



## Wallenius Wilhelmsen ASA Q1 Report 2024

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# Highlights – Q1 2024

## Wallenius Wilhelmsen:

- Delivers a Q1 EBITDA of USD 438m, with strong contributions from all segments despite the effect of external events in the Red Sea and Baltimore. Shipping delivers EBITDA of USD 366m (adj. for sales gain), logistics USD 46m and government USD 34m
- Sees strong customer demand and improved contract terms with net rates improving 5% QoQ and 8% YoY. The H&H share ended at 25% for the quarter
- Orders four 9,300 CEU vessels, bringing our newbuilding tally to a total of eight vessels
- Commits to updated net zero target and delivers on 2023 sustainability goals
- Maintains expectation that 2024 is likely to be another strong year, somewhat better than 2023, despite the financial implications of external events



“Our results in Q1 2024 were impacted by multiple, external events. Shipping volumes and available capacity were negatively impacted by the rerouting away from the Red Sea. The bridge collapse in Baltimore impacted operations on the US east coast. Despite this, and thanks to our teams' extraordinary efforts, we delivered another strong quarter.

Shipping delivered improved results YoY as higher contract rates and reduced costs offset the lower volume and cargo mix. Further, we see continued strong and improving results from logistics and government.

In 2024, a substantial portion of our contracts are due for renewal. Scarcity of shipping capacity provides a firm backdrop for negotiations. We see increased demand for Logistics and integrated services, and support for the ambition to reduce emissions.

We have also upped our ambitions on decarbonization with a goal of reducing our emissions by 45% by 2030 (compared to 2019) and becoming net zero by 2040.

Despite the significant external disruptions, we maintain our outlook for 2024 and expect a new strong year, somewhat better than 2023.”

**Lasse Kristoffersen**  
**CEO**

# Consolidated results and key figures – Q1 2024

Q1-24 is another strong quarter reflecting continued high activity and profitability across all segments, despite geopolitical and operational challenges.

USDm*	Q1 2024	Q4 2023	% change QoQ**	Q1 2023	% change YoY**
Total revenue	1,255	1,281	-2%	1,255	-%
EBITDA***	438	454	-3%	398	10%
EBIT***	273	216	27%	250	9%
Profit for the period	185	134	38%	173	7%
Earnings per share <sup>1</sup>	0.39	0.25	55%	0.34	14%
Net interest-bearing debt****	1,852	2,007	-8%	2,490	-26%
ROCE adjusted***	16.6 %	16.2 %	0.4%	14.5 %	2.1%
Equity ratio***	46.6 %	46.9 %	-0.3%	42.4 %	4.2%
EBITDA adjusted**** <sup>2</sup>	438	454	-3%	398	10%
EBITDA adjusted margin	34.9 %	35.4 %	-0.5%	31.7 %	3.2%

\* Except per share and per cent

\*\* For ROCE adjusted, Equity ratio and EBITDA adjusted margin, % change represents absolute change in ratio

\*\*\*for alternative performance measures please refer to [Reconciliation of alternative performance measures](#)

## Consolidated results

Total revenue in Q1 was USD 1,255m, down 2% from the previous quarter. Volumes and revenues decreased in the shipping services segment, while the logistics segment was stable and government saw an increase in non-government activity. Compared to Q1-23, total revenue for the group was unchanged, as lower fuel surcharges in the shipping services segment offset growth in government and logistics segments.

EBITDA for the quarter ended at USD 438m, slightly down compared to Q4 due to reduced volumes in the shipping services segment.

Shipping services delivered an EBITDA of USD 378m in Q1, down 4% from Q4. Reduction in revenues due to lower volumes was partly offset by increase in average net freight rate and more efficient operations. Logistics services EBITDA increased USD 3m compared to the previous quarter on slightly higher revenues with higher margins QoQ, mainly due to year-end accruals related to one-off bonus to employees for 2023 of approximately USD 7m in the previous quarter. Further, government services EBITDA increased by USD 2m QoQ, on continued strong U.S. flag cargo volumes and increased commercial revenues.

EBITDA increased by 10% YoY with improvements in all segments. Changes in net fuel negatively impacted EBITDA by USD 30m compared to the same quarter last year.

Other effects in the quarter include a negative USD 17m change in the fair value of the net derivative (symmetrical put/call option) relating to the non-controlling interest in EUKOR, impacting EBIT and net profit (see [Note 2](#) for more details). The item has no cash effect. The expected development, as noted in previous quarters, is driven by annual update of the exercise

<sup>1</sup> After tax and non-controlling interests

<sup>2</sup> Q1 2024 EBITDA no adjustments (Same for Q4-2023 and Q1-2023)

price of the symmetrical options, which is based on the net taxable results of EUKOR for 2021 through 2023 and the updated estimated fair value of the 20% non-controlling interest.

The net financial expense was USD 57m in Q1, compared to a net financial expense of USD 45m in Q4.

Interest expenses including realized interest derivatives was USD 69m, an increase from the previous quarter. The group had an unrealized gain of USD 7m on interest derivatives in the quarter compared to a USD 23m loss in previous quarter

The positive swing on interest derivatives was mostly offset by a negative swing in net currency in the period. The net currency loss ended at USD 13m, with USD 40m in net unrealized loss on currency derivatives (largely related to USDNOK cross currency swaps related to bond debt issued in NOK and swapped to USD) and realized losses on currency derivatives of USD 4m, offset by currency translation gain of USD 31m.

The group recorded a tax expense of USD 33m for Q1, compared to USD 38m in the previous quarter. Withholding tax on dividends received from EUKOR of USD 17m is included in the quarterly tax expense.

The quarter ended with a net profit of USD 185m, up 38% from USD 134m in Q4 and up 7% from USD 173m in Q1-23. USD 165m of the net profit is attributable to shareholders of Wallenius Wilhelmsen ASA, while USD 20m of net profit is attributable to non-controlling interests (primarily minority shareholders in EUKOR).

## Capital and liquidity

Cash and cash equivalents ended at USD 1,853m, up USD 148m QoQ. Cash increased during Q1 on solid operational performance, interest received and proceeds from a loan, offset by investments in vessels and other tangible assets, debt service, and dividend payout. Year over year, cash and cash equivalents increased by USD 414m.

Cash flow provided by operating activities ended at USD 402m for the quarter, down from USD 452m same quarter last year. This represents a cash conversion ratio<sup>1</sup> of around 92% on the back of strong operating result, countered by tax payment and negative cash effects from changes in other assets and liabilities.

In Q1, the group reported a negative net investment cash flow of only USD 1m. The total investments for the period were USD 23m, mainly related to docking, project costs and other tangible assets. The outgoing investment cash flows were offset by USD 21m in interest on deposits that the group received during the same quarter.

Financial cash outflow of USD 253m includes interest paid, increase in cash collateral and scheduled repayments on lease liabilities and loans countered by drawdown of debt in ARC. The vessel ARC Honor (formerly M/V Tulane) was refinanced after ARC purchased it from Wallenius Wilhelmsen Ocean with a net positive effect on financial cash flow of USD 36m.

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<sup>1</sup> Cash conversion ratio = Operating cash flow / EBITDA

Further, the shipping services segment exercised a purchase option for one vessel. The exercise price paid, which is well below the assessed charter-free valuation, is included in repayment of lease liabilities. For more details, please refer to [the shipping services section](#).

At the end of Q1, the group had posted USD 20m in cash collateral relating to cross-currency swaps for the four outstanding NOK bonds. This is a net increase of USD 14m in total posted cash collateral compared to previous quarter, due to the depreciation of NOK versus USD.

Wallenius Wilhelmsen ended the quarter with USD 372m in undrawn credit facilities, a reduction of USD 25m QoQ as EUKOR cancelled a RCF at maturity. Wallenius Wilhelmsen further has 19 unencumbered vessels at the end of Q1 with an assessed market value of USD 1.1bn<sup>2</sup> (net book value of USD 365m).

The equity ratio was 46.6% at the end of Q1, down from 46.9% in Q4. The increase in book equity on the back of the solid profit for the period was countered by USD 97m of dividends to non-controlling interests whereof USD 13m was paid in the quarter and USD 84m is payable in Q2. Net interest-bearing debt was USD 1,852m at the end of Q1, down from USD 2,007m in Q4. Scheduled repayment of bank and lease debt contributed to total debt reduction. As a result, the net interest-bearing debt came down QoQ due to substantial cash from operations combined with the reduction in total debt.

## Fleet

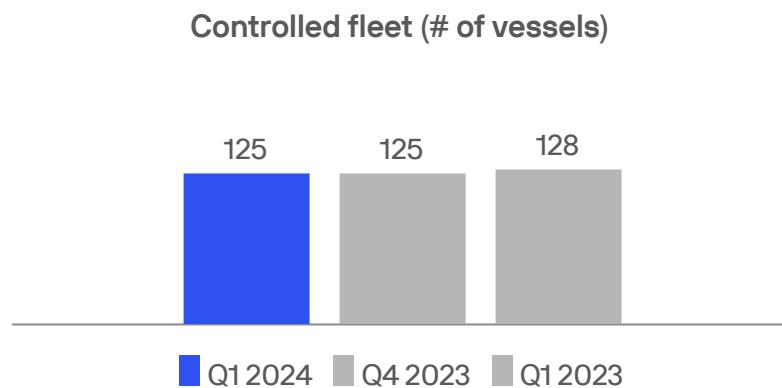
At the end of Q1, Wallenius Wilhelmsen controlled a fleet of 125 vessels, maintaining the same fleet size from Q4 2023. M/V Tulane, now renamed to ARC Honor was transferred from the shipping segment to the government segment during the quarter. Further, we exercised purchase option related to Morning Camilla during the quarter.

On the newbuilding side, we firmed up an additional four 9,300 CEU vessels during the quarter. It leaves us with a total order book of eight vessels with planned delivery from H2 2026 onwards. At the time of signing the contract for vessels five through eight, we were awarded an option for four additional vessels. This leaves the number of undeclared options held by us at eight. No decisions were made during the quarter around firming up additional newbuildings

The market remains fundamentally strong and charter rates for tonnage continue to be high. The company had no vessels on short-term charter in Q1. In general, the decision to add, extend or redeliver charters will depend on the overall market situation, including price of charters, demand growth and the long-term fleet strategy.

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<sup>2</sup> Based on average estimated value from two independent ship brokers at end of Q1 2024



Based on the average of two independent broker estimates, the estimated market value of our 88 owned vessels is USD 6.6bn at the end of Q1.

## Events after the balance sheet date

On April 9, we announced the signing of a USD 1bn plus multi-year contract with a global player in the premium car segment. The contract includes services both from the shipping and logistics segments as well as the use of biofuels. It spans over a three-year period and there are mutual options to extend the contract by up to two years. The various parts of the contract commenced between January and April 2024.

At the company's AGM on 30 April the dividend payment linked to the 2023 results of USD 1.14 per share was approved. Moreover, the AGM approved the company's revised dividend policy allowing for semi-annual pay-as-you-go dividend payments as well as extraordinary dividends at the board's discretion. The first possible payment declaration under the revised dividend policy will be in connection with the Q2 2024 report.

## Shipping services

Shipping services delivered another solid quarter as higher contract rates and reduced costs offset the lower volumes and reduced H&H share.

USDm*	Q1 2024	Q4 2023	% change QoQ**	Q1 2023	% change YoY**
Total revenue	927	961	-4%	956	-3%
EBITDA***	378	392	-4%	341	11%
EBIT***	256	191	34%	229	12%
Volume ('000 CBM) <sup>1</sup>	13,206	14,604	-10%	14,185	-7%
H&H and BB share <sup>2</sup>	25 %	27 %	-2%	28 %	-3%
EBITDA adjusted***	366	392	-7%	341	7%
EBITDA adjusted margin	39.4 %	40.8 %	-1.4%	35.6 %	3.8%

\* Except per cent

\*\* For High & Heavy (H&H) share and EBITDA adjusted margin, % change represents absolute change in ratio

\*\*\*for alternative performance measures please refer to [Reconciliation of alternative performance measures](#)

### 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, H&H and breakbulk industrial segments.

The RoRo industry has been fundamentally strong the last years due to the very tight global fleet situation and increase in demand particularly from Asia. The security situation in the Red Sea, with vessels being diverted, has put additional pressure on the global tonnage efficiency. As a result, our transported volumes came down QoQ since cargoes from Asia to Europe (and back) had to travel longer distances. Even so, our Q1 revenue remained relatively stable from Q4 on continued strong market fundamentals and improving rates. Our capacity remains sold out, and we continue to face operational challenges due to port congestion in several regions. Further, the situation worsened somewhat in Q1 on a general congestion increase from most regions, mostly from US West coast.

As disclosed in the Q4 report, we decided in mid-December 2023 to re-route all our vessels for Red Sea transit via the Cape of Good Hope due to the security situation in the region. The safety of our crew and people is our top priority, and Wallenius Wilhelmsen was the first car carrier to suspend sailings through the Red Sea. The policy continues, and the re-routing is impacting tonnage capacity negatively by about 5% on a run-rate basis. However, the initial impact of this policy was larger, as several vessels needed to change course during ongoing voyages. Our team is working hard to optimize the tonnage situation and remains in close dialog with affected customers.

On March 26, we witnessed the tragic bridge accident in Baltimore. A container ship struck and caused the collapse of the Francis Scott Key Bridge, resulting in several fatalities and a shutdown of cargo flows in and out from the port. Baltimore is a major US port for car carriers, and an important port for Wallenius Wilhelmsen. We rerouted cargo to alternative ports on the US East

<sup>1</sup> Prorated cubic meters ("cbm"). Historical volume figures subject to change as figures are based on estimates and prorating

<sup>2</sup> Based on unprorated volumes

coast, following close dialogue with our customers. M/V Carmen was stuck in the port of Baltimore until 26 April, but has now left the port and resumed trading. The Baltimore situation has had limited financial implications for Wallenius Wilhelmsen in Q1, but will have some negative effects in Q2 and possibly longer depending on when the port resumes regular trading and operations.

The net freight rate in Q1 was up 4.9% QoQ, and ended at USD 59.4 per cbm (up from USD 56.6 per cbm in Q4) following several contract renewals as well as improved trade mix. The H&H and BB share of the cargo mix was 25% in Q1, a drop from 27% in Q4 on fewer sailings in trades with a relatively higher share of H&H. The negative effect from less HH share was offset by the improved trade mix. Shipping volumes decreased by 10% QoQ mainly due to the Red Sea situation, but also on increased congestion in Q1.

The market remains tight, demand still outstrips tonnage capacity and all vessels are fully utilized. The decrease in volumes came mainly from Europe and US outbound trades with fewer sailings and trading days. Our Oceania, Atlantic, and EU-AS trades all saw relatively larger decline in shipped volumes compared to our Asia outbound trades. This impacted total average net freight per cbm positively in the quarter.

Waiting times at key ports continued to create challenges and the situation worsened somewhat in Q1. During the quarter, some 8% of the available trading days were caught up in congestion. We are doing our best to mitigate these challenges by having a continuous dialog with our customers and re-routing to other ports with less congestion whenever and wherever possible. More so, in excess of 5% of our available days were lost as a consequence of the re-routing away from the Red Sea bringing the total to around 13%.

Total revenues were USD 927m in Q1, down 4% QoQ on lower transported volumes. EBITDA was USD 378m in Q1, down 4% QoQ. EBITDA includes a USD 12m gain linked to an internal vessel sale from shipping Services to ARC (the gain is eliminated at group level). EBIT for Q1 ended at USD 256m up from USD 191m QoQ. The key differentiator is the change in the loss linked to the put/call option on our minority shareholding in EUKOR (with a negative impact of USD 17m in Q4), which is USD 72m lower than in Q4.

Net freight revenue was down by USD 43m QoQ, while fuel surcharge revenue under FAF<sup>3</sup> was up marginally USD 8m. Generally FAF revenues lag about 4-5 months after fuel price changes. Fuel expenses were up USD 22m QoQ. Hence, net fuel cost increased by USD 14m in the quarter. Most of the changes we see this quarter relates to purchase and surcharges of emission efficient biofuel and the introduction of the EU Emissions Trading System (EU ETS). EU ETS was established by EU to combat climate change and reduce greenhouse gas emissions, and affected all shipping companies sailing in European waters from January 1, 2024.

Voyage expenses decreased from Q4 to Q1 due to lower volumes carried, as well as higher voyage efficiency as voyage expenses per cbm continued to decrease. Port calls per voyage decreased, as well as cbm per port calls increased during the quarter.

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<sup>3</sup>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.

The average time charter earnings per day increased from USD 47K in Q4 to USD 51K in Q1 as unprorated days were down. Compared to Q1 2023, the average time charter earnings increased by USD 7K (16%) per day on reduced impact from net fuel surcharges.

Charter expenses increased slightly from Q4 to Q1 due to intercompany sale-leaseback with the government segment of M/V Tulane, now renamed to ARC Honor.

Ship operating expenses increased from Q4 to Q1 as we exercised purchase option on Morning Camilla, shifting costs from charter expenses to ship operating expenses. SGA decreased in Q1 primarily due to one-off charges related to stamp duty tax and an accrual for bonuses being recognized in Q4.

Emissions and carbon intensity increased somewhat in Q1 on rerouting of vessels via Cape, causing less transported volumes and somewhat increased speed, which drives up consumption per nautical mile and has a negative effect on our emission KPIs. Speed has since been reduced as we, for now, see the Red Sea situation as the new normal. We continue to focus strongly on the long-term plan to achieve our overall emission reduction ambitions and decarbonization strategy. For more details please refer to [the sustainability section](#).

Revenues decreased by 3% YoY from Q1-23, due to less FAF compensation. Adjusted EBITDA increased by 7% YoY due to higher average rates and a significant reduction in voyage expenses.

Going forward, geopolitical developments 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

Logistics services saw stable QoQ revenue development. EBITDA was up QoQ due to year-end adjustments, partially offset by increased SG&A cost in Auto/H&H and seasonal effects in Terminal.

USDm*	Q1 2024	Q4 2023	% change QoQ**	Q1 2023	% change YoY**
Total revenue	300	298	1%	277	9%
EBITDA***	46	43	8%	37	26%
EBIT***	12	16	-21%	10	19%
EBITDA adjusted***	46	43	8%	37	26%
EBITDA adjusted margin	15.3%	14.4%	1.0%	13.2%	2.1%
<b>EBITDA by product</b>					
Auto	18	21	-15%	9	92%
H&H	8	8	-2%	6	38%
Terminals	26	26	-%	28	-8%
Inland	-	1	-68%	4	-91%
Other	-6	-13	n/a	-10	n/a

\* Except percent

\*\* For EBITDA adjusted margin, % change represents absolute change in ratio

\*\*\*for alternative performance measures please refer to [Reconciliation of alternative performance measures](#).

## 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.

Q1 revenues for the segment in total were USD 300m, up 1% QoQ. US Auto volumes were strong in the quarter. H&H revenue was positively impacted by strong storage. This was offset by lower volume in Terminal and decreased BMSB<sup>1</sup> treatment. Inland also experienced lower volume in the quarter.

Q1 EBITDA was USD 46m, up 8% QoQ, positively impacted by a USD 7m year-end accrual in the previous quarter related to a one-off bonus to employees for 2023 following a strong financial performance. EBITDA was negatively impacted by increased SG&A expenses in both Auto and H&H, lower terminal volume/BMSB activities, and lower volume in Inland.

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 1% in the Auto product area, which represents an increase of approximately 11,000 units world wide. Revenue grew by 6% and EBITDA decreased 15%. Revenue was mainly impacted by stronger volume in the US, strong storage and a revenue share payout totaling USD 1.8m from prior year strong volume. EBITDA was negatively impacted by increased payroll expenses, increased healthcare cost and IT charges.

<sup>1</sup> Brown Marmorated Stink Bug

H&H includes equipment processing centers on and off port sites globally with the largest concentration in the US. Volumes were down 10% from prior quarter. QoQ revenue increased 10% and EBITDA decreased 2% mainly due to strong storage in the US and increased fumigation revenue in APAC, offset by increased payroll expense, including additional staff for new site in the US and additional cost for rental equipment while equipment was out of service. As mentioned last quarter, volume are decreasing and storage is increasing indicating a possible softening of market demand.

Terminals offer cargo processing, handling and storage at some of the world's largest RoRo ports. Volume remained mostly flat in the quarter while cargo mix shifted to Auto. QoQ revenues decreased 5% as a result of volume decreasing 8.5% and a decrease in BMSB treatment. EBITDA was held flat to prior quarter with strong bio security washing in Oceania and value added services in the US.

Inland includes the global transportation of cargo by road or rail to a port or final point of sale. QoQ revenue decreased 12% with weaker brokerage and transportation volume in EMEA and the US in addition to the end of a customer contract. EBITDA decreased QoQ as a result of the volume drop in the US and Europe.

Other includes overhead cost mainly driven by salary and benefits. The positive impact in the quarter is due to the mentioned USD 7m year-end bonus accrual made in prior quarter.

YoY, revenues increased by 9% with strong volumes, accessory work and storage in Auto, H&H strong volume in Oceania and increased storage in the US, while Terminal and Inland had lower volume. YoY, EBITDA increased 26%, directly related to higher volumes and storage revenue.

## Government services

Government services saw continued revenue and EBITDA growth QoQ as U.S. government and commercial cargo demand remained strong.

USDm*	Q1 2024	Q4 2023	% change QoQ**	Q1 2023	% change YoY**
Total revenue	90	81	12%	72	25%
EBITDA***	34	32	5%	23	48%
EBIT***	23	21	9%	13	82%
EBITDA adjusted***	34	32	5%	23	48%
EBITDA adjusted margin	37.1%	39.6%	-2.4%	31.4%	5.8%

\* Except per cent

\*\* For EBITDA adjusted margin, % change represents absolute change in ratio

\*\*\*for alternative performance measures please refer to [Reconciliation of alternative performance measures](#)

### 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 ongoing geopolitical situation in Ukraine and related NATO activity levels in Europe continue to drive demand for government services, resulting in strong U.S. flag cargo activity, including government charters and aid cargo.

Total revenues in Q1 were USD 90m, up 12% QoQ, while EBITDA of USD 34m was up 5% QoQ due to increased demand for government cargo moves to address global geopolitical events including the events in the Ukraine. Adjusted EBITDA was up 48% YoY, due to strong levels of military and commercial cargo moves in Q1 2024. This was partly offset by increased expenses due to higher mix of cargo requiring increased handling and logistics related support. The quarter over quarter increase in revenues and EBITDA is driven by increased commercial and U.S. flag cargo volumes offset in part by increased mix of cargo requiring higher operating expenses.

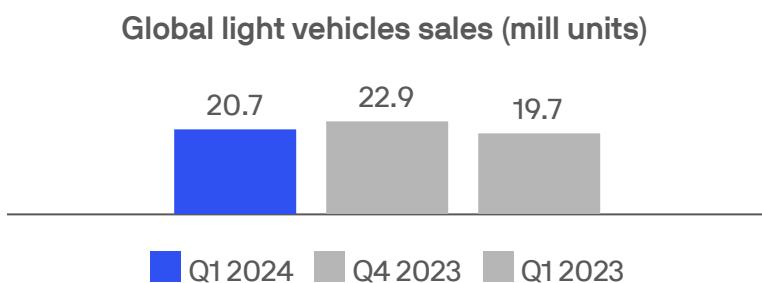
# Market update

Deep-sea auto volumes ended up 10% YoY in Q1<sup>1</sup>. Growing export volumes from China and Europe were the main contributors. Further, global H&H exports remain at high levels, but softer demand for agricultural equipment combined with a normalization in breakbulk volumes suggest a more modest volume development. On the back of volume expectations and continued capacity constraints on shipping, market outlook remains solid.

During the quarter, several auto OEMs posted strong production and sales numbers as supply chains continue to recover. There is still a likelihood that some of these sales still relate to legacy contracts. The time needed to deliver order backlogs, consumer confidence levels, financing costs and pricing of the vehicles are likely some of the parameters that can impact sales going forward.

## Auto markets and shipping<sup>1</sup>

Global light vehicle sales, excluding Russia and including all passenger cars, SUVs, MPVs and light commercial vehicles, amounted to 20.7 million units in Q1. Sales decreased 9% QoQ but increased 5% YoY. The QoQ decline is chiefly attributed to an underperforming domestic auto market in China.



Auto sales in China declined 24% QoQ but increased 13% YoY. Sales were subdued by the Chinese new year, weaker household consumption and “wait & see” consumers expecting falling NEV prices and more government incentives. Sales started to recover late in the quarter on new incentives in place stimulating higher demand for EVs and an increased scrapping activity of old vehicles. Nevertheless, deflationary pressure and geopolitical tensions represent downside risks which might be offset by the Government’s long-term plan to push new energy vehicles through supporting incentive schemes and tax cut benefits.

North American sales increased 5% YoY (-5% QoQ) as strong labor market and wage growth contributed to resilient consumer demand. Sales were also supported by easing supply chains and a gradual recovery in new vehicle inventories which remains well below historical pre-2020 levels. Increasing inventories, particularly among domestic brands and within a few segments like pickup trucks, typically precede more manufacturer incentives, price reductions, and ultimately better car affordability as financing conditions tighten. EV sales continued to grow, yet at a slowing rate, while an increasing number of consumers are embracing PHEV. This has prompted several automakers to partly downscale their EV plans and reconsider new investments in PHEV production.

<sup>1</sup>Source(s): S&P. Figures exclude exports to Russia.

Auto sales in Europe increased 1% QoQ and 5% YoY, despite several regions have reduced or withdrawn EV incentives recently. Demand was partly supported by intensified competition from Chinese cars, the retention of pent-up demand in several countries, and easing supply chains. A moderating consumer sentiment may lead car buyers to search for lower priced cars. Several Auto OEMs are also starting to produce more lower price point vehicles to address this demand.

Deep-sea volumes in Q1 2024 ended at 3.8 million units, representing a 10% YoY increase. This was mainly driven by growth in exports from China and Europe. The quarter saw a 3% decline compared to Q4 2023 on seasonal factors like the December holidays and the Lunar New Year in Asia. Effects from re-routing of vessels around Africa may also have had an impact on volumes for the quarter as transit times increased.

The table below show S&P data on global deep-sea volumes and selected trades:

Trades, '000 of LVs <sup>2</sup>	Q1 2024	Q4 2023	% change QoQ	Q1 2023	% change YoY
AS-EU (ex Russia)	553	548	1 %	460	20 %
AS-NA	812	863	(6)%	728	12 %
EU-AS	303	302	— %	273	11 %
EU-NA	255	282	(10)%	231	10 %
Other trades	1,894	1,935	(2)%	1,775	7 %
Total	3,817	3,930	(3)%	3,468	10 %

Chinese exports (excluding Russia) continued to surge, and are up 33% YoY in Q1 and 5% QoQ. Exports to Europe and Mexico, in particular, accounted for more than 50% of the YoY growth, supporting higher demand for CEU-mile capacity and RoRo tonnage.

During the quarter, EU began registering EV imports from China as of 7 March, paving the way for potential retroactive tariffs if its trade investigation concludes that Chinese EVs have benefited from unfair state subsidies. Such tariffs might have a temporary negative impact on export volumes from China to EU. However, the long-term impact on Chinese exports might end up immaterial due to the significant growth in demand for Chinese vehicles in other regions like Mexico, Middle East, and South America.

Japanese deep-sea exports were up 4% YoY but down 8% QoQ, as production was partly held back by the Noto Peninsula earthquake and a seasonal lag in volumes due to the holiday season in December. The YoY growth in deep-sea volumes is related to a slight increase in exports to the US and China.

Korean OEMs continued to strengthen their global position in the EV and PHEV<sup>3</sup> segments posting 5% growth YoY in deep-sea exports. This is mainly driven by increasing exports to the US which ended up 16% YoY. Deep-sea exports declined by 5% QoQ due to holiday seasonality.

Our shipping volumes changed more moderately compared to the market on a QoQ basis as the initial impact of re-routing vessels away from the Red Sea fully materialized.

<sup>2</sup> Source(s): S&P Mobility, January 2024 data. AS-EU excludes Russia

<sup>3</sup> Plug-in Hybrid Electric Vehicles

In terms of future demand, the world economy is expected to grow in 2024 at a comparable pace to 2023 which is estimated at 3.2 percent. International institutions like the IMF and S&P500 have revised up their forecasts for the year to reflect the unexpected resilience in the global economy. Growth levels for 2024 vary across regions with the EU still being on the soft side. Emerging markets are expected to see the highest growth, while China and India are expected to grow above this level. Inflation is gradually easing although with some concerns about signs of stickiness and a possible rebound due to geopolitical tensions. Reduced inflation and the lowering of interest rates would positively impact growth.

Global auto sales remain 6% below pre-Covid sales in Q1 2019 while the average car age hits record high levels in major markets like the US and Europe. S&P forecasts YoY global sales to increase 2.5% in 2024, while production is expected to remain flat as the order backlog continues to recede and inventories are gradually rebuilt. We believe part of the growth can be fuelled by price cuts, intensified competition, and the introduction of more affordable vehicles as Original equipment manufacturers (OEMs) pivot from prioritizing the more expensive vehicles to counteract smaller wallets. Incentives in the LV sector globally have resulted in a sales mix with an enhanced focus on low emission vehicles, however changes in incentives may tilt the sales mix towards hybrid electric vehicles or even cars with internal combustion engine.

## High and heavy market

The demand for construction machinery appears to have declined in Q1, evidenced by financial reports by machinery manufacturers and market reports. A slower economy in Europe and China, coupled with the anticipation of rate cuts in North America, have postponed investment decisions. Nevertheless, we anticipate that the demand will remain robust this year, particularly in North America. Here, investments in infrastructure, energy, and utilities are expected to be the primary drivers of demand for construction machinery. Commercial real estate and residential construction activities have been subdued due to higher interest rates and increased uncertainty. However, it is believed that rate cuts will gradually stimulate recovery in these sectors. Please note that not all high and heavy machinery is transported by sea, and the growth in the overall high and heavy market may diverge from the industry's demand for tonnage.

In 2023, the volumes for agricultural machinery reached record highs. However, we expect a decline in these volumes in 2024 because of weaker farming economy. The major equipment manufacturers estimate that the tractor markets will remain subdued in 2024, with indications of a 5-10 percent decrease in volumes. The UN food price index declined by 13.8 percent in 2023 but has remained stable in 2024. Despite this, the index is still at historically high levels. Lower inflation and rate cuts are expected to improve the farming economy and are presumed to have a positive impact on the demand for agricultural machinery.

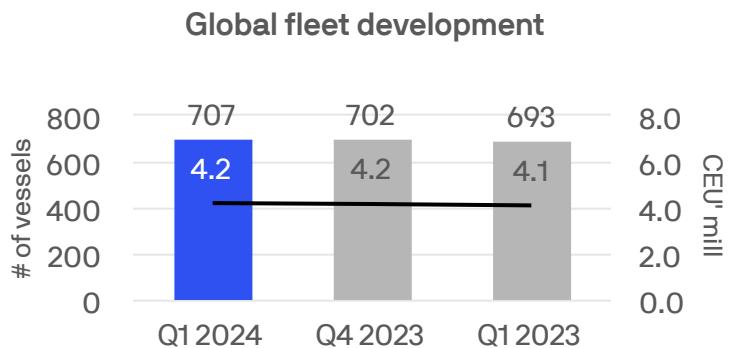
The demand for mining equipment remains strong due to elevated prices for minerals and metals. The mining industry is reporting high profits, and analysts are predicting increased CAPEX in 2024. Major manufacturers of mining equipment are reporting high order backlog and solid demand. Digitalization and automation are emerging trends within the mining industry. We anticipate that the demand for machinery equipment in the mining industry will continue to be strong in 2024.

## Global fleet

The capacity of the global car carrier fleet with size >2,000 car equivalent units (CEU) is estimated to 4.2m CEU at the end of Q1. The fleet is comprised of 707<sup>4</sup> vessels. As per information from Clarkson, five new large vessels were delivered during Q1.

According to the same source, 14 new orders were confirmed for the official orderbook in Q1 (vessels >2,000 CEU). The orderbook for deep-sea vehicle carriers is now around 199 vessels (>2,000 CEU), representing approximately 38% of the global fleet in capacity terms (CEU).

As per the current delivery schedule some 35 newbuildings are planned for delivery during the remainder of 2024, 71 vessels in 2025, 58 vessels in 2026, 30 vessels in 2027 and 7 vessels in 2028.



The RoRo market is expected to experience high utilization during 2024, in particular the first half of the year, due to deliveries being skewed towards the latter part of the year, continued congestion and expectations of solid cargo volumes.

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<sup>4</sup> after reclassification of vessel size to >2000CEU

# Sustainability

After a longer period with a positive downward trend, emissions and carbon intensity increased in Q1. In this period, geopolitical tension has resulted in increased sailing distances as vessels avoid the Red Sea and sail around Cape of Good Hope, leading to higher bunker consumption.

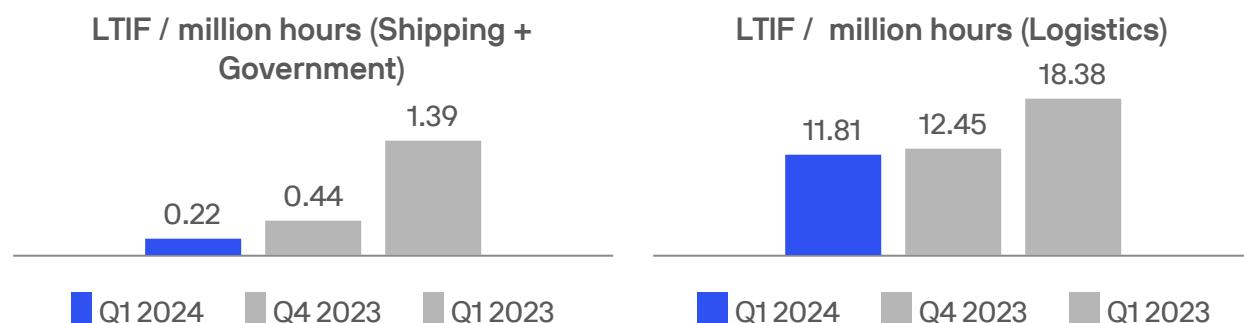
## People

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

Tragically, we experienced one fatality in January 2024 when a crew member of EUKOR's Morning Lisa died while performing cargo operations onboard in the Port of Bremerhaven, Germany. The incident is currently under investigation.

Apart from the fatality, no other Lost Time Injuries in shipping and logistics in Q1, resulting in a lost time injuries frequency (LTIF)<sup>1</sup> of 0.22.

In logistics, LTIF<sup>2</sup> decreased from 12.45 in Q4 to 11.81 in Q1. Key factors driving LTIF in logistic include congestion and weather. Four serious injuries, all of which involved fractures, were reported in our logistics segment in Q1. Three incidents were related to slip, trip and fall accidents and one was caused by natural forces. We have initiated enhanced safety engagement on sites that underperform relative to overall results. In Americas, we completed the audits and are close to have all our vehicle and processing centers certified to Occupational Health and Safety (ISO 45001). Our land-based transportation activities will be certified in 2025, and global certification will follow.



## 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 2023, the Board of Directors approved Wallenius Wilhelmsen's ambition to become Net Zero by 2040. This ambition demonstrates our commitment to mitigating climate change in line with the Paris agreement's 1.5c degree target. In order to reach our net zero target, we will continue to make direct investments in operational and technical measures that reduce the emissions of our current fleet, construct near zero fuel capable vessels and reduce emissions from our land-

<sup>1</sup> Per million exposure hours, which for our crew means 24 hours a day while at sea, including free time

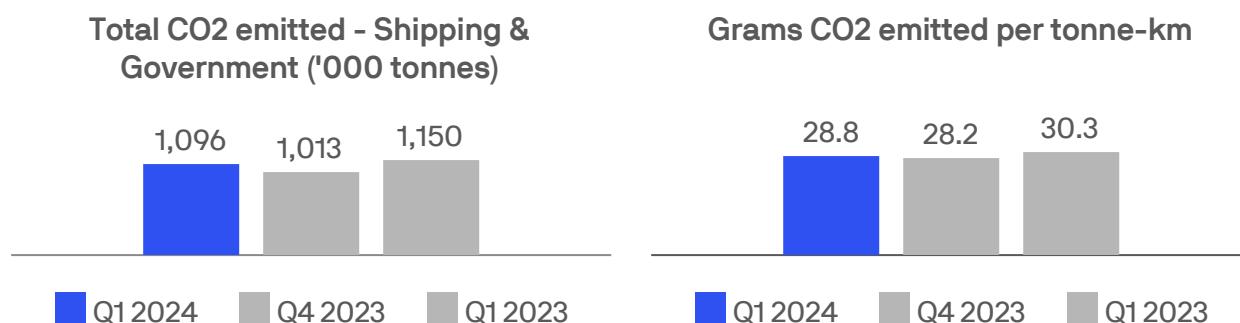
<sup>2</sup> Per million man-hours, reflects actual hours worked

based operations. Eight dual fuel methanol-capable and ammonia-ready vessels have already been ordered. Moreover, we hold options for additional vessels as commented upon in the [Fleet](#) section of the report.

Further integration of sustainability into our governance, strategy, management and corporate reporting has improved our Climate Change CDP score to a B in 2023, up from a score of C in 2022 and ahead of our sector's (marine transport) average score of B- in 2023.

Our total CO<sub>2</sub> emissions for Q1 was 1,096 thousand metric tonnes, down 5 % year-over-year and up 8 % QoQ.

Our CO<sub>2</sub> intensity in Q1 was 28.8 gCO<sub>2</sub> per tonne-km<sup>3</sup>, significantly below our 2023 intensity target of 31.2 g CO<sub>2</sub> per tonne-km.



After a longer period with a positive downward trend, emissions and carbon intensity increased in the fourth quarter of 2023 and in the first quarter of 2024. The relatively large increase in total CO<sub>2</sub> emissions (or fuel consumption) during Q1 2024 stems from longer distance covered and increased time spent at sea, all at an average higher speed than in Q4 2023. Due to the ongoing geopolitical tensions surrounding the Red Sea, we decided to re-direct vessels away from the Red Sea route in December 2023 and consequently increased speed to reduce consequences for our customers.

The impact of sailing the longer route around Africa rather than through the Suez Canal continues to influence our vessel operations within the network, coupled with the challenge of limited tonnage availability. The organization works to reduce the effects of these operational factors in the short-term, as well as with continuous focus on the long-term initiatives and plans to achieve our overall climate ambitions.

## Prosperity

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

In 2022, we launched our Sustainability-Linked Financing Framework v1.0 and have since issued approximately USD 1.1 billion of bond and bank debt with pricing linked to reducing carbon intensity in our shipping operations. Our efforts have been recognized, and we won the Marine Money Green Category Deal of the Year award for our NOK 1 billion Sustainability-Linked Bond issued in 2023.

<sup>3</sup> Energy Efficiency Operational Indicator (EEOI)

## 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 2023 Annual Report provides further details about our key risks. For 2024, we foresee a continuation of the tight tonnage situation despite indications of softening world demand for Auto and H&H. Geopolitical unrest, most recently the situation in the Red Sea, and 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.

## Related parties

For detailed information on related party transactions, please refer to note 22 Related party transactions in the group's [annual report 2023](#).

# Prospects

**2024 market balance:** The RoRo shipping market is expected to be tighter in 2024 due to strong growth in auto exports out of Asia and reduced tonnage availability due to the situation in the Red Sea. This is anticipated to more than outweigh lower H&H volumes and the projected fleet growth. In addition, logistics and government services remain in high demand. This is supportive of both contract negotiations and continued high business activity.

**Risks and challenges:** Operating on a global scale, the company continues to face geopolitical risks, trade uncertainties and supply chain challenges. Furthermore, the potential effects of the growing order book and the macro-economic situation are being closely followed.

**Impact of external events:** The cost of the Red Sea and Baltimore disruptions is estimated to be around USD 100m for 2024, assuming the Red Sea remains a non-go area in 2024 and a return to normal operations in Baltimore in June.

**Outlook for 2024:** Despite the financial implications of external events, the company expects 2024 to be another strong year, somewhat better than 2023.

Lysaker, May 7, 2024

The board of directors of Wallenius Wilhelmsen ASA

Rune Bjerke – Chair

Margareta Alestig Anna Felländer Thomas Wilhelmsen Hans Åkervall Yngvil Eriksson Åsheim

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

## Consolidated income statement

USD million	Note	Q1 2024	Q1 2023	2023
Total revenue	3	1,255	1,255	5,149
Operating expenses	3	(816)	(858)	(3,342)
<b>Operating profit before depreciation, amortization and impairment (EBITDA)</b>		<b>438</b>	<b>398</b>	<b>1,807</b>
Other gain/(loss)	2	(17)	(3)	(6)
Depreciation and amortization	4, 5, 6	(148)	(145)	(577)
Impairment	4, 5, 6	-	-	(5)
<b>Operating profit (EBIT)</b>		<b>273</b>	<b>250</b>	<b>1,218</b>
Share of profit from joint ventures and associates		1	1	3
Interest income and other financial items		67	56	122
Interest expense and other financial expenses		(123)	(114)	(309)
<b>Financial items - net</b>	7	<b>(57)</b>	<b>(58)</b>	<b>(186)</b>
<b>Profit before tax</b>		<b>217</b>	<b>193</b>	<b>1,035</b>
Tax expense	9	(33)	(20)	(68)
<b>Profit for the period</b>		<b>185</b>	<b>173</b>	<b>967</b>
<b>Profit for the period attributable to:</b>				
Owners of the parent		165	145	846
Non-controlling interests		20	28	121
Basic and diluted earnings per share (USD)		0.39	0.34	2.00

## Consolidated statement of comprehensive income

USD million	Q1 2024	Q1 2023	2023
Profit for the period	185	173	967
<b>Other comprehensive income/(loss):</b>			
<i>Items that may subsequently be reclassified to the income statement:</i>			
Currency translation adjustment	(6)	2	4
<i>Items that will not be reclassified to the income statement:</i>			
Changes in the fair value of equity investments designated at fair value through other comprehensive income	1	–	(3)
Remeasurement pension liabilities, net of tax	–	–	(3)
<b>Other comprehensive income/(loss), net of tax</b>	<b>(5)</b>	<b>2</b>	<b>(1)</b>
<b>Total comprehensive income for the period</b>	<b>180</b>	<b>174</b>	<b>966</b>
 <b>Total comprehensive income attributable to:</b>			
Owners of the parent	160	146	845
Non-controlling interests	20	28	121
<b>Total comprehensive income for the period</b>	<b>180</b>	<b>174</b>	<b>966</b>

## Consolidated balance sheet

USD million	Note	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
<b>Assets</b>				
<b>Non-current assets</b>				
Deferred tax assets	9	54	65	53
Goodwill and other intangible assets	4	351	386	360
Vessels and other tangible assets	5	3,850	3,897	3,871
Right-of-use assets	6	1,526	1,552	1,443
Other non-current assets	2	215	230	224
<b>Total non-current assets</b>		<b>5,996</b>	<b>6,130</b>	<b>5,951</b>
<b>Current assets</b>				
Fuel/lube oil		138	130	138
Trade receivables		603	589	616
Other current assets		291	279	231
Cash and cash equivalents		1,853	1,439	1,705
<b>Total current assets</b>		<b>2,885</b>	<b>2,437</b>	<b>2,690</b>
<b>Total assets</b>		<b>8,880</b>	<b>8,566</b>	<b>8,642</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	8	28	28	28
Retained earnings and other reserves		3,776	3,277	3,616
<b>Total equity attributable to owners of the parent</b>		<b>3,804</b>	<b>3,305</b>	<b>3,644</b>
Non-controlling interests		336	326	413
<b>Total equity</b>		<b>4,140</b>	<b>3,631</b>	<b>4,056</b>
<b>Non-current liabilities</b>				
Pension liabilities		36	38	39
Deferred tax liabilities	9	70	74	67
Non-current interest-bearing debt	10	1,813	2,072	1,897
Non-current lease liabilities	10	1,211	1,216	1,097
Other non-current liabilities		91	129	63
<b>Total non-current liabilities</b>		<b>3,222</b>	<b>3,529</b>	<b>3,163</b>
<b>Current liabilities</b>				
Trade payables		139	97	103
Current interest-bearing debt	10	386	347	406
Current lease liabilities	10	295	294	313
Current income tax liabilities	9	51	25	37
Other current liabilities		649	644	564
<b>Total current liabilities</b>		<b>1,519</b>	<b>1,407</b>	<b>1,423</b>
<b>Total equity and liabilities</b>		<b>8,880</b>	<b>8,566</b>	<b>8,642</b>

## Consolidated cash flow statement

USD million	Notes	Q1 2024	Q1 2023	2023
<b>Cash flow from operating activities</b>				
Profit before tax		217	193	1,035
Financial (income)/expenses		57	58	186
Share of net income from joint ventures and associates		(1)	(1)	(3)
Depreciation and amortization	4,5,6	148	145	577
Impairment		-	-	5
(Gain)/loss on sale of tangible assets		-	-	(2)
Change in net pension assets/liabilities		(3)	(2)	(2)
Change in derivative financial assets	2	17	3	6
Net change in other assets/liabilities		(18)	57	7
Tax paid		(15)	(1)	(39)
<b>Net cash flow provided by operating activities<sup>1</sup></b>		<b>402</b>	<b>452</b>	<b>1,771</b>
<b>Cash flow from investing activities</b>				
Dividend received from joint ventures and associates		-	-	1
Proceeds from sale of tangible assets		1	1	2
Investments in vessels, other tangible and intangible assets		(23)	(28)	(163)
Interest received		21	19	69
<b>Net cash flow used in investing activities</b>		<b>(1)</b>	<b>(9)</b>	<b>(91)</b>
<b>Cash flow from financing activities</b>				
Investment in subsidiaries, net of cash acquired <sup>1</sup>		-	(13)	(13)
Proceeds from loans and bonds		63	-	473
Repayment of loans and bonds	10	(132)	(53)	(655)
Repayment of lease liabilities <sup>2</sup>	10	(97)	(75)	(319)
Interest paid including interest derivatives		(55)	(53)	(218)
Realized other derivatives		(4)	(4)	(30)
Dividend to non-controlling interests		(13)	(2)	(57)
Repurchase of own shares	8	-	-	(4)
Dividend to shareholders		-	-	(362)
Net change in cash collateral	7	(14)	(19)	(4)
<b>Net cash flow used in financing activities</b>		<b>(253)</b>	<b>(219)</b>	<b>(1,190)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>148</b>	<b>223</b>	<b>490</b>
Cash and cash equivalents at beginning of period		1,705	1,216	1,216
<b>Cash and cash equivalents at end of period<sup>3</sup></b>		<b>1,853</b>	<b>1,439</b>	<b>1,705</b>

<sup>1</sup> Comparative amounts reclassified from investing activities to financing activities

<sup>2</sup> Reclassified USD 17 million from Net change in other assets/liabilities to Repayment of lease liabilities in comparatives for Q1 2023

<sup>3</sup> 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
<b>2024</b>								
<b>Balance at December 31, 2023</b>		<b>28</b>	-	<b>28</b>	<b>3,616</b>	<b>3,644</b>	<b>413</b>	<b>4,056</b>
Profit for the period		-	-	-	165	165	20	185
Other comprehensive loss		-	-	-	(4)	(4)	-	(5)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>160</b>	<b>20</b>	<b>180</b>
Disposal of own shares	8	-	-	-	-	-	-	-
Change in non-controlling interests		-	-	-	-	-	-	-
Dividend to owners of the parent		-	-	-	-	-	-	-
Dividend to non-controlling interests		-	-	-	-	-	(97)	(97)
<b>Balance at March 31, 2024</b>		<b>28</b>	-	<b>28</b>	<b>3,776</b>	<b>3,804</b>	<b>336</b>	<b>4,140</b>

USD million	Note	Share capital	Own shares	Total share capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
<b>2023</b>								
<b>Balance at December 31, 2022</b>		<b>28</b>	-	<b>28</b>	<b>3,125</b>	<b>3,153</b>	<b>355</b>	<b>3,508</b>
Profit for the period		-	-	-	145	145	28	173
Other comprehensive loss		-	-	-	1	1	-	2
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>146</b>	<b>28</b>	<b>174</b>
Change in non-controlling interests		-	-	-	6	6	(6)	-
Dividend to non-controlling interests		-	-	-	-	-	(52)	(52)
<b>Balance at March 31, 2023</b>		<b>28</b>	-	<b>28</b>	<b>3,277</b>	<b>3,305</b>	<b>326</b>	<b>3,631</b>

USD million	Note	Share capital	Own shares	Total share capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
<b>2023</b>								
<b>Balance at December 31, 2022</b>		<b>28</b>	-	<b>28</b>	<b>3,125</b>	<b>3,153</b>	<b>355</b>	<b>3,508</b>
Profit for the period		-	-	-	846	846	121	967
Other comprehensive loss		-	-	-	(1)	(1)	-	(1)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>845</b>	<b>845</b>	<b>121</b>	<b>966</b>
Disposal of own shares		-	-	-	3	3	-	3
Repurchase of own shares		-	-	-	(4)	(4)	-	(4)
Change in non-controlling interests		-	-	-	5	5	(6)	-
Dividend to owners of the parent		-	-	-	(359)	(359)	-	(359)
Dividend to non-controlling interests		-	-	-	-	-	(57)	(57)
<b>Balance at December 31, 2023</b>		<b>28</b>	-	<b>28</b>	<b>3,616</b>	<b>3,644</b>	<b>413</b>	<b>4,056</b>

## 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, 2023 for Wallenius Wilhelmsen ASA group (the group), which have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU.

The accounting policies implemented are consistent with those of the annual financial statements for the group for the year ended December 31, 2023.

### 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 in local legislation in Korea where an important input variable is the taxable results in EUKOR for the three previous calendar years, i.e., 2021, 2022 and 2023, updated only at each year-end, meaning that the exercise price for Q4 2023 through Q3 2024 is calculated based on these results while Q4 2022 through Q3 2023 were calculated based on EUKOR's taxable results for 2020, 2021, and 2022. 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 first quarter of 2024, the change in the value of the net derivative was USD 17 million recognized as a loss within Other gain/(loss) in the income statement, compared to a loss of 3 million in the first quarter of 2023.

The financial derivative is recognized in Other non-current assets in the balance sheet and has a carrying value of USD 82 million at March 31, 2024, compared to USD 98 million at December 31, 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 assessed and remain 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 - YTD

USD million	Shipping services			Logistics services			Government services			Holding & eliminations			Total		
	Q1 2024	Q1 2023	2023	Q1 2024	Q1 2023	2023	Q1 2024	Q1 2023	2023	Q1 2024	Q1 2023	2023	Q1 2024	Q1 2023	2023
Net freight revenue	785	778	3,277	-	-	-	34	35	182	-	-	-	819	813	3,459
Fuel surcharges	137	174	588	-	-	-	-	1	4	-	-	-	138	176	592
Operating revenue	4	2	7	267	247	1,024	28	18	67	-	-	-	298	267	1,098
Internal operating revenue	2	3	8	34	30	124	28	17	72	(63)	(50)	(204)	-	-	-
<b>Total revenue</b>	<b>927</b>	<b>956</b>	<b>3,881</b>	<b>300</b>	<b>277</b>	<b>1,148</b>	<b>90</b>	<b>72</b>	<b>324</b>	<b>(63)</b>	<b>(50)</b>	<b>(204)</b>	<b>1,255</b>	<b>1,255</b>	<b>5,149</b>
Cargo expenses	(129)	(150)	(601)	-	-	-	(13)	(9)	(31)	45	37	150	(96)	(121)	(482)
Fuel	(215)	(222)	(790)	-	-	-	(8)	(8)	(30)	-	-	-	(223)	(229)	(820)
Other voyage expenses	(79)	(111)	(409)	-	-	-	(4)	(3)	(12)	-	-	-	(83)	(114)	(420)
Ship operating expenses	(64)	(61)	(251)	-	-	-	(23)	(19)	(79)	-	-	-	(87)	(80)	(330)
Charter expenses	(36)	(31)	(132)	-	-	-	(2)	(3)	(6)	15	9	40	(23)	(25)	(98)
Manufacturing cost	-	-	-	(94)	(88)	(374)	(1)	(2)	(8)	2	3	9	(92)	(87)	(373)
Other operating expenses <sup>1</sup>	12	(1)	(1)	(118)	(112)	(442)	(1)	(2)	(7)	(12)	-	-	(119)	(115)	(450)
Selling, general and admin expenses	(39)	(41)	(170)	(43)	(40)	(158)	(6)	(5)	(21)	(6)	(1)	(20)	(93)	(87)	(369)
<b>Total operating expenses</b>	<b>(549)</b>	<b>(616)</b>	<b>(2,354)</b>	<b>(254)</b>	<b>(240)</b>	<b>(974)</b>	<b>(57)</b>	<b>(50)</b>	<b>(193)</b>	<b>44</b>	<b>48</b>	<b>179</b>	<b>(816)</b>	<b>(858)</b>	<b>(3,342)</b>
<b>Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)</b>	<b>378</b>	<b>341</b>	<b>1,527</b>	<b>46</b>	<b>37</b>	<b>174</b>	<b>34</b>	<b>23</b>	<b>130</b>	<b>(19)</b>	<b>(2)</b>	<b>(25)</b>	<b>438</b>	<b>398</b>	<b>1,807</b>
<b>EBITDA margin (%)</b>	<b>40.7 %</b>	<b>35.6 %</b>	<b>39.3 %</b>	<b>15.3 %</b>	<b>13.2 %</b>	<b>15.2 %</b>	<b>37.1 %</b>	<b>31.4 %</b>	<b>40.3 %</b>	<b>29.9 %</b>	<b>4.4 %</b>	<b>12.2 %</b>	<b>34.9 %</b>	<b>31.7 %</b>	<b>35.1 %</b>
Other gain/(loss)	(17)	(3)	(6)	-	-	-	-	-	-	-	-	-	(17)	(3)	(6)
Depreciation	(103)	(108)	(427)	(27)	(18)	(76)	(9)	(9)	(36)	1	1	4	(139)	(134)	(536)
Amortization	(1)	(1)	(5)	(7)	(8)	(30)	(2)	(2)	(6)	-	-	-	(10)	(11)	(41)
Impairment	-	-	(5)	-	-	-	-	-	-	-	-	-	-	-	(5)
<b>Operating profit/(loss) (EBIT)</b>	<b>256</b>	<b>229</b>	<b>1,083</b>	<b>12</b>	<b>10</b>	<b>68</b>	<b>23</b>	<b>13</b>	<b>88</b>	<b>(18)</b>	<b>(1)</b>	<b>(21)</b>	<b>273</b>	<b>250</b>	<b>1,218</b>
Share of profit/(loss) from joint ventures and associates	-	-	-	1	1	3	-	-	-	-	-	-	1	1	3
Financial income/(expense)	(16)	(35)	(114)	(23)	(3)	(28)	-	(1)	(2)	(17)	(18)	(42)	(57)	(58)	(186)
<b>Profit/(loss) before tax</b>	<b>240</b>	<b>193</b>	<b>969</b>	<b>(10)</b>	<b>8</b>	<b>43</b>	<b>22</b>	<b>12</b>	<b>86</b>	<b>(35)</b>	<b>(20)</b>	<b>(62)</b>	<b>217</b>	<b>193</b>	<b>1,035</b>
Tax income/(expense)	(24)	(18)	(53)	(8)	(2)	(22)	-	-	(3)	-	-	10	(33)	(20)	(68)
<b>Profit/(loss) for the period</b>	<b>215</b>	<b>175</b>	<b>916</b>	<b>(18)</b>	<b>6</b>	<b>21</b>	<b>22</b>	<b>12</b>	<b>82</b>	<b>(35)</b>	<b>(20)</b>	<b>(52)</b>	<b>185</b>	<b>173</b>	<b>967</b>
<b>Profit for the period attributable to:</b>															
Owners of the parent	196	147	796	(18)	5	20	22	12	82	(35)	(20)	(52)	165	145	846
Non-controlling interests	20	28	120	-	-	1	-	-	-	-	-	-	20	28	121

<sup>1</sup> Sale of a vessel from shipping to government services in Q1 2024 resulted in a USD 12 million gain 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 <sup>1</sup>	Total goodwill and other intangible assets
<b>2024</b>				
<b>Cost at January 1</b>	<b>346</b>	<b>421</b>	<b>79</b>	<b>846</b>
Additions	-	-	-	-
Disposal	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
<b>Cost at March 31</b>	<b>346</b>	<b>421</b>	<b>79</b>	<b>846</b>
Accumulated amortization and impairment losses at January 1	(145)	(295)	(45)	(485)
Amortization	-	(8)	(2)	(10)
Impairment	-	-	-	-
Disposal	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
<b>Accumulated amortization and impairment losses at March 31</b>	<b>(145)</b>	<b>(304)</b>	<b>(46)</b>	<b>(495)</b>
<b>Carrying amount at March 31</b>	<b>201</b>	<b>117</b>	<b>33</b>	<b>351</b>
<b>USD million</b>	<b>Goodwill</b>	<b>Customer relations/ contracts</b>	<b>Other intangible assets<sup>1</sup></b>	<b>Total goodwill and other intangible assets</b>
<b>2023</b>				
<b>Cost at January 1</b>	<b>346</b>	<b>421</b>	<b>68</b>	<b>834</b>
Additions	-	-	12	12
Disposal	-	-	(1)	(1)
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
<b>Cost at December 31</b>	<b>346</b>	<b>421</b>	<b>79</b>	<b>846</b>
Accumulated amortization and impairment losses at January 1	(145)	(261)	(33)	(439)
Amortization	-	(34)	(7)	(41)
Impairment <sup>2</sup>	-	-	(5)	(5)
Disposal	-	-	-	-
Reclassification	-	-	-	-
Currency translation adjustment	-	-	-	-
<b>Accumulated amortization and impairment losses at December 31</b>	<b>(145)</b>	<b>(295)</b>	<b>(45)</b>	<b>(485)</b>
<b>Carrying amount at December 31</b>	<b>201</b>	<b>125</b>	<b>34</b>	<b>360</b>

<sup>1</sup> "Other intangible assets" primarily include port use rights and software.

<sup>2</sup> In the fourth quarter of 2023 an impairment loss of USD 5 million was recognized related to intangible assets under development in the Shipping services segment.

## Note 5. Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking	Vessel related projects <sup>1</sup>	Total tangible assets
<b>2024</b>					
Cost at January 1	142	118	5,705	54	6,019
Additions	2	6	10	6	23
Disposal	-	(2)	(14)	-	(16)
Reclassification	-	-	60	(4)	56
Currency translation adjustment	(3)	(1)	-	-	(4)
<b>Cost at March 31</b>	<b>140</b>	<b>120</b>	<b>5,761</b>	<b>57</b>	<b>6,078</b>
Accumulated depreciation and impairment losses at January 1					
	(38)	(60)	(2,050)	-	(2,148)
Depreciation	(2)	(3)	(66)	-	(71)
Disposal	-	1	14	-	15
Reclassification	-	-	(26)	-	(26)
Currency translation adjustment	1	1	-	-	2
<b>Accumulated depreciation and impairment losses at March 31</b>	<b>(39)</b>	<b>(61)</b>	<b>(2,128)</b>	<b>-</b>	<b>(2,228)</b>
<b>Carrying amount at March 31</b>	<b>101</b>	<b>59</b>	<b>3,633</b>	<b>57</b>	<b>3,850</b>
<b>2023</b>					
Cost at January 1	121	117	5,584	8	5,829
Additions	9	17	66	59	151
Disposal	(1)	(6)	(43)	-	(50)
Reclassification	12	(13)	98	(12)	85
Currency translation adjustment	1	2	-	-	3
<b>Cost at December 31</b>	<b>142</b>	<b>118</b>	<b>5,705</b>	<b>54</b>	<b>6,019</b>
Accumulated depreciation and impairment losses at January 1					
	(29)	(52)	(1,806)	-	(1,887)
Depreciation	(9)	(12)	(261)	-	(282)
Disposal	1	5	43	-	49
Reclassification	-	-	(26)	-	(25)
Currency translation adjustment	(1)	(1)	-	-	(2)
<b>Accumulated depreciation and impairment losses at December 31</b>	<b>(38)</b>	<b>(60)</b>	<b>(2,050)</b>	<b>-</b>	<b>(2,148)</b>
<b>Carrying amount at December 31</b>	<b>104</b>	<b>58</b>	<b>3,655</b>	<b>54</b>	<b>3,871</b>

<sup>1</sup> Vessel related projects include installments on newbuilds and scrubber installations. The remaining capital commitment for the eight contracted newbuilds at March 31, 2024 is approx. USD 800 million.

## Note 6. Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
<b>2024</b>				
Cost at January 1	628	1,577	49	2,255
Additions	93	-	1	95
Lease modifications	110	-	-	110
Disposal	(4)	-	(3)	(7)
Reclassification	-	(56)	-	(56)
Currency translation adjustment	(14)	-	-	(14)
<b>Cost at March 31</b>	<b>814</b>	<b>1,521</b>	<b>47</b>	<b>2,382</b>
Accumulated depreciation and impairment losses at January 1	(199)	(588)	(25)	(812)
Depreciation	(24)	(41)	(3)	(67)
Disposal	3	-	3	6
Reclassification	(13)	26	-	13
Currency translation adjustment	4	-	-	4
<b>Accumulated depreciation and impairment losses at March 31</b>	<b>(229)</b>	<b>(603)</b>	<b>(24)</b>	<b>(856)</b>
<b>Carrying amount at March 31</b>	<b>585</b>	<b>918</b>	<b>23</b>	<b>1,526</b>
<b>USD million</b>	<b>Property &amp; land</b>	<b>Vessels</b>	<b>Other assets</b>	<b>Total leased assets</b>
<b>2023</b>				
Cost at January 1	553	1,641	44	2,237
Additions	29	-	8	37
Lease modifications	68	51	1	121
Disposal	(28)	(27)	(4)	(59)
Reclassification	-	(88)	-	(88)
Currency translation adjustment	6	1	-	7
<b>Cost at December 31</b>	<b>628</b>	<b>1,577</b>	<b>49</b>	<b>2,255</b>
Accumulated depreciation and impairment losses at January 1	(158)	(462)	(17)	(637)
Depreciation	(64)	(178)	(11)	(253)
Disposal	25	27	4	56
Reclassification	-	26	-	26
Currency translation adjustment	(2)	-	-	(2)
<b>Accumulated depreciation and impairment losses at December 31</b>	<b>(199)</b>	<b>(588)</b>	<b>(25)</b>	<b>(812)</b>
<b>Carrying amounts at December 31</b>	<b>429</b>	<b>990</b>	<b>25</b>	<b>1,443</b>

## Note 7. Financial items - net

USD million	Q1 2024	Q1 2023	2023
Financial income			
Interest income	21	19	69
Other financial income	-	-	6
<b>Net financial income</b>	<b>21</b>	<b>19</b>	<b>74</b>
Financial expenses			
Interest expenses	(77)	(58)	(244)
Interest rate derivatives - realized	7	5	27
Interest rate derivatives - unrealized	7	(10)	(17)
Other financial expenses	(3)	(6)	(16)
Loss on sale investments	-	-	-
<b>Net financial expenses</b>	<b>(65)</b>	<b>(69)</b>	<b>(251)</b>
Net currency gain/(loss)	31	32	21
Foreign currency derivatives - realized	(4)	(4)	(30)
Foreign currency derivatives - unrealized <sup>1</sup>	(40)	(35)	(1)
<b>Net currency</b>	<b>(13)</b>	<b>(7)</b>	<b>(10)</b>
<b>Financial income/(expenses)</b>	<b>(57)</b>	<b>(58)</b>	<b>(186)</b>

<sup>1</sup> On March 31, 2024, the group had posted USD 20 million in cash collateral relating to cross-currency swaps for the four outstanding NOK bonds to the counterparties. 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 first quarter of 2024 was USD 0.39 compared with USD 0.34 in the same quarter last year. Basic earnings per share for the year ended December 31, 2023 was USD 2.00.

The company's number of shares:	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Total number of shares (nominal value NOK 0.52)	423,104,938	423,104,938	423,104,938
Own shares	568,338	586,119	568,338
			NOK million
The company's share capital is as follows, translated to USD at the historical exchange rate:	220	28	USD million

## 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 33 million for the first quarter 2024, compared with a tax expense of USD 20 million for the same quarter in 2023. The tax expense Q1 2024 relates primarily to withholding taxes on dividends paid by subsidiaries and income tax payable in the logistics segment. 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.

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Norway, the jurisdiction in which Wallenius Wilhelmsen ASA is incorporated, and came into effect from January 1, 2024. The group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Under the legislation, the group is liable to pay a top-up tax for the difference between their GloBE (Global Anti-Base Erosion Rules) effective tax rate per jurisdiction and the 15 percent minimum rate. The group is in the process of assessing its exposure to the Pillar Two legislation.

A total provision of USD 0.8 million pertaining to Pillar II top up tax is included in tax expense in the current quarter. The estimates are based on 15 % top up tax on net profit before tax in the entities defined as stateless according to the GloBE regulations.

## Note 10. Interest-bearing debt

USD million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Non-current interest-bearing debt	1,813	2,072	1,897
Non-current lease liabilities	1,211	1,216	1,097
Current interest-bearing debt	386	347	406
Current lease liabilities	295	294	313
<b>Total interest-bearing debt</b>	<b>3,706</b>	<b>3,929</b>	<b>3,713</b>
Cash and cash equivalents	1,853	1,439	1,705
<b>Net Interest-bearing debt</b>	<b>1,852</b>	<b>2,490</b>	<b>2,007</b>

### Repayment schedule for interest-bearing debt

USD million	Bank loans	Bonds	Leasing commitments	Other interest bearing debt	Mar 31, 2024
Due in 2024	181	136	217	-	534
Due in 2025	338	-	259	-	597
Due in 2026	275	185	195	-	654
Due in 2027	210	115	142	-	467
Due in 2028 and later	680	92	694	-	1,467
<b>Total repayable interest-bearing debt</b>	<b>1,684</b>	<b>529</b>	<b>1,507</b>	<b>-</b>	<b>3,720</b>
Amortized financing costs	(10)	(4)	-	-	(14)
<b>Total</b>	<b>1,674</b>	<b>524</b>	<b>1,507</b>	<b>-</b>	<b>3,706</b>

### 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, 2023	1,897	406	1,097	313	3,713
Proceeds from loans and bonds	50	13	-	-	63
Repayments of loans, bonds and leases	-	(132)	-	(97)	(229)
New lease contracts and amendments, net	-	-	103	9	112
Foreign exchange movements	(27)	(9)	(11)	(1)	(48)
Other non-cash movements	2	-	-	-	2
Reclassification	(109)	109	22	71	93
<b>Total interest-bearing debt March 31, 2024</b>	<b>1,813</b>	<b>386</b>	<b>1,211</b>	<b>295</b>	<b>3,706</b>

USD million	Non-current interest- bearing debt	Current interest- bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
<b>Total debt December 31, 2022</b>	<b>2,200</b>	<b>316</b>	<b>1,254</b>	<b>317</b>	<b>4,087</b>
Proceeds from loans and bonds	473	-	-	-	473
Repayments of loans, bonds and leases	(50)	(605)	-	(319)	(975)
New lease contracts and amendments, net	-	-	26	128	154
Foreign exchange movements	12	(25)	4	-	(10)
Other non-cash movements	-	(18)	-	-	(17)
Reclassification	(738)	738	(187)	187	-
<b>Total interest-bearing debt December 31, 2023</b>	<b>1,897</b>	<b>406</b>	<b>1,097</b>	<b>313</b>	<b>3,713</b>

In Q1 2024, EUKOR repaid the debt for two vessels at maturity and exercised a purchase option for a third vessel with cash at the end of its long-term lease agreement. EUKOR maintains USD 50 million in undrawn revolving credit facility capacity after cancelling two undrawn revolving credit facilities at maturity in Q1

In Q1 2024, ARC purchased ARC Honor (formerly M/V Tulane) from Wallenius Wilhelmsen Ocean financed by a USD 63 million increase in its bank debt facility. Wallenius Wilhelmsen Ocean repaid USD 27 million of debt related to the sold vessel.

Undrawn credit facilities were USD 372 million at March 31, 2024 (USD 397 million at December 31, 2023) as EUKOR has cancelled an RCF of USD 25 million.

At March 31, 2024, the group had 19 unencumbered vessels with a total net carrying value of USD 365 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, including on-going class action processes. 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. Events after the balance sheet date

On April 9 2024, the group announced the signing of a USD 1billion plus multi-year contract with a global player in the premium car segment. The contract includes services both from the Shipping and Logistics segments as well as the use of biofuels. It spans over a three-year period and there are mutual options to extend the contract by up to two years. The various parts of the contract commenced between January and April 2024.

At the company's AGM on 30 April 2024 the dividend payment linked to the 2023 results of USD 1.14 per share was approved. Moreover, the AGM approved the company's revised dividend policy allowing for semi-annual pay-as-you-go dividend payments as well as extraordinary dividends at the board's discretion. The first possible payment declaration under the revised dividend policy will be in connection with the Q2 2024 report.

## 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	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Non-current interest-bearing loans and bonds	1,813	2,072	1,897
Non-current lease liabilities	1,211	1,216	1,097
Current interest-bearing loans and bonds	386	347	406
Current lease liabilities	295	294	313
Total interest-bearing debt	3,706	3,929	3,713
Less cash and cash equivalents	1,853	1,439	1,705
Net Interest-bearing debt	1,852	2,490	2,007

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

USD million	YTD 2024	YTD 2023	2023
Net Interest-bearing debt	1,852	2,490	2,007
Last twelve months adjusted EBITDA	1,847	1,625	1,807
Net interest-bearing debt/adjusted EBITDA ratio	1.0x	1.5x	1.1x

## Equity ratio

USD million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Total equity	4,140	3,631	4,056
Total assets	8,880	8,566	8,642
Equity ratio	46.6 %	42.4 %	46.9 %

### Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	Q1 2024	Q1 2023	2023
Total revenue	1,255	1,255	5,149
Operating expenses	(816)	(858)	(3,342)
EBITDA	438	398	1,807
EBITDA shipping services	378	341	1,527
Loss/(gain) on sale of vessel	(12)	—	—
Anti-trust expense/ (reversal of expenses)	—	—	—
EBITDA adjusted shipping services	366	341	1,527
EBITDA logistics services	46	37	174
EBITDA adjusted logistics services	46	37	174
EBITDA government services	34	23	130
Loss/(gain) on sale of vessel	—	—	—
EBITDA adjusted government services	34	23	130
EBITDA holding/eliminations	(19)	(2)	(25)
Loss/(gain) on sale of vessel	12	—	—
EBITDA adjusted holding/eliminations	(7)	(2)	(25)
EBITDA adjusted	438	398	1,807

### Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Q1 2024	Q1 2023	2023
EBITDA	438	398	1,807
Other gain/(loss)	(17)	(3)	(6)
Depreciation and amortization	(148)	(145)	(577)
Impairment	—	—	(5)
EBIT	273	250	1,218
Anti-trust expense/(reversal of expense)	—	—	—
Gain on sale of vessel	—	—	—
Change in fair value of derivative financial asset	17	3	6
Impairment goodwill and intangible assets	—	—	5
Total adjustments	17	3	11
EBIT adjusted	290	253	1,229
Profit for the period	185	173	967
Total adjustments	17	3	11
Profit for the period adjusted	201	176	978

## Reconciliation of total assets to capital employed and ROCE calculation

USD million	LTM average		
	Q1 2024	Q1 2023	2023
Total assets	8,602	8,280	8,534
Less Total liabilities	4,756	4,997	4,817
Total equity	3,847	3,283	3,717
Total interest-bearing debt	3,768	4,059	3,850
Capital employed	7,615	7,342	7,567
EBIT last twelve months	1,242	1,004	1,218
EBIT last twelve months adj	1,266	1,067	1,229
ROCE	16.3 %	13.7 %	16.1 %
ROCE adjusted	16.6 %	14.5 %	16.2 %