, in addition to select industrial break-bulk cargo.

The RoRo industry started to experience tightening and stronger market from 2021 due to the very tight global fleet situation. This quarter was no different and Q3 earnings remained stable from Q2 on continued strong market fundamentals. However, we continue to face 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 976m in Q3, down 1% QoQ on higher net freight revenues but lower FAF compensation.

EBITDA was USD 392m in Q3, down 3% QoQ. However, adjusted for changes in net fuel costs, underlying EBITDA is 4% better in Q3 compared to Q2.

Net freight rate in Q3 was USD 52 per cbm, up from USD 50 per cbm in Q2, due to an increase in all cargo segments with relatively higher increase in auto cargo and an increase in rates in most trade lanes. Average net freight rates increased despite a slight negative development in trade and cargo mix. The H&H and BB share of the cargo mix was 27% in Q3, down from 28% in Q2. 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.

[1] Prorated cubic meters (“cbm”). Historical volume figures subject to change as figures are based on estimates and prorating
[2] Based on unprorated volumes

Shipping volumes decreased by 3% QoQ due to less laden voyages and holidays in Asia. The average time charter earnings per day[3] increased from USD 49.4K in Q2 to USD 50.0K in Q3 (+1%). Compared to Q2 2022, the average time charter earnings increased by USD 0.6K (+1%) per day.

Volumes out of both Asia and US/Europe decreased in Q3, particularly in the Asia to Europe and Atlantic trades. The volume decrease was relatively larger for ex Asia trades, hence a slight negative development in trade mix. Contract renewals have had positive effects on the net freight rate over the last quarters, and this continued into Q3, but effect of recent renewals will have a lag effect.

Waiting times at key ports continued to create challenges. During the quarter, some 9% of the available trading days were caught up in congestion, a slight improvement from Q2. Q3 continued to be impacted by delays caused by biosecurity clearance in Australia, as well as severe drought situation in the Panama canal. 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 up by USD 14m QoQ, while fuel surcharge revenue under FAF[4] was down USD 24m due to the time-lag effect. Generally FAF revenues lag about 4-5 months after fuel price changes, hence FAF revenues dropped in Q3 as fuel prices were lower in Q2 compared to Q1. Fuel expenses ended down USD 7m QoQ due to lower fuel prices in Q2. The company was impacted by a positive change in net fuel cost of USD 11m in Q2, while the effect is reversed in Q3 by USD 17m.

Voyage expenses were stable from Q2 to Q3 despite lower volumes carried, impacted by slightly lower voyage efficiency. Cargo related expenses such as load and discharge expenses, commission and transshipment fell with lower volumes carried, but was outweighed by an increase in port related expenses.

Charter expenses decreased slightly from Q2 to Q3 due to exercise of purchase options on two leased vessels, Morning Margareta and Morning Ninni, which were purchased during the quarter at USD 10m each, which is significantly lower compared to market values. The transactions were recognized as transfers from right-of use assets to owned vessels on the balance sheet. On the other hand, ship operating expenses increased from Q2 to Q3 as the two vessels are now under own ship management. SGA increased in Q3 on donations to Ocean Hug and membership fees to Korea Shipowners Association.

The positive development linked to reduced fuel consumption continued in Q3. It illustrates the lasting effects on consumption from reduced speed and fuel efficiency initiatives implemented over an extended period. Accordingly, there is a continued positive impact on CO_2 emissions. For more details please refer to the sustainability section.

Revenues decreased by 10% YoY from Q3-22, mainly due to less FAF compensation. Adjusted EBITDA improved by 3% YoY, on relatively larger voyage cost reduction vs revenue reduction.

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[3] 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

[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.

Compared to Q3 2022, the EBITDA increase is delivered with fewer vessels in operation as chartered vessels has been redelivered during the last 12 months.

Going forward, geopolitical effects may have an impact on the bunker price leading to higher fuel costs. Over time, such costs will be recovered under FAF agreements, but the time lag may lead to a temporary rise in bunker expenses in the coming quarters.

Logistics services

Stable EBITDA in Q3, with strong performance in Auto.

USDm*	Q3 2023	Q2 2023	% change QoQ**	Q3 2022	% change YoY**
Total revenue	290	283	2%	231	26%
EBITDA	48	47	1%	30	61%
EBIT	21	21	4%	5	334%
EBITDA adjusted	48	47	1%	30	61%
EBITDA adjusted margin	16.4%	16.7%	-0.2%	12.8%	3.6%
EBITDA by product					
Auto	19	13	43%	5	281%
H&H	9	7	38%	7	35%
Terminals	22	22	0%	16	40%
Inland	1	4	-76%	5	-82%
Other	-4	1	n/a	-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.

Q3 revenues for the segment in total were USD 290m, up 2% QoQ. After a post-pandemic period of unstable volumes and supply chain issues, US Auto volumes have normalized and show strong QoQ development, driving the segment's revenue growth.

Q3 EBITDA was USD 48m, up 1% QoQ as a result of the strong Auto volume and demand for accessorization in the Americas, though overall margins were muted by lower volumes in other areas of the business.

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 9% in the Auto product area, which represents approximately 134,000 additional units world wide. Revenue grew by 11% and EBITDA increased 43% as a result of the volume increase, plus growth in storage and accessorization. Some of the accessory work performed includes Port Installed Options (PIO), which allows auto manufacturers to add accessories at the port instead of returning the unit to the plant or making adjustments at the dealership. This is not only more cost effective but also more efficient. Our services cover a wide range, from some of the most basic splash guard installs all the way to advanced installs like a deployable side step.

H&H includes equipment processing centers on and off port sites globally with the largest concentration in the US. Even with lower volumes, QoQ revenue increased 3% and EBITDA increased 38% mainly due to strong storage revenues and reduced labor cost. Labor cost has decreased due to avoidance of high cost temp labor required to handle volumes in Q2. Temp labor is initiated for unexpected and short term spikes in volume.

Terminals offer cargo processing, handling and storage at some of the world's largest RoRo ports. Revenues were mainly flat QoQ, although volume is below prior quarter due to congestion and seasonality as a result of planned production shutdowns. Australia stands out with increased volume as the deseeding activities seen in prior quarters is starting to clear up in the later part of Q3. Our Brown Marmorated Stink Bug (BMSB) fumigation services at our terminals, and seed removal processes in the Melbourne terminal, ensure all shipments arriving in the country meet government regulation. We are now at the start of the BMSB season, but it is too early to say if there will be any effects in terms of added delays linked to such or other events going forward. Compared to Q2-23, EBITDA in terminals was stable as the overall lower volumes are offset by higher volume in Australia and fumigation services in EMEA.

Inland includes the global transportation of cargo by road or rail to a port or final point of sale. QoQ revenue decreased 13% with weaker volumes in the US brokerage services and lower volume in EMEA. EBITDA decreased 76% QoQ as result of the lower volume and and a shift towards longer truck routes, as long haul is generally less profitable than short haul.

Other includes overhead cost mainly driven by salary and benefits. The Q3 results are as expected whilst the comparable EBITDA for Q2 benefited from a reallocation of a discretionary bonus.

YoY, revenues increased by 26% with Auto volumes significantly higher and Terminal benefiting from strong biosecurity activities in Australia. YoY, EBITDA increased 61%, directly related to higher revenue in Auto and Terminal.

Government services

Positive cargo mix development and continued high U.S. government demand were the main drivers behind a very strong quarter for government services.

USDm*	Q3 2023	Q2 2023	% change QoQ**	Q3 2022	% change YoY**
Total revenue	91	79	15%	91	0%
EBITDA	46	30	52%	28	63%
EBIT	35	20	80%	17	102%
EBITDA adjusted[1]	46	30	52%	28	63%
EBITDA adjusted margin	50.1%	37.8%	12.2%	30.8%	19.3%

** 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.

Increased U.S. flag cargo activity, including government charters and aid cargo, enabled government services to deliver another strong quarter in Q3. The development of the geopolitical situation and NATO activity levels in Europe continue to drive demand for government services.

The government services segment was recently awarded a new Maritime Security Program (MSP) agreement by the Maritime Administration (MARAD) for the operation of the soon-to-be-renamed M/V ARC Honor. MSP is a congressional maritime program that maintains a modern, active fleet of U.S.-flagged, privately owned ships in commercial trade that are available upon request by the U.S. request by the U.S. Government to provide sealift capacity and support.

Total revenues in Q3 were USD 91m, up 15% QoQ, while EBITDA of USD 46m was up 52% QoQ due to the timing and mix of cargo and government charters, in addition to cost improvements from more efficient operations. Adjusted EBITDA was up 63% YoY, due to increased U.S. flag government cargo to and from Europe and continued robust commercial markets.

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

Market update

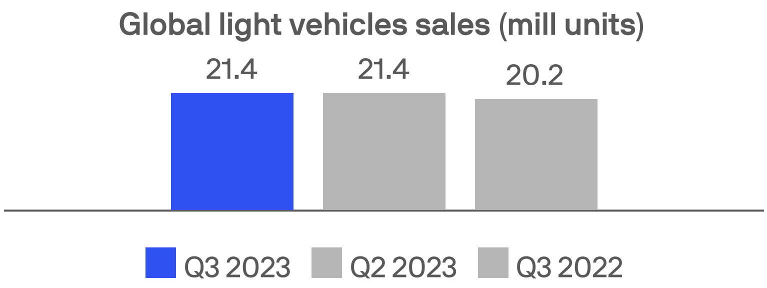
Deep-sea auto volumes are up 15.6% YoY[1], driven by higher export volumes from China, South Korea, and Japan. Further, global H&H exports remain strong, but diverging signals combined with a normalization in breakbulk volumes suggest plateauing volumes. On the back of this and continued capacity constraints on the shipping side, market outlook remains firm.

Real GDP growth forecast for 2023 ticked up to 2.6%[1] (S&P), although near-term economic prospects vary markedly across, and in some cases within, regions. Strong momentum in the US remains the key driver of recent upward revisions to the global projections, but 2023's real GDP growth estimates for Japan, India and Brazil have also been revised markedly higher following stronger than expected second quarter results. In contrast, forecasts for western Europe and China have again been reduced. 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 maintaining or increasing 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 most recent outlook statements by OEMs and H&H producers such as Caterpillar, signals 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 1.2% QoQ and up 15.6% YoY. Sales continued the solid development from previous quarter and ended at 21.4 million units in Q3.



Chinese exports continued to surge and are up 42.6% in Q3 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 in Q3 increased 11.7% YoY and declined 1.8% QoQ. Key drivers are volumes exported to North America and Europe. Korean export volumes developed strongly in Q3 with a growth of 21.7% YoY and 5.0% QoQ. Exports out of Europe in Q3 grew 11.8% YoY and marginally down 0.1% QoQ. Exports from North America in Q3 ended slightly down 0.3% YoY and down 5.0% QoQ. This remains well below pre-Covid levels, particularly as consumer preferences in Europe have changed to low-emission vehicles.

[1] Source(s): S&P

[2] Source(s): S&P

Our shipping volumes developed more moderately than the market on a QoQ basis, but remain impacted by congestion issues in Oceania and to an increasing extent on the west coast of North America. The table below show S&P data on selected global deep-sea trades:

Trades, # of LVs[3]	Q3 2023	Q2 2023	% change QoQ	Q3 2022	% change YoY
AS-EU	558,047	566,744	(2)%	383,966	45 %
AS-NA	829,551	811,727	2 %	683,333	21 %
EU-NA	274,792	284,643	(3)%	235,459	17 %

In terms of demand, global light vehicle ("LV") sales including all passenger cars, SUVs, MPVs and light commercial vehicles for Q3 were up 0.1% QoQ and up 5.9% YoY. Sales increased in North America and Europe while China declined. 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 but these issues are also fading out.

Sales remain 2% below sales in Q3 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 in Q3 were up 14.0% YoY (down 5.1% 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. Production constraints due to semiconductors seem to fade-out in the back mirror. The ongoing UAW strike may have an impact on production in Q4 but it is too early to say anything about the effects the work dispute will have on the market.

Sales in Europe in Q3 were up 21.4% YoY and down 7.4% QoQ (due to normal cyclicality) as vehicle production increased on the back of an improved supply chain situation. Issues with restocking of semiconductors seems to ease. A notable portion of sales are linked to order backlogs. A moderating consumer sentiment may lead car buyers to search for lower priced cars. Auto OEMs are also starting to produce more lower price point vehicles to address this demand. Governmental subsidies continued into Q3, 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 in Q3 were down 4.3% YoY and up 5.1% QoQ. Sales in Q3 moderated due to slowdown in exports of durable goods, and sluggish property sector and property developer debt overhang poses downside risk for economic growth. Also worth mentioning are the risks remaining for tensions around global trade & geopolitics, and potential barriers to entry for Chinese vehicles.

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

High and heavy markets

Global exports of H&H machinery continued to grow strongly in Q3, rising 13.7% 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 even though a normalization of volumes are expected. However, a normalization of breakbulk volumes have an impact on RoRo shipping volumes and net freight per cbm.

Exports of construction equipment increased 16.7% 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] was up 5.5% YoY and investments in manufacturing, office, commercial and highway sectors accounted for ~70% of the increase. Residential construction was down 5.4% during the same period. The HCOB Eurozone Construction PMI edged down to 43.4 in August 2023 from 43.5 in the previous month, marking a sixteenth successive deterioration in total activity and one that was marked overall. It was also the lowest reading since December 2022. Housing activity posted the fastest pace of contraction since April 2020, while commercial works and infrastructure activity declined at softer rates[6]. New orders decreased for the seventeenth successive month, but at slower pace, and buying levels declined the most since May 2020.

In China[7], a prolonged downturn in the housing market has had a negative impact on domestic construction equipment sales – excavator sales were down 48.3% YoY during the first nine months of 2023 . Weaker domestic demand has led Chinese OEMs to increase their focus on export markets, with total units of Chinese excavator equipment exports rising by 70.5% YoY over the same period.

Global mining equipment exports grew by 22.2% YoY in Q3 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 to 99.6 in August, compared to an average of 103.0 in Q2 and 115 during 2022 but remains comfortably above long-term average levels[8] . Global mining capital expenditure is forecasted to increase by 11.6% YoY in 2023, partly supported by investment in decarbonization and a focus on critical minerals[9].

Construction and mining equipment manufacturers continue to report high order backlogs for equipment to be delivered in 2023 and beyond[10]. Caterpillar, Terex and Manitowoc reported aggregated construction and mining machinery order backlogs worth $35.5 billion end Q2 202310 , representing marginal decline of 0.3% on the preceding quarter, but 5,7% higher than Q2 2022 levels. In its Q2 report, Caterpillar added further to its backlog and continued to see solid demand for most of its high and heavy products. The major part of backlog mix is shifting to the Americas region.

Global exports of farm machinery increased by 6.8% YoY in Q3, despite soft development for tractors in key markets[11]. Total North American tractor sales were down 2.8% in Q3 with sales diverting by tractor size – sub-100 HP tractors declined in Q3, whereas sales of larger units (including 4WD tractors) expanded by 9.5% YoY over the same period. In Europe, German tractor

[4] Source(s): S&P Global, national statistical agencies. All import/export data refer to latest available three-month rolling period
[5] Source(s): U.S. Census Bureau, refers to the three-month rolling period ending in September 2023
[6] Source(s): Eurostat
[7] Source(s): China Construction Machinery Association
[8] Source(s): World Bank Commodities Price Data (The Pink Sheet), September 2023
[9] Source(s): ResearchAndMarkets.com
[10] Company financial reports
[11] Source(s): AEM, TMA, AEA, SAAMA and KBA.

registrations were up 9.4% YoY in Q3, whilst the UK market recorded a 7.1% YoY increase in registrations. In Australia tractor sales were down 22% YoY for the first eight months of 2023.

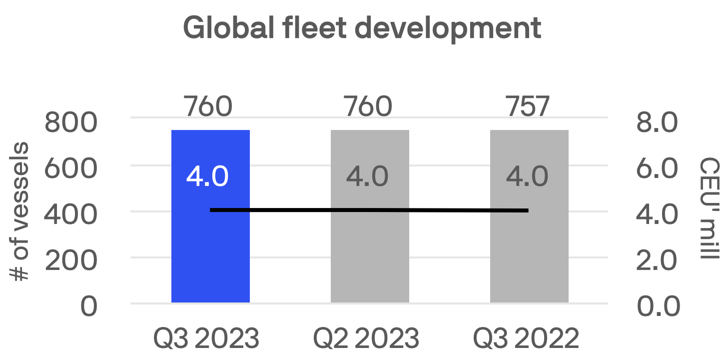
Global fleet

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 Q3. Two new large vessels were delivered and two small vessels were recycled during Q3.

13 new orders were confirmed for the official orderbook in the period since early July (for vessels >1,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) stands at 163 vessels and 165 vessels (>1,000 CEU), representing some 31% of the global fleet in capacity terms (CEU).

As per the delivery schedule today four newbuildings are planned for delivery during the rest of 2023, 52 vessels in late 2024, 60 vessels in 2025, 38 vessels in 2026 and 11 vessels in 2027.

The four vessels contracted by Wallenius Wilhelmsen on October 24th, 2023 are not included in the figures, as only vessels with firm contracts by the end of Q3 are included.



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

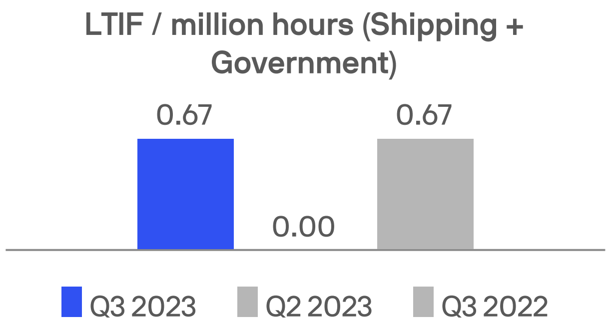
In Q3 we see a continuation of the positive trend in our CO_2 intensity. This is a result of a long held focus on emission reductions, including focus on speed management, introduction of biofuel B30 in the bunkering mix and implementation of several technical improvement initiatives.

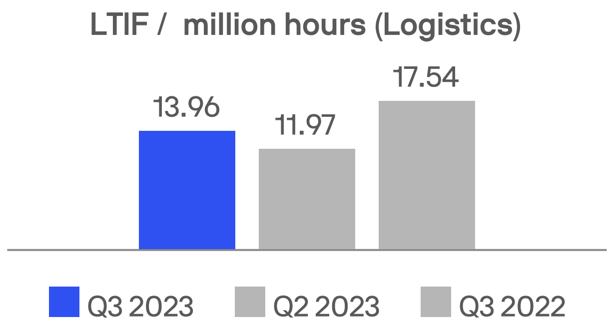
People

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 3 Lost Time Incidents in Q3, resulting in a lost time injuries frequency (LTIF)[1] of 0.67, compared to 0 in Q2. None of the LTIs in Q3 were classified as serious. In Q2 Shipping completed a fleet wide survey with the mission to strengthen safety culture and to improve safety performance. In Q3 we performed a close examination of the results and found that the company has a high cultural safety maturity compared to an industry benchmark, however, there are specific areas that can and should be improved. A plan is being developed to strengthen our safety culture in these areas.

In Logistics, LTIF[2] increased from 11.97[3] in Q2 to 13.96 in Q3. Key factors driving LTIF in Logistic include congestion, weather and labor volatility related to holidays. No serious injuries were reported in Q3. 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 for our vehicle and equipment processing centers. 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 as we aspire to lead the way in transforming shipping and logistics.

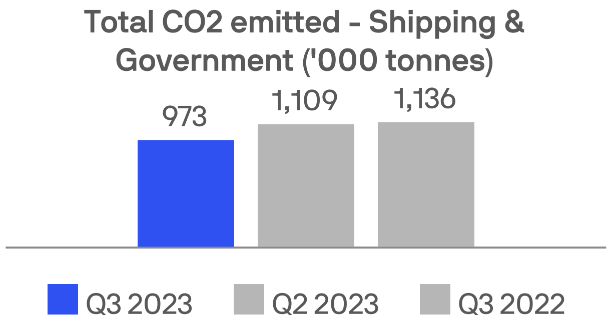
In 2021, we set a target to reduce our carbon emission intensity by 27.5% by 2030 compared to 2019. Our total CO_2 emissions for Q3 was 973 thousand metric tonnes, a significant decrease YoY, from 1,136 thousand metric tonnes in Q3 22. Our CO_2 intensity in Q3 was 26.4 gCO_2 per tonne-km[4] and below our 2023 intensity target of 31.16 g CO_2 per Tonne-km.

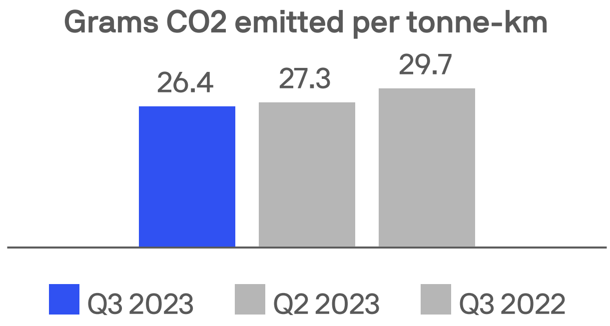
[1] Per million exposure hours, which for our crew means 24 hours a day while at sea, including free time

[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

[4] Energy Efficiency Operational Indicator (EEOI)





The positive trend of the fleet average EEOI and fuel consumption per km in 2023 is a result of a number of factors, including:

- Lower average sea passage speed compared to previous quarters due to strengthened focus on speed management by actively using using AI and speed optimization
- Consistent and high cargo work
- Consumption of biofuel B30 product from July (~2,300mt consumed)
- Implementation of technical improvement initiatives, such as
    - Engine performance optimization
    - Propeller boss cap fins retrofits
    - Variable frequency drive installations

Prosperity

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

Moreover, Wallenius Wilhelmsen is far along in its preparations for the inclusion of shipping in the EU's Emission Trading Scheme from 1st January 2024. We are pursuing an approach that will give us maximum control over expenditure on the EU Allowances purchased for our fleet's emissions, as well as oversight of the emissions data reported to the authorities, irrespective of whether vessels are owned or chartered. Customer dialogue on the ETS is also well underway and includes discussion on compliance cost calculation methodologies.

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.

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

We see a tight market balance for the remainder of 2023 and expect H2 2023 EBITDA to be at or above what we delivered in H1. Short-term market demand remains robust despite tightening financial conditions.

We expect strong demand and high utilization in 2024, at or above 2023. This is confirmed by feedback from a majority of our key customers.

Despite strong underlying fundamentals, we see higher levels of uncertainty related to; (i) the macro-economic situation, (ii) newbuild additions to the global fleet, and (iii) any deterioration in geopolitical dynamics.

Renewals of multi-year contracts at significantly higher rates are expected to lend support to the revenue base in 2024 and beyond.

Based on the current outlook, we anticipate a stronger performance in 2024 compared to 2023.

Lysaker, October 31, 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	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Total revenue	3	1,311	1,356	3,868	3,695	5,045
Operating expenses	3	(833)	(916)	(2,516)	(2,635)	(3,497)
Operating profit before depreciation, amortization and impairment (EBITDA)		**478**	**440**	**1,352**	**1,060**	**1,548**
Other gain/(loss)	2	50	2	82	7	(47)
Depreciation and amortization	4, 5, 6	(143)	(137)	(432)	(397)	(541)
Impairment	4, 5, 6	-	-	-	-	(29)
Operating profit (EBIT)		**385**	**305**	**1,003**	**669**	**931**
Share of profit/(loss) from joint ventures and associates		1	-	2	2	2
Interest income and other financial items		43	58	114	179	184
Interest expense and other financial expenses		(93)	(110)	(255)	(285)	(288)
Financial items - net	7	**(50)**	**(51)**	**(141)**	**(106)**	**(104)**
Profit before tax		**335**	**254**	**863**	**564**	**829**
Tax expense	9	(7)	(8)	(30)	(16)	(35)
Profit for the period		**328**	**246**	**833**	**549**	**794**
Profit for the period attributable to:						
Owners of the parent		298	216	740	476	679
Non-controlling interests		31	30	93	72	116
Basic and diluted earnings per share (USD)		0.70	0.51	1.75	1.13	1.60

Consolidated statement of comprehensive income

USD million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Profit for the period	328	246	833	549	794
Other comprehensive income/(loss):					
Items that may subsequently be reclassified to the income statement:					
Currency translation adjustment	(3)	(10)	(4)	(18)	(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)	(4)	(15)	(1)
Total comprehensive income for the period	**326**	**236**	**829**	**534**	**794**
Total comprehensive income attributable to:					
Owners of the parent	295	207	737	463	679
Non-controlling interests	31	29	93	70	115
Total comprehensive income for the period	**326**	**236**	**829**	**534**	**794**

Consolidated balance sheet

USD million	Note	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Assets				
Non-current assets				
Deferred tax assets	9	64	62	59
Goodwill and other intangible assets	4	372	429	395
Vessels and other tangible assets	5	3,828	3,917	3,943
Right-of-use assets	6	1,470	1,545	1,599
Other non-current assets	2	336	308	247
Total non-current assets		**6,071**	**6,262**	**6,242**
Current assets				
Fuel/lube oil		131	167	139
Trade receivables		576	626	605
Other current assets		262	276	191
Cash and cash equivalents		1,577	1,063	1,216
Total current assets		**2,547**	**2,131**	**2,151**
Total assets		**8,618**	**8,393**	**8,394**
Equity and liabilities				
Equity				
Share capital	8	28	28	28
Retained earnings and other reserves		3,507	2,909	3,125
Total equity attributable to owners of the parent		**3,535**	**2,937**	**3,153**
Non-controlling interests		387	316	355
Total equity		**3,922**	**3,252**	**3,508**
Non-current liabilities				
Pension liabilities		37	46	40
Deferred tax liabilities	9	69	71	71
Non-current interest-bearing debt	10	1,929	1,957	2,200
Non-current lease liabilities	10	1,134	1,228	1,254
Other non-current liabilities		99	140	95
Total non-current liabilities		**3,269**	**3,443**	**3,659**
Current liabilities				
Trade payables		78	121	112
Current interest-bearing debt	10	406	638	316
Current lease liabilities	10	279	281	317
Current income tax liabilities	9	17	10	2
Other current liabilities		646	647	479
Total current liabilities		**1,426**	**1,698**	**1,226**
Total equity and liabilities		**8,618**	**8,393**	**8,394**

Consolidated cash flow statement

USD million	Notes	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Cash flow from operating activities						
Profit before tax		335	254	863	564	829
Financial (income)/expenses		50	51	141	106	104
Share of net income from joint ventures and associates		(1)	-	(2)	(2)	(2)
Depreciation and amortization	4,5,6	143	137	432	397	541
Impairment		-	-	-	-	29
(Gain)/loss on sale of tangible assets		1	-	-	(14)	(14)
Change in net pension assets/liabilities		1	(3)	(3)	(9)	(12)
Change in derivative financial assets	2	(50)	(2)	(82)	(7)	47
Net change in other assets/liabilities		(71)	(100)	(76)	(266)	(190)
Tax paid		(2)	(6)	(20)	(13)	(35)
Net cash flow provided by operating activities[1]		**406**	**332**	**1,253**	**757**	**1,297**
Cash flow from investing activities						
Dividend received from joint ventures and associates		-	-	-	-	-
Proceeds from sale of tangible assets		-	3	1	45	45
Investments in vessels, other tangible and intangible assets		(28)	(21)	(85)	(65)	(112)
Investment in subsidiaries, net of cash acquired		-	-	(13)	(10)	(11)
Interest received		17	4	49	6	15
Net cash flow used in investing activities		**(11)**	**(14)**	**(48)**	**(24)**	**(62)**
Cash flow from financing activities						
Proceeds from loans and bonds		398	685	473	1,005	1,002
Repayment of loans and bonds	10	(404)	(599)	(592)	(963)	(1,095)
Repayment of lease liabilities[1]	10	(91)	(69)	(239)	(189)	(352)
Interest paid including interest derivatives		(55)	(49)	(162)	(136)	(189)
Realized other derivatives		(16)	(2)	(26)	(5)	(14)
Dividend to non-controlling interests		(1)	(1)	(55)	(13)	(16)
Repurchase of own shares	8	(4)	-	(4)	-	-
Dividend to shareholders		-	-	(219)	(38)	(63)
Net change in cash collateral	7	11	(42)	(20)	(42)	(2)
Net cash flow used in financing activities		**(163)**	**(77)**	**(843)**	**(380)**	**(729)**
Net increase/(decrease) in cash and cash equivalents		**232**	**241**	**362**	**353**	**505**
Cash and cash equivalents at beginning of period		1,346	821	1,216	710	710
Cash and cash equivalents at end of period[2]		**1,577**	**1,063**	**1,577**	**1,063**	**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 share 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		-	-	-	740	740	93	833
Other comprehensive loss		-	-	-	(4)	(4)	-	(4)
Total comprehensive income		**-**	**-**	**-**	**737**	**737**	**93**	**829**
Disposal of own shares	8	-	-	-	3	3	-	3
Repurchase of own shares		-	-	-	(4)	(4)	-	(4)
Change in non-controlling interests		-	-	-	6	6	(6)	-
Dividend to owners of the parent		-	-	-	(359)	(359)	-	(359)
Dividend to non-controlling interests		-	-	-	-	-	(55)	(55)
Balance at September 30, 2023		**28**	**-**	**28**	**3,507**	**3,535**	**387**	**3,922**

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		-	-	-	476	476	72	549
Other comprehensive loss		-	-	-	(13)	(13)	(2)	(15)
Total comprehensive income		**-**	**-**	**-**	**463**	**463**	**70**	**534**
Disposal of own shares		-	-	-	1	1	-	1
Change in non-controlling interests		-	-	-	(3)	(3)	(7)	(10)
Dividend to owners of the parent		-	-	-	(63)	(63)	-	(63)
Dividend to non-controlling interests		-	-	-	-	-	(13)	(13)
Balance at September 30, 2022		**28**	**-**	**28**	**2,909**	**2,937**	**316**	**3,252**

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 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 third quarter of 2023, the change in the value of the derivative was USD 50 million recognized as a gain within Other gain/(loss) in the income statement. The gain for the nine months ended September 30, 2023 was USD 82 million. Comparatively, the change in value during the corresponding nine months of 2022 resulted in a gain of USD 7 million.

The financial derivative is recognized in Other non-current assets in the balance sheet and has a carrying value of USD 187 million at September 30 , 2023, compared to USD 105 million at the end of 2022 and USD 137 million at June 30, 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	
	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
Net freight revenue	843	855	-	-	56	48	-	-	899	903
Fuel surcharges	131	228	-	-	1	3	-	-	131	231
Operating revenue	1	(8)	261	205	18	24	-	-	280	221
Internal operating revenue	2	4	29	26	16	16	(47)	(46)	-	-
Total revenue	**976**	**1,079**	**290**	**231**	**91**	**91**	**(47)**	**(46)**	**1,311**	**1,356**
Cargo expenses	(154)	(159)	-	-	(4)	(10)	33	33	(125)	(137)
Fuel	(184)	(307)	-	-	(6)	(13)	-	-	(190)	(320)
Other voyage expenses	(104)	(104)	-	-	(4)	(3)	-	-	(108)	(107)
Ship operating expenses	(66)	(57)	-	-	(20)	(20)	-	-	(86)	(77)
Charter expenses	(34)	(36)	-	-	(2)	(3)	10	10	(25)	(29)
Manufacturing cost	-	-	(95)	(81)	(2)	(6)	3	3	(94)	(84)
Other operating expenses	-	7	(109)	(87)	(2)	(3)	-	-	(111)	(83)
Selling, general and admin expenses	(43)	(37)	(39)	(34)	(6)	(6)	(6)	(3)	(94)	(79)
Total operating expenses	(585)	(694)	(243)	(201)	(46)	(63)	40	43	(833)	(916)
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**392**	**385**	**48**	**30**	**46**	**28**	**(7)**	**(3)**	**478**	**440**
EBITDA margin (%)	*40.1 %*	*35.7 %*	*16.4 %*	*12.8 %*	*50.1 %*	*30.8 %*	*15.4 %*	*6.2 %*	*36.5 %*	*32.5 %*
Other gain/(loss)	50	2	-	-	-	-	-	-	50	2
Depreciation	(106)	(101)	(20)	(16)	(9)	(9)	1	-	(134)	(126)
Amortization	(1)	(1)	(7)	(9)	(2)	(2)	-	-	(10)	(11)
(Impairment)/reversal of impairment	-	-	-	-	-	-	-	-	-	-
Operating profit/(loss) (EBIT)	**334**	**286**	**21**	**5**	**35**	**17**	**(6)**	**(3)**	**385**	**305**
Share of profit/(loss) from joint ventures and associates	-	-	1	-	-	-	-	-	1	-
Financial income/(expense)	(27)	(38)	(8)	(2)	(1)	3	(15)	(13)	(50)	(51)
Profit/(loss) before tax	**307**	**247**	**14**	**3**	**35**	**20**	**(21)**	**(16)**	**335**	**254**
Tax income/(expense)	(4)	(9)	(3)	-	-	1	-	-	(7)	(8)
Profit/(loss) for the period	**304**	**238**	**12**	**3**	**34**	**21**	**(21)**	**(16)**	**328**	**246**
Profit for the period attributable to:										
Owners of the parent	273	208	11	3	34	21	(21)	(16)	298	216
Non-controlling interests	30	30	-	-	-	-	-	-	31	30

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	2,450	2,466	3,289	-	-	-	136	93	136	-	-	-	2,587	2,558	3,425
Fuel surcharges	459	495	724	-	-	-	3	5	7	-	-	-	462	500	732
Operating revenue	4	9	14	763	571	799	52	57	77	-	-	-	819	636	889
Internal operating revenue	7	8	11	87	79	112	51	60	82	(145)	(147)	(205)	-	—	-
Total revenue	**2,920**	**2,978**	**4,038**	**850**	**650**	**911**	**243**	**214**	**302**	**(145)**	**(147)**	**(205)**	**3,868**	**3,695**	**5,045**
Cargo expenses	(461)	(499)	(652)	-	-	-	(25)	(29)	(37)	106	113	157	(379)	(415)	(532)
Fuel	(597)	(824)	(1,065)	-	-	-	(21)	(30)	(38)	-	-	-	(618)	(854)	(1,103)
Other voyage expenses	(316)	(311)	(399)	-	-	-	(10)	(10)	(13)	-	-	-	(326)	(321)	(412)
Ship operating expenses	(189)	(168)	(236)	-	-	-	(57)	(59)	(82)	-	-	-	(247)	(228)	(317)
Charter expenses	(100)	(129)	(175)	-	-	-	(5)	(15)	(16)	28	28	40	(76)	(116)	(150)
Manufacturing cost	-	-	-	(277)	(229)	(314)	(5)	(7)	(9)	7	5	7	(274)	(230)	(316)
Other operating expenses[1]	(1)	(5)	(2)	(326)	(246)	(348)	(6)	10	9	-	10	10	(332)	(231)	(331)
Selling, general and admin expenses	(122)	(109)	(150)	(116)	(105)	(142)	(16)	(15)	(21)	(9)	(11)	(23)	(263)	(240)	(335)
Total operating expenses	(1,785)	(2,045)	(2,679)	(719)	(580)	(803)	(145)	(155)	(207)	133	145	192	(2,516)	(2,635)	(3,497)
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**1,135**	**933**	**1,359**	**132**	**70**	**107**	**98**	**59**	**95**	**(12)**	**(2)**	**(14)**	**1,352**	**1,060**	**1,548**
EBITDA margin (%)	*38.9 %*	*31.3 %*	*33.7 %*	*15.5 %*	*10.8 %*	*11.8 %*	*40.5 %*	*27.4 %*	*31.4 %*	*8.4 %*	*1.2 %*	*6.6 %*	*35.0 %*	*28.7 %*	*30.7 %*
Other gain/(loss)	82	7	(47)	-	-	-	-	-	-	-	-	-	82	7	(47)
Depreciation	(321)	(289)	(395)	(56)	(49)	(67)	(27)	(27)	(36)	3	-	1	(401)	(365)	(497)
Amortization	(3)	(3)	(4)	(24)	(26)	(34)	(5)	(5)	(6)	-	-	-	(32)	(33)	(45)
(Impairment)/reversal of impairment	-	-	-	-	-	(29)	-	-	-	-	-	-	-	—	(29)
Operating profit/(loss) (EBIT)	**892**	**648**	**913**	**52**	**(4)**	**(22)**	**67**	**27**	**53**	**(9)**	**(2)**	**(13)**	**1,003**	**669**	**931**
Share of profit/(loss) from joint ventures and associates	-	-	-	2	2	2	-	-	-	-	-	-	2	2	2
Financial income/(expense)	(89)	(69)	(63)	(14)	(3)	(11)	(1)	2	-	(37)	(36)	(31)	(141)	(106)	(104)
Profit/(loss) before tax	**803**	**579**	**851**	**40**	**(5)**	**(31)**	**66**	**29**	**53**	**(46)**	**(38)**	**(43)**	**863**	**564**	**829**
Tax income/(expense)	(23)	(21)	(44)	(6)	6	(5)	(1)	(1)	(2)	-	-	16	(30)	(16)	(35)
Profit/(loss) for the period	**780**	**558**	**806**	**35**	**1**	**(35)**	**65**	**28**	**51**	**(46)**	**(38)**	**(27)**	**833**	**549**	**794**
Profit for the period attributable to:															
Owners of the parent	688	486	691	34	1	(36)	65	28	51	(46)	(38)	(27)	740	476	679
Non-controlling interests	92	72	115	1	-	-	-	-	-	-	-	-	93	72	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	-	-	9	9
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
Cost at September 30	**346**	**421**	**76**	**843**
Accumulated amortization and impairment losses at January 1	(145)	(261)	(33)	(439)
Amortization	-	(26)	(5)	(32)
Impairment	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
Accumulated amortization and impairment losses at September 30	**(145)**	**(287)**	**(38)**	**(471)**
Carrying amount at September 30	**201**	**133**	**38**	**372**

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
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)
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	14	46	11	76
Disposal	(1)	(3)	(20)	-	(24)
Reclassification	12	(12)	40	(7)	33
Currency translation adjustment	(3)	-	-	-	(3)
Cost at September 30	**135**	**115**	**5,650**	**11**	**5,912**
Accumulated depreciation and impairment losses at January 1	(29)	(52)	(1,806)	-	(1,887)
Depreciation	(7)	(9)	(195)	-	(210)
Disposal	1	3	20	-	23
Reclassification	-	-	(11)	-	(11)
Currency translation adjustment	1	-	-	-	1
Accumulated depreciation and impairment losses at September 30	**(34)**	**(58)**	**(1,992)**	**-**	**(2,084)**
Carrying amount at September 30	**101**	**58**	**3,658**	**11**	**3,828**

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	23	-	8	31
Change in lease payments	44	17	1	63
Disposal	(9)	(20)	(1)	(30)
Reclassification	-	(34)	-	(34)
Currency translation adjustment	(12)	1	-	(11)
Cost at September 30	**599**	**1,604**	**52**	**2,254**
Accumulated depreciation and impairment losses at January 1	**(158)**	**(462)**	**(17)**	**(637)**
Depreciation	(47)	(135)	(8)	(190)
Disposal	8	20	1	30
Reclassification	-	11	-	11
Currency translation adjustment	3	-	-	3
Accumulated depreciation and impairment losses at September 30	(193)	(567)	(25)	(784)
Carrying amount at September 30	**405**	**1,037**	**27**	**1,470**

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	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Financial income					
Interest income	17	4	49	6	15
Other financial items	1	-	3	-	3
Net financial income	**18**	**5**	**51**	**6**	**17**
Financial expenses					
Interest expenses	(63)	(48)	(181)	(123)	(179)
Interest rate derivatives - realized	7	(1)	19	(13)	(10)
Interest rate derivatives - unrealized	3	33	5	109	111
Other financial items	(4)	(3)	(13)	(10)	(17)
Loss on sale investments	-	-	-	-	-
Net financial expenses	**(56)**	**(19)**	**(170)**	**(36)**	**(96)**
Net currency gain/(loss)	(11)	20	38	64	56
Foreign currency derivatives - realized	(16)	(2)	(26)	(5)	(14)
Foreign currency derivatives - unrealized[1]	14	(55)	(35)	(135)	(67)
Net currency	**(12)**	**(37)**	**(23)**	**(76)**	**(25)**
Financial income/(expenses)	**(50)**	**(51)**	**(141)**	**(106)**	**(104)**

[1] On September 30, 2023, the group had posted USD 22 million in cash collateral relating to cross-currency swaps for the four 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 nine months ended September 30, 2023 was USD 1.75 compared with USD 1.13 in the same period in 2022. Basic earnings per share for the third quarter of 2023 was USD 0.70 compared with USD 0.51 in the same quarter last year. Earnings per share for the year ended December 31, 2022 was USD 1.60.

In Q2 and Q3 2023, a total of 517,781 own shares were allocated to current and former executives under the group's long-term incentive program.

In September 2023, the board of Wallenius Wilhelmsen ASA initiated a share repurchase program to cover obligations under its long-term incentive scheme. In Q3, the company bought back a total of 500,000 shares with a transaction value of approximately USD 4 million (NOK 44 million) under the repurchase program.

The company's number of shares:	Sep 30, 2023	Sep 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	568,338	588,983	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 7 million for the third quarter 2023, compared with a tax expense of USD 8 million for the same quarter in 2022. The tax expense for the first nine months of 2023 was USD 30 million, compared with USD 16 million in the same period last year. The tax expense in the first nine months 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	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Non-current interest-bearing debt	1,929	1,957	2,200
Non-current lease liabilities	1,134	1,228	1,254
Current interest-bearing debt	406	638	316
Current lease liabilities	279	281	317
Total interest-bearing debt	**3,749**	**4,104**	**4,087**
Cash and cash equivalents	1,577	1,063	1,216
Net Interest-bearing debt	**2,171**	**3,041**	**2,872**

Repayment schedule for interest-bearing debt

USD million	Bank loans	Bonds	Leasing commitments	Other interest bearing debt	Sep 30, 2023
Due in 2023	64	-	80	-	144
Due in 2024	266	138	278	-	682
Due in 2025	358	-	249	-	607
Due in 2026	266	188	186	-	641
Due in 2027 and later	862	211	620	-	1,693
Total repayable interest-bearing debt	**1,816**	**537**	**1,413**	-	**3,766**
Amortized financing costs	(12)	(6)	-	-	(18)
Total	**1,804**	**531**	**1,413**	**-**	**3,749**

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	473	-	-	-	473
Repayments of loans, bonds and leases	(50)	(541)	-	(239)	(830)
New lease contracts and amendments, net	-	-	22	68	90
Foreign exchange movements	(10)	(33)	(10)	(1)	(53)
Other non-cash movements	(2)	(18)	-	-	(19)
Reclassification	(732)	732	(132)	132	-
Total interest-bearing debt September 30, 2023	**1,929**	**406**	**1,134**	**279**	**3,749**

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 Q3 2023, Wallenius Wilhelmsen ASA issued a new 5 year sustainability-linked bond for NOK 1 billion (USD 94 million), while at the same time buying back bond debt of NOK 528 million (USD 50 million) which was to mature in September 2024. Also in Q3 2023, a new 5 year revolving credit facility of USD 345 million was signed in the logistics segment. This refinanced an existing revolving credit facility of USD 320 million.

Undrawn credit facilities were USD 422 million at September 30 , 2023 (USD 247 million at December 31, 2022).

At September 30 , 2023, the group had 10 unencumbered vessels with a total net carrying value of USD 114 million.

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. An additional 0.385 percent was acquired in September 2023, bringing the group ownership to 99.885 percent as at September 30, 2023. Total consideration (cash) was USD 13.2 million.

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

On October 24, the company firmed up the previously announced LOI and signed firm contracts for the delivery of four 9,300 CEU methanol-capable and ammonia-ready vessels. The vessels are scheduled for delivery from mid-2026 and onwards. Further, eight individual optional agreements for additional vessels have been signed. The options are declarable in two batches of four vessels. 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 (leverage ratio) is calculated based on the end of period Net interest-bearing debt divided by the rolling 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	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Non-current interest-bearing loans and bonds	1,929	1,957	2,200
Non-current lease liabilities	1,134	1,228	1,254
Current interest-bearing loans and bonds	406	638	316
Current lease liabilities	279	281	317
Total interest-bearing debt	3,749	4,104	4,087
Less Cash and cash equivalents	1,577	1,063	1,216
Net Interest-bearing debt	2,171	3,041	2,872

Net interest-bearing debt divided by last twelve months adjusted EBITDA (leverage ratio)

USD million	YTD 2023	YTD 2022	2022
Net Interest-bearing debt	2,171	3,041	2,872
Last twelve months adjusted EBITDA	1,841	1,346	1,528
Net interest-bearing debt/adjusted EBITDA ratio	1.2x	2.3x	1.9x

Equity ratio

USD million	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Total equity	3,922	3,252	3,508
Total assets	8,618	8,393	8,394
Equity ratio	45.5 %	38.8 %	41.8 %

Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Total revenue	1,311	1,356	3,868	3,695	5,045
Operating expenses excluding other gain/ (loss)	(833)	(916)	(2,516)	(2,635)	(3,497)
EBITDA	478	440	1,352	1,060	1,548
EBITDA shipping services	392	385	1,135	933	1,359
Loss on sale of vessel	—	—	—	10	10
Anti-trust expense/ (reversal of expenses)	—	(6)	—	(6)	(6)
EBITDA adjusted shipping services	392	379	1,135	937	1,363
EBITDA logistics services	48	30	132	70	107
EBITDA adjusted logistics services	48	30	132	70	107
EBITDA government services	46	28	98	59	95
Gain on sale of vessel	—	—	—	(14)	(14)
EBITDA adjusted government services	46	28	98	44	81
EBITDA holding/eliminations	(7)	(3)	(12)	(2)	(14)
Loss on sale of vessel	—	—	—	(10)	(10)
EBITDA adjusted holding/eliminations	(7)	(3)	(12)	(12)	(23)
EBITDA adjusted	478	434	1,352	1,040	1,528

Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
EBITDA	478	440	1,352	1,060	1,548
Other gain/loss	50	2	82	7	(47)
Depreciation and amortization	(143)	(137)	(432)	(397)	(541)
Impairment/reversal of impairment	-	-	-	-	(29)
EBIT	385	305	1,003	669	931
Anti-trust expense/ (reversal of expenses)	-	(6)	-	(6)	(6)
Gain on sale of vessel	-	-	-	(14)	(14)
Change in fair value of derivative financial asset	(50)	(2)	(82)	(7)	47
Reversal of/impairment asset held-for-sale	-	-	-	-	-
Impairment goodwill and intangible assets	-	-	-	-	29
Total adjustments	(50)	(8)	(82)	(27)	55
EBIT adjusted	335	297	920	642	986
Profit/(loss) for the period	328	246	833	549	794
Total adjustments	(50)	(8)	(82)	(27)	55
Profit/(loss) for the period adjusted	279	238	751	521	850

Reconciliation of total assets to capital employed and ROCE calculation

	LTM average		
USD million	Q3 2023	Q3 2022	2022
Total assets	8,477	7,923	8,116
Less Total liabilities	4,913	4,986	5,008
Total equity	3,563	2,936	3,108
Total interest-bearing debt	3,942	4,068	4,081
Capital employed	7,506	7,005	7,189
EBIT last twelve months	1,264	790	931
EBIT last twelve months adj	1,265	816	986
ROCE	16.8 %	11.3 %	12.9 %
ROCE adjusted	16.8 %	11.7 %	13.7 %

Leverage ratio