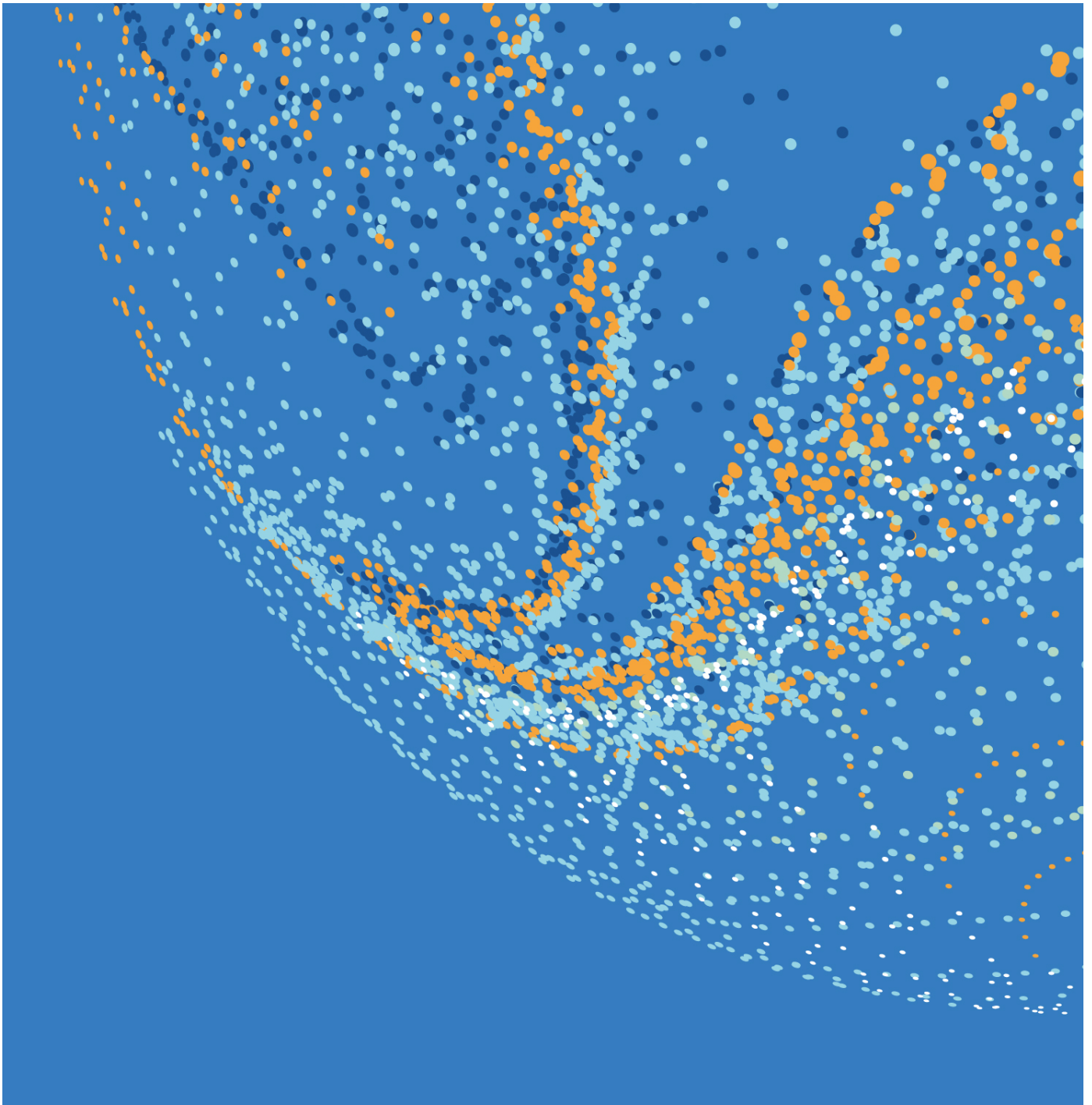


WILH. WILHELMSSEN HOLDING ASA

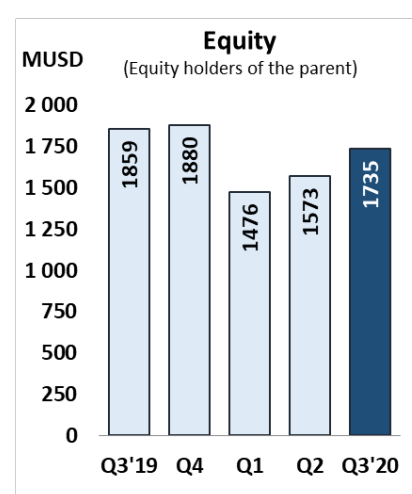
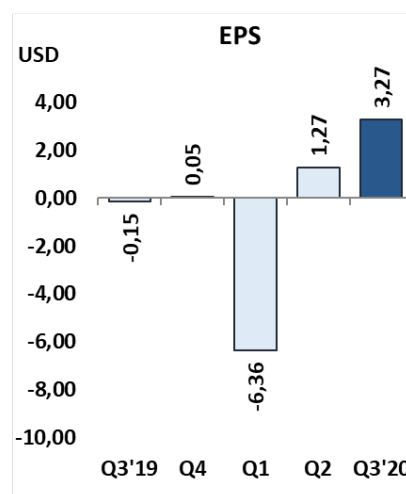
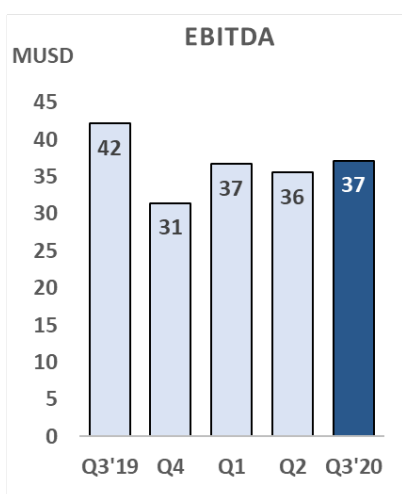
Third quarter 2020



Highlights for the quarter

- Stable contribution from operating activities and a strong increase in financial asset values resulting in a USD 146 million net profit after non-controlling interests.
- USD 37 million in EBITDA.
 - Gradual recovery in maritime services income and earnings.
 - Stable development for supply services.
- USD 3 million profit from associates.
 - Rebound in Wallenius Wilhelmsen’s auto volume from second quarter lows.
- USD 174 million gain on investments and other financial items.
 - Strong uplift in market value of Hyundai Glovis.
 - Sale of part of shareholding in Qube Holdings.
- Agreement signed for acquiring a 50% stake in Ahrenkiel Steamship, a German based container ship management company.
- Agreement signed for acquiring 25% of Østensjø Group's growing offshore wind company, Edda Wind, with an option to buy another 25% before June 2021.

Key figures



Financial performance

USD mill - unless otherwise indicated	Q3'20	Q2'20	Q-on-Q Change	Q3'19	Y-o-Y Change	01.01- 30.09.20	01.01- 30.09.19	Y-o-Y Change
Total income	198	197	0 %	220	-10 %	610	626	-3 %
- of which operating revenue	199	195	2 %	219	-9 %	607	611	-1 %
- of which gain/(loss) on sale of assets	-1	2		1		3	15	-82 %
EBITDA	37	36	4 %	42	-12 %	109	118	-7 %
Operating profit/EBIT	21	10	102 %	24	-15 %	52	66	-22 %
Share of profit/(loss) from associates	3	-21	neg.	18	-81 %	-78	37	neg.
Change in fair value financial assets	164	69		-37		-23	59	
Other financial income/(expenses)	10	18		-20		-21	-19	
Profit/(loss) before tax/EBT	198	76	159 %	-15	neg.	-70	142	neg.
Tax income/(expenses)	-4	-5		-2		-5	-6	
Profit/(loss) for the period	193	71	172 %	-17	neg.	-75	136	neg.
Profit/(loss) to owners of the parent	146	57	157 %	-7	neg.	-81	111	neg.
EPS (USD)	3,27	1,27	157 %	-0,15	neg.	-1,82	2,40	neg.
Other comprehensive income	17	52		-43		-55	-36	
Total comprehensive income	211	123	72 %	-61	neg.	-130	100	neg.
Total comprehensive income owners of parent	163	108	52 %	-47	neg.	-132	78	neg.
Total assets	3 075	2 857	8 %	3 256	-6 %	3 075	3 256	-6 %
Equity parent	1 735	1 573	10 %	1 859	-7 %	1 735	1 859	-7 %
Total equity	1 935	1 726	12 %	2 068	-6 %	1 935	2 068	-6 %
Equity ratio	63 %	60 %	3 %	64 %	-1 %	63 %	64 %	-1 %

Group result

Total income for the Wilh. Wilhelmsen Holding ASA group (referred to as Wilhelmsen or group) was USD 198 million in the third quarter of 2020. This was down 10% from the corresponding period last year and on par with the previous quarter. The reduction in income from last year was mainly due to lower activity within maritime services. When compared with the previous quarter, both maritime services and supply services had a stable development.

EBITDA was USD 37 million, down 12% from one year earlier, but up 4% from the second quarter. EBITDA followed the development in total income, with lower contribution from maritime services compared with last year. Compared with the previous quarter, EBITDA was up for both maritime services and supply services.

Share of profit from associates was USD 3 million, mainly from the 37.8% shareholding in Wallenius Wilhelmsen ASA.

Change in fair value of financial assets was positive with USD 164 million, mainly due to a strong increase in the Hyundai Glovis share price. Other financials were an income of USD 10 million, primarily from gains on financial investments and derivatives.

Net profit to owners of the parent was USD 146 million for the quarter, equal to USD 3.27 earnings per share (EPS).

Other comprehensive income for the quarter was a gain of USD 17 million, primarily related to currency translation differences on non-USD assets.

Total comprehensive income, including net profit and other comprehensive income, attributable to owners of the parent was USD 163 million.

Group balance sheet

Total assets were up 8% in the third quarter mainly due to an increase in fair value of financial assets.

The profit for the period lifted equity attributable to owners of the parent with 10% to USD 1 735 million. As of 30 September, the group equity ratio was 63%.

Group cash, liquidity, and debt

USD mill	Cash & cash equiv.	Curr. fin. inv.	Leasing debt	IBD	NIBD
Maritime services	168	0	43	199	74
Supply services	0	0	116	253	369
Holding and investments	31	103	19	0	-116
Elimination	0	0	-5	-13	-18
Wilhelmsen group	199	104	173	439	309

Cash and cash equivalents were USD 199 million at the end of the third quarter, up USD 50 million from the previous quarter. The cash balance was lifted by a strong USD 62 million in net cash from operating activities and proceeds from sale of shares in Qube Holdings.

Total interest-bearing debt including leasing debt was USD 612 million by the end of the quarter, in line with the previous quarter.

Segment information

Maritime services

The maritime services segment includes ships service, ship management and other maritime services activities.

USD mill - unless otherwise indicated	Q3'20	Q2'20	Q-on-Q Change	Q3'19	Y-o-Y Change	01.01- 30.09.20	01.01- 30.09.19	Y-o-Y Change
Total income	130	130	0 %	150	-13 %	407	440	-7 %
- Ships service	115	117	-2 %	134	-14 %	364	397	-8 %
- Ship management	15	14	11 %	16	-2 %	43	42	3 %
- Other/eliminations	0	0		0		0	1	
EBITDA	24	21	16 %	31	-24 %	71	80	-12 %
- EBITDA margin (%)	18 %	16 %		21 %		17 %	18 %	
Operating profit/EBIT	16	3	385 %	24	-31 %	39	59	-34 %
- EBIT margin (%)	13 %	3 %		16 %		10 %	13 %	
Share of profit/(loss) from associates	0	0	55 %	1	-55 %	1	3	-53 %
Change in fair value financial assets	0	0		0		0	-27	
Other financial income/(expenses)	6	10		-18		-31	-28	
Tax income/(expense)	-4	-4		-2		-2	-2	
Profit/(loss)	19	10	97 %	5	266 %	7	6	22 %
- Profit margin (%)	15 %	7 %		3 %		2 %	1 %	
- Non controlling interests	0	0		0		1	1	
Profit/(loss) to owners of the parent	19	10	97 %	5	267 %	7	5	30 %

Maritime services result

Total income from maritime services was USD 130 million in the third quarter. This was down 13% from the corresponding period last year, but on par with the second quarter.

EBITDA was USD 24 million, down 24% from the corresponding period previous year. Compared with the second quarter, EBITDA was up 16%.

Total financial items were positive with USD 6 million, including a net USD 8 million currency gain. Tax was included with an expense of USD 4 million.

The quarter ended with a net profit after non-controlling interests of USD 19 million.

Ships service

Wilhelmsen Ships Service is a global provider of standardised product brands and service solutions to the maritime industry, focusing on marine products, maritime logistics and ships agency. Ships service is fully owned by Wilhelmsen.

Total income for ships service was USD 115 million, down 14% from the corresponding period last year and down 2% from the second quarter. Sale of marine products and income from agency services both saw some recovery from the second quarter lows, but remained well below pre-pandemic levels mainly due to continued low cruise activities. Non-marine income continued to benefit from demand for sanitizing products, but with sale down from a very strong second quarter.

EBITDA improved from the second quarter, but remained below previous year due to reduced income.

Ship management

Wilhelmsen Ship Management provides full technical management, crewing and related services for all major vessel types, and includes 50% of NorSea Wind. Ship management is fully owned by Wilhelmsen.

Total income for ship management was USD 15 million, a reduction of 2% from the corresponding period last year, but up 11% from the second quarter. The increase in income from the second quarter was due to more lay-up activities and a continuous growth within offshore wind.

EBITDA followed development in income, with a reduction from last year, but up from the second quarter.

In July, Wilhelmsen Ship Management signed an agreement to acquire a 50% stake in Ahrenkiel Steamship GmbH & Co KG, the technical container ship manager within the MPC Capital Group. The transaction was completed in October (post quarter), with activity to be reported as an associate. The company, which will operate under the brand Wilhelmsen Ahrenkiel Ship Management, currently manages a fleet of 72 container ships.

Other maritime services activities

This includes Wilhelmsen Insurance Services (fully owned by Wilhelmsen) and certain corporate activities and investments.

Wilhelmsen Insurance Services had a stable performance, with total income and EBITDA in line with previous quarters.

Segment information

Supply services

The supply services segment includes NorSea Group, WilNor Governmental Services and other supply services activities.

USD mill			Q-on-Q		Y-o-Y	01.01-	01.01-	Y-o-Y
- unless otherwise indicated	Q3'20	Q2'20	Change	Q3'19	Change	30.09.20	30.09.19	Change
Total income	67	66	1 %	69	-4 %	198	183	8 %
- NorSea Group	66	65	1 %	68	-3 %	196	181	8 %
- Other/eliminations	1	1	32 %	1	-34 %	2	3	-4 %
EBITDA	16	16	2 %	15	5 %	44	47	-5 %
- EBITDA margin (%)	24 %	24 %		22 %		22 %	26 %	
Operating profit/EBIT	8	8	-6 %	5	48 %	21	19	9 %
- EBIT margin (%)	12 %	13 %		8 %		11 %	11 %	
Share of profit/(loss) from associates	1	2	-74 %	4	-85 %	6	11	-46 %
Other financial income/(expenses)	-4	-3		-5		-13	-14	
Tax income/(expense)	0	0		-1		0	-3	
Profit/(loss)	4	7	-41 %	2	94 %	14	13	5 %
- Profit margin (%)	6 %	11 %		3 %		7 %	7 %	
- Non controlling interests	1	2		0		4	3	
Profit/(loss) to owners of the parent	3	5	-41 %	2	77 %	10	10	1 %

Supply services result

Total income from supply services was USD 67 million in the third quarter. This was down 4% from the corresponding period last year and up 1% from the second quarter.

EBITDA was USD 16 million, up 5% from the corresponding period last year and up 2% from the previous quarter.

Share of profit from associates was USD 1 million in the third quarter, while other financials were a net expense of USD 4 million.

Net profit after non-controlling interests was USD 3 million for the quarter.

NorSea Group

NorSea Group provides supply bases and integrated logistics solution to the offshore industry. Wilhelmsen owns ~75,2% of NorSea Group.

Total income for NorSea Group was USD 66 million in the third quarter. This was down 3% from one year earlier and up 1% from the second quarter, mainly due to currency effect from converting from NOK into USD. The flat development in total income reflected an overall stable activity level.

EBITDA was also stable for the quarter.

Other supply services activities

This includes WilNor Governmental Services (owned 51% directly and 49% through NorSea Group) and certain minor supply services activities.

The underlying activity level was stable for the quarter.

Segment information

Holding and investments

The holding and investments segment includes investments in Wallenius Wilhelmsen ASA and Treasure ASA, financial assets, and other holding and investments activities.

USD mill - unless otherwise indicated	Q3'20	Q2'20	Q-on-Q Change	Q3'19	Y-o-Y Change	01.01- 30.09.20	01.01- 30.09.19	Y-o-Y Change
Total income	3	3	-1 %	3	26 %	11	8	37 %
- Operating revenue	3	3	-1 %	3	26 %	11	8	37 %
- Gain on sale of assets	0	0		0		0	0	
EBITDA	-2	0		-4		-5	-9	
Operating profit/EBIT	-4	-1		-5		-8	-13	
Share of profit/(loss) from associates	2	-24	neg.	13	-82 %	-86	22	neg.
- Wallenius Wilhelmsen ASA	3	-23	neg.	13	-81 %	-85	22	neg.
- Other/eliminations	0	0		0		0	0	
Change in fair value financial assets	164	69		-37		-23	86	
- Hyundai Glovis	175	47		-42		-3	65	
- Other financial assets	-11	23		5		-20	21	
Other financial income/(expenses)	8	11	-29 %	3	169 %	24	23	6 %
- Investment management (Holding)	6	13		2		4	9	
- Treasure ASA	1	0		0		13	13	
- Other financial income/(expense)	1	-2		1		7	0	
Tax income/(expense)	-1	-1		1		-3	-1	
Profit/(loss) for the period	170	55		-25		-96	117	
- Non controlling interests	46	12		-11		2	21	
Profit/(loss) to owners of the parent	124	42		-14		-98	96	

Holding and investments result

The holding and investments segment reported a USD 124 million profit after non-controlling interests in the third quarter. This mainly reflects a positive development in the financial asset value of the shareholding in Hyundai Glovis.

Wallenius Wilhelmsen ASA

Wallenius Wilhelmsen ASA is a global provider of ocean and land-based logistics services towards car and ro-ro customers and is listed on Oslo Børs. Wilhelmsen owns ~37,8% of the company, which is reported as associate in Wilhelmsen's accounts.

Total income for Wallenius Wilhelmsen ASA was USD 697 million, down 27% compared to the corresponding period last year because of lower revenues in both the ocean and landbased segments. The decrease in ocean revenue was a result of lower volumes, lower net freight earned per cubic meter, and lower surcharge revenue. Ocean volumes were down 23% y-o-y. Landbased revenue was also down as a result of lower volumes compared to the same period previous year. Compared to the second quarter, total revenue for the group was up 15% as both ocean and landbased volumes recovered.

EBITDA was USD 152 million, a decline of 29% compared to the same quarter last year. The negative impact from lower volumes was to some extent countered by cost savings measures and efficiency improvements. Compared to the second quarter, EBITDA improved by 46% as a result of volume recovery and continued benefits from the cost savings.

Wallenius Wilhelmsen ASA reported a net profit of USD 4 million for the quarter, with Wilhelmsen's share being USD 3 million.

Treasure ASA

Treasure ASA holds a 12.04% ownership interest in Hyundai Glovis and is listed on Oslo Børs. Wilhelmsen owns ~73,5% of Treasure ASA (not adjusted for shares held by the company).

Change in fair value of the shareholding in Hyundai Glovis was positive with USD 175 million for the quarter, following a 42% increase in the share price and an appreciation of the KRW versus USD. The market value of the investment in Hyundai Glovis was USD 557 million at the end of the third quarter.

During the quarter, Treasure ASA bought 1 000 000 own shares. Pursuant to the transaction, Treasure ASA owned 3 965 000 own shares by end of the third quarter.

Financial investments

Financial investments include cash and cash equivalents, current financial investments and other financial assets held by the parent and fully owned subsidiaries.

Change in fair value of non-current financial assets was a loss of USD 11 million for the quarter (excluding Hyundai Glovis, which is reported under Treasure ASA). The market value at the end of the third quarter was USD 83 million. During the quarter, Wilhelmsen reduced its ownership in Qube Holdings from 46.3 million to 35 million shares.

Net income from investment management was a gain of USD 6 million for the quarter. The market value of the current financial investment portfolio was USD 103 million by the end of the third quarter. The portfolio primarily included listed equities and investment-grade bonds.

Other holding and investments activities

Holding/other activities include general holding activities and certain non-financial investments, including Raa Labs AS (100% owned), Massterly AS (50%) and Dolittle AS (46%).

EBITDA was a loss of USD 2 million in the third quarter. This was less than the historic average negative contribution of USD 3 million per quarter.

In September, Wilhelmsen signed an agreement for acquiring 25% of Østensjø Group's growing offshore wind company, Edda Wind, with option to buy another 25% before June 2021. The transaction was completed in October (post quarter), with activity to be reported as an associate under the holding and investments segment.

Launched in 2018, Edda Wind owns and operates service vessels supporting the maintenance work conducted during the commissioning and operation of offshore wind parks.

Outlook

Maritime services

For ships service, operating income is expected to remain below historic levels for the rest of the year, but to gradually regain momentum in line with a recovery of global shipping activity. The largest impact will remain from reduction in cruise activities, representing 10-15% of operating income pre Covid-19.

For ship management, operating income is expected to be stable. The new joint venture for container ships is expected to have limited impact on net result in the short term.

Supply services

Seasonality will continue to impact offshore activities, resulting in an expected reduction in operating revenue and result during the next two quarters when compared with the previous two quarters.

Holding and investments

For Wallenius Wilhelmsen, volumes are expected to depend on changes in underlying demand and manufacturing output driven by ongoing impacts from the Covid-19 pandemic. Despite measures taken, the drop in volumes has resulted in excess capacity in the industry which is likely to persist for some time, delaying market improvements and affecting rates.

Investments accounted for on a mark-to-market basis will be impacted by an expected continued volatile market.

Wilhelmsen group

The spread of Covid-19 and the measures undertaken to contain it will continue to impact global economic activity.

The extent of the future impact on operating income and result and on asset prices remains uncertain. Wilhelmsen retains its robustness and capacity to meet this uncertainty.

Lysaker, 11 November 2020

The board of directors of Wilh. Wilhelmsen Holding ASA

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

Income statement - financial report

USD mill	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Operating revenue		199	219	607	611	836
Other income						
Gain/(loss) on sale of assets		(1)	1	3	15	14
Total income		198	220	610	626	850
Operating expenses						
Cost of goods and change in inventory		(62)	(63)	(185)	(177)	(247)
Employee benefits		(73)	(79)	(217)	(227)	(306)
Other expenses		(26)	(36)	(99)	(105)	(148)
Operating profit before depreciation and amortisation		37	42	109	118	149
Depreciation and impairments	6/7	(17)	(18)	(58)	(51)	(71)
Operating profit		21	24	52	66	78
Share of profit/(loss) from joint ventures and associates	4	3	18	(78)	37	49
Change in fair value financial assets	9	164	(37)	(23)	59	34
Other financial income/(expenses)		10	(20)	(21)	(19)	(17)
Profit/(loss) before tax		198	(15)	(70)	142	144
Tax income/(expense)		(4)	(2)	(5)	(6)	(15)
Profit/(loss) for the period		193	(17)	(75)	136	130
Attributable to: non-controlling interests		48	(11)	6	25	16
owners of the parent		146	(7)	(81)	111	114
Basic earnings per share (USD)	8	3,27	(0,15)	(1,82)	2,40	2,46

Comprehensive income - financial report

USD mill	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Profit/(loss) for the period	193	(17)	(75)	136	130
Items that will not be reclassified to income statement					
Remeasurement postemployment benefits, net of tax	(2)		(2)		(1)
Items that may be reclassified to income statement					
Cash flow hedges (net after tax)			(5)		1
Comprehensive income from associates	(1)	(1)	(2)	1	(2)
Currency translation differences	21	(42)	(46)	(36)	(2)
Other comprehensive income, net of tax	17	(43)	(55)	(36)	(3)
Total comprehensive income for the period	211	(61)	(130)	100	127
Total comprehensive income attributable to:					
Owners of the parent	163	(47)	(132)	78	111
Non-controlling interests	47	(14)	2	22	16
Total comprehensive income for the period	211	(61)	(130)	100	127

The above consolidated income statement should be read in conjunction with the accompanying notes.

Balance sheet - financial report

USD mill	Note	30.09.2020	30.09.2019	31.12.2019
Deferred tax asset	5	65	63	57
Goodwill and other intangible assets	6	126	146	151
Vessels, property and other tangible assets	6	524	542	555
Right-of-use assets	7	159	196	173
Investments in joint ventures and associates	4	905	998	1 003
Financial assets to fair value	9	640	694	675
Other non current assets		27	20	25
Total non current assets		2 446	2 657	2 638
Inventory		81	78	82
Current financial investments	13	104	98	102
Other current assets		245	290	317
Cash and cash equivalents	12	199	133	153
Total current assets		629	599	655
Total assets		3 075	3 256	3 293
Paid-in capital	8	122	122	118
Retained earnings	8/11	1 613	1 737	1 762
Attributable to equity holders of the parent		1 735	1 859	1 880
Non-controlling interests		200	209	202
Total equity		1 935	2 068	2 082
Pension liabilities		23	20	20
Deferred tax	5	11	12	11
Non-current interest-bearing debt	12	410	424	429
Non-current lease liabilities	7/12	144	176	154
Other non-current liabilities		19	110	28
Total non current liabilities		607	742	643
Current income tax		7	12	9
Public duties payable		13	6	12
Current interest-bearing debt	12	29	59	65
Current lease liabilities	7/12	29	24	27
Other current liabilities		455	346	455
Total current liabilities		533	446	568
Total equity and liabilities		3 075	3 256	3 293

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Cash flow statement - financial report

USD mill	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full year 2019
Cash flow from operating activities						
Profit/(loss) before tax		198	(15)	(70)	142	144
Share of (profit)/loss from joint ventures and associates		(3)	(18)	78	(37)	(49)
Change in fair value financial assets	9	(164)	37	23	(59)	(34)
Other financial (income)/expenses		(10)	20	21	19	17
Depreciation/impairment	6/7	17	18	58	51	71
(Gain)/loss on sale of fixed assets	6	(1)	(7)	(3)	(15)	(8)
(Gain)/loss from sale of subsidiaries, joint ventures and associates					(6)	(6)
Change in net pension asset/liability		1	(1)	1		
Change in inventory			(6)	(1)	(7)	(9)
Change in other working capital		28	7	35	(18)	(19)
Tax paid (company income tax, withholding tax)		(2)	(1)	(6)	(7)	(8)
Net cash provided by operating activities		62	34	136	64	98
Cash flow from investing activities						
Dividend received from joint ventures and associates		2	1	11	21	33
Proceeds from sale of fixed assets	6/7		8	5	16	17
Investments in fixed assets	6/7	(6)	(7)	(25)	(25)	(40)
Net proceeds from sale of subsidiaries					3	3
Net proceeds from sale of joint ventures and associates					34	34
Cash discontinued operations			(1)		(3)	
Investments in subsidiaries, joint ventures and associates		(8)		(10)		(3)
Loan repayments received from sale of subsidiaries						6
Proceeds from dividend and sale of financial investments		28	8	74	61	65
Current financial investments		(4)	(3)	(39)	(33)	(38)
Interest received		0	1	1	2	4
Net cash flow from investing activities		11	6	16	76	81
Cash flow from financing activities						
Proceeds from issue of debt	12	2	22	7	81	93
Repayment of debt	12	(8)	(37)	(47)	(149)	(136)
Repayment of leasing debt		(8)		(15)		(24)
Interest paid including interest derivatives		(4)	(9)	(14)	(30)	(25)
Interest paid leasing debt		(2)		(7)		(11)
Cash from/ to financial derivatives		(1)		(15)		
Dividend to shareholders/purchase of own shares		(1)	(32)	(15)	(50)	(62)
Net cash flow from financing activities		(23)	(57)	(106)	(147)	(165)
Net increase in cash and cash equivalents *		50	(16)	46	(7)	14
Cash and cash equivalents at the beg. of the period *		149	150	153	140	140
Cash and cash equivalents at the end of the period *		199	133	199	133	153

*The group is located and operating world wide, and every entity has several bank accounts in different currencies. Unrealised currency effects are included in net cash provided by operating activities.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Statement of changes in equity - financial report

Statement of changes in equity - Year to date

USD mill	Share capital	Own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31.12.2019	122	(4)	1 761	1 880	202	2 082
Profit/(loss) for the period			(81)	(81)	6	(75)
Other comprehensive income			(51)	(51)	(4)	(55)
Purchase of own shares Treasure Group*			(3)	(3)		(3)
Change in non-controlling interests					(1)	(1)
Paid dividend to shareholders			(9)	(9)	(3)	(13)
Balance 30.09.2020	122	(4)	1 617	1 735	200	1 935

* At 30 September 2020 Treasure ASA holds 3 965 000 own shares, of which 2 500 000 shares were acquired in May 2020 and 1 000 000 in August 2020.

Balance at 31.12.2018	122		1 699	1 821	196	2 017
Implementation of IFRS 16 leasing				(0)		(0)
Profit for the period			111	111	25	136
Other comprehensive income			(33)	(33)	(3)	(36)
Change in non-controlling interests*			5	5	(5)	-
Buy own shares in WWH ASA and Treasure ASA **			(31)	(31)		(31)
Paid dividend to shareholders			(13)	(13)	(5)	(18)
Balance 30.09.2019	122		1 737	1 859	209	2 068

Statement of changes in equity - Full year 2019

USD mill	Share capital	Own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31.12.2018	122		1 698	1 820	196	2 017
Implementation of IFRS 16 leasing						
Profit for the period			114	114	16	130
Other comprehensive income			(3)	(3)		(3)
Change in non-controlling interests*			5	5	(5)	(0)
Own shares in WWH ASA and Treasure ASA **		(4)	(27)	(31)		(31)
Paid dividend to shareholders			(26)	(26)	(5)	(31)
Balance 31.12.2019	122	(4)	1 761	1 880	202	2 082

*Liquidation of 2 200 000 own shares in Treasure ASA.

** At 30 September 2019, WWH acquired own shares for USD 30.4 million with an average cost per share of NOK 144.00, split on 537 092 A- shares and 1 286 732 B- shares. Following the liquidation of 2 200 000 shares in Treasure ASA in first half year 2019, Treasure ASA acquired 465 000 own shares in third quarter 2019 for USD 715 thousand.

The above consolidated statement of statement of changes in equity should be read in conjunction with the accompanying notes.

Notes - financial report

Note 1 - Accounting principles

General information

This consolidated interim financial report has been prepared in accordance with International Accounting Standards (IAS 34), "interim financial reporting". The consolidated interim financial reporting should be read in conjunction with the annual financial statements for the year end 31 December 2019 for Wilh. Wilhelmsen Holding ASA group (WWI), which has been prepared in accordance with IFRS endorsed by the EU.

Basic policies

The accounting policies implemented are consistent with those of the annual financial statements for WWI for the year end 31 December 2019.

Roundings

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

Critical accounting estimates and assumptions

The significant volatility in financial and non-financial markets during the first 9 months, has resulted in increased measurement uncertainty for assets and liabilities.

Accounts receivable

The customers of Maritime Services and Supply Services are impacted by the Covid-19 pandemic. The global economic development is currently still uncertain for customers' operations and liquidity.

Note 2 - Significant acquisitions and disposals

2020

No material disposal or acquisition.

2019

No material disposal or acquisition.

Notes - financial report

Note 3 - Segment reporting: Income statement per operating segment

USD mill	Maritime Services		Supply Services		Holding & Investments		Eliminations		WWH group total	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Quarter										
Operating revenue	131	149	67	69	3	3	(2)	(2)	199	219
Gain/(loss) on sale of assets	(1)	1							(1)	1
Total income	130	150	67	69	3	3	(2)	(2)	198	220
Operating expenses										
Cost of goods and change in inventory	(41)	(43)	(21)	(19)					(62)	(63)
Employee benefits	(48)	(52)	(21)	(23)	(3)	(4)			(73)	(79)
Other expenses	(17)	(23)	(9)	(11)	(2)	(2)	2	1	(26)	(36)
Operating profit/(loss) before depreciation and amortisation	24	31	16	15	(2)	(4)	(0)	(1)	37	42
Depreciation and impairments	(7)	(8)	(8)	(10)	(1)	(1)			(17)	(18)
Operating profit/(loss)	16	24	8	5	(4)	(5)	(0)	(0)	21	24
Share of profit/(loss) from associates		1	1	4	2	13			3	18
Change in fair value financial assets					164	(37)			164	(37)
Other financial income/(expenses)	6	(18)	(4)	(5)	8	3			10	(20)
Profit/(loss) before tax	23	7	4	3	171	(26)	0	(0)	198	(15)
Tax income/(expense)	(4)	(2)		(1)	(1)	1			(4)	(2)
Profit/(loss)	19	5	4	2	170	(25)	0	(0)	193	(17)
Non-controlling interests			1		46	(11)			48	(11)
Profit/(loss) to the owners of parent	19	5	3	2	124	(14)	0	(0)	146	(7)
Currency through Income Statement										
Including in other financial income/(expenses)	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Operating currency, net	(3)	4	2	1					(1)	5
Financial currency, net	1	(2)	(2)	(2)	1	3				(1)
Currency derivatives, realised	(1)	(3)			(5)	(1)			(5)	(4)
Currency derivatives, unrealised	12	(13)							12	(14)
Net currency items in other financial income/(expenses)	8	(14)	(0)	(1)	(3)	1	0		5	(13)
Through other comprehensive income										
Currency translation differences through OCI	9	(9)	1	(1)	10	(33)			21	(42)
Total net currency effects	18	(22)	1	(2)	7	(32)	0		25	(56)

For Maritime Services, Supply Services and Holding and Investments, material translation risks are booked to other comprehensive income due to the functional currency for most of the entities being different from the reporting currency USD.

Economic currency hedging (through Income Statement)

The group's operating segments are responsible for hedging their own material transaction risk. Within Maritime Services, USDNOK, EURUSD and USDSGD exposures are subject to a systematic 3-year rolling hedge program, utilizing a portfolio of currency options and currency forwards. Remaining exposures are non-material and not hedged.

Cont. Note 3 - Segment reporting: Income statement per operating segments

USD mill	Maritime Services			Supply Services			Holding & Investments			Eliminations			WWH group total		
	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019
YTD															
Operating revenue	408	431	582	196	178	249	11	8	11	(7)	(5)	(7)	607	611	836
Gain on sale of assets		9	9	3	6	6							3	15	14
Total income	407	440	591	199	184	255	11	8	11	(7)	(5)	(7)	610	626	850
Operating expenses															
Cost of goods and change in inventory	(126)	(134)	(181)	(59)	(42)	(65)		(1)	(1)				(185)	(177)	(247)
Employee benefits	(146)	(152)	(204)	(62)	(65)	(89)	(9)	(10)	(14)				(217)	(227)	(306)
Other expenses	(65)	(74)	(103)	(33)	(30)	(42)	(6)	(6)	(9)	5	4	5	(99)	(105)	(148)
Operating profit before depreciation and amortisation	71	80	103	44	47	59	(5)	(9)	(12)	(1)	(1)	(1)	109	118	149
Depreciation and impairments	(31)	(21)	(29)	(24)	(28)	(37)	(4)	(4)	(5)	1	1	1	(58)	(51)	(71)
Operating profit	39	59	73	21	19	22	(8)	(13)	(17)	(0)	(0)	(0)	52	66	78
Share of profit/(loss) from associates	1	3	4	6	11	6	(86)	23	39				(78)	37	49
Changes in fair value financial assets		(27)	(27)				(23)	86	61				(23)	59	34
Net finance income / expenses	(31)	(28)	(24)	(13)	(14)	(19)	24	23	26				(21)	(19)	(17)
Profit/(loss) before tax	9	8	27	14	16	8	(93)	119	109	0	0	0	(70)	142	144
Tax income/(expense)	(2)	(2)	(12)		(3)	(3)	(3)	(1)	1				(5)	(6)	(15)
Profit/(loss) for the period	7	6	15	14	13	5	(96)	118	109	0	0	0	(75)	136	130
Non-controlling interests	1	1	1	4	3	1	2	21	13				6	25	16
Profit/(loss) to the owners of parent	7	5	14	10	10	4	(98)	97	96	0	0	0	(81)	111	114

Currency through Income Statement

Including in other financial income/(expenses)	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019	YTD 2020	YTD 2019	Full year 2019
Operating currency, net	(5)	3	2	6	3	5	1						1	7	8
Financial currency, net	(3)	(1)	(3)	(7)	(3)	(6)	9		(1)					(5)	(10)
Currency derivatives, realised	(10)	(6)	(8)				(5)	(2)	(2)				(15)	(8)	(10)
Currency derivatives, unrealised	1	(10)	2				(1)	1	2					(9)	4
Net currency items in other financial income/(expenses)	(18)	(15)	(7)	(1)	(0)	(0)	5	(1)	(1)	0	0	0	(14)	(15)	(8)

Through other comprehensive income

Currency translation differences through OCI	(18)	(7)	1	(6)	(2)	(1)	(22)	(28)	(2)				(46)	(36)	(2)
Total net currency effects	(36)	(21)	(7)	(6)	(2)	(1)	(17)	(29)	(3)	0	0	0	(59)	(52)	(10)

Notes - financial report

Cont note 3 - Segment reporting: Balance sheet per operating segment

USD mill	Maritime Services		Supply Services		Holding & Investments		Eliminations		Total	
	30.09 2020	30.09 2019	30.09 2020	30.09 2019	30.09 2020	30.09 2019	30.09 2020	30.09 2019	30.09 2020	30.09 2019
Year to date										
Assets										
Deferred tax asset	49	53	6	2	10	8			65	63
Intangible assets	122	140	3	5					126	146
Tangible assets	177	183	345	357	2	2			524	542
Right of use assets	40	48	105	107	18	47	(4)	(6)	159	195
Investments in joint ventures and associates	8	10	120	128	777	860			905	998
Financial assets to fair value	0				640	694			640	694
Other non current assets	19	13	9	6	13	15	(14)	(13)	27	20
Current financial investments					103	98			104	98
Other current assets	262	304	62	66	5	16	(2)	(18)	326	368
Cash and cash equivalents	168	102		6	31	25			199	133
Total assets	845	852	651	677	1 600	1 764	(21)	(37)	3 075	3 256
Equity and liabilities										
Equity majority	170	191	143	153	1 422	1 515			1 735	1 859
Equity non-controlling interest	(2)	(1)	53	53	148	157			200	209
Deferred tax	11	12							11	12
Interest-bearing debt	199	198	253	276		22	(13)	(13)	439	483
Leasing debt	43	49	116	110	19	48	(5)	(6)	173	200
Other non current liabilities	23	104	15	20	7	5	(1)		42	129
Other current liabilities	401	299	71	65	4	17	(2)	(18)	476	364
Total equity and liabilities	845	852	651	677	1 600	1 764	(21)	(37)	3 075	3 256

Notes - financial report

Cont note 3 - Segment reporting: Cash flow per segment

USD mill Quarter	Maritime Services		Supply services		Holding & Investments	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Profit/(loss) before tax	23	7	4	3	171	(25)
Change in fair value financial assets					(164)	37
Share of (profit)/loss from joint ventures and associates		(1)	(1)	(4)	(2)	(13)
Other financial (income)/expenses	(6)	18	4	5	(8)	(3)
Depreciation/impairment	7	7	8	9	1	1
Change in working capital	27	(14)	(2)	5	3	(2)
Net (gain)/loss from sale of subsidiaries and fixed assets	1			(2)		
Net cash provided by operating activities	51	16	14	16	1	(5)
Dividend received from joint ventures and associates	1			1		
Net sale/(investments) in fixed assets	(2)	(3)	(14)	(2)		
Net sale/(investments) in entities and segments	(6)	2	4			
Net sale/dividend from financial investments		1			22	1
Net changes in other investments						1
Net cash flow from investing activities	(7)	(0)	(9)	(2)	22	2
Net change of debt	(4)	(4)	(6)	(22)	1	13
Net change in other financial items	(3)	(4)	(4)	6	(5)	(2)
Net dividend from other segments/ to shareholders			1	(3)	(1)	(27)
Net cash flow from financing activities	(8)	(8)	(9)	(19)	(5)	(16)
Net increase in cash and cash equivalents	37	8	(4)	(5)	18	(20)
Cash and cash equivalents at the beg. of the period	131	94	4	11	13	45
Cash and cash equivalents at the end of period	168	102	0	6	31	25

Notes - financial report

Note 4 - Investment in joint ventures and associates

Joint ventures and associates at end of September are:

USD mill

	Ownership	30.09.2020 Booked value	30.09.2019 Booked value
Holding and Investments segment:			
Wallenius Wilhelmsen ASA	37.8%	774	857
Other	40%-50%	3	3
Maritime services segment:			
Associates	20 - 50%	8	10
Supply services segment:			
<i>Joint venture</i>			
Coast Center Base	50 %	97	99
Vikan Næringspark Invest AS	50 %	16	16
Other	50 %		4
<i>Associates</i>			
Risavika Eiendom AS	42 %		7
Hammerfest Næringsinvest AS	32 %		1
Other	33 - 49%	5	3
Total investment in joint ventures and associates		905	998

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Share of profit from joint ventures and associates				
Wallenius Wilhelmsen ASA	3	13	(85)	22
Other joint ventures and associates in Holding and Investments				
Joint ventures and associates in Supply Services	1	4	6	11
Associates in Maritime Services		1	1	3
Share of profit from joint ventures and associates	3	18	(78)	37

Note 5 - Tax

The effective tax rate for the group will, from period to period, change dependent on the group gains and losses from investments inside the exemption method.

Notes - financial report

Note 6 - Tangible and intangible assets

USD mill	Vessels	Property	Other tangible assets	Intangible assets	Total tangible and intangible assets
2020 - Year to date					
Cost 1.1	35	560	244	227	1 066
Acquisition		13	8	5	25
Reclass/disposal		(1)	(8)	(46)	(55)
Currency translation differences	(3)	(30)	(7)	(14)	(54)
Cost 30.09	33	541	237	172	982
Accumulated depreciation and impairment losses 1.1	(19)	(175)	(90)	(77)	(361)
Depreciation/amortisation		(12)	(8)	(5)	(25)
Reclass/disposal			6	41	48
Impairment				(11)	(11)
Currency translation differences	1	8	3	5	17
Accumulated depreciation and impairment losses 30.09	(19)	(179)	(88)	(46)	(332)
Carrying amounts 30.09	14	362	149	126	650
2019 - Year to date					
Cost 1.1	35	550	251	225	1 061
Acquisition		13	12		25
Reclass/disposal		(3)	(12)		(14)
Currency translation differences	(1)	(23)	(6)	(9)	(40)
Cost 30.09	34	537	245	216	1 032
Accumulated depreciation and impairment losses 1.1	(18)	(162)	(89)	(68)	(337)
Depreciation/amortisation	(1)	(13)	(8)	(5)	(27)
Reclass/disposal		3	4		7
Impairment		(1)			(1)
Currency translation differences	1	7	3	3	14
Accumulated depreciation and impairment losses 30.09	(18)	(166)	(91)	(70)	(345)
Carrying amounts 30.09	16	371	154	146	687
2019 - Full year					
Cost 1.1	35	550	251	225	1 061
Acquisition		19	17	5	40
Reclass/disposal		(5)	(24)		(29)
Currency translation differences		(5)	1	(2)	(6)
Cost 31.12	35	560	244	227	1 066
Accumulated depreciation and impairment losses 1.1	(18)	(162)	(89)	(68)	(337)
Depreciation/amortisation	(1)	(17)	(11)	(7)	(36)
Reclass/disposal		4	10		13
Impairment		(1)		(2)	(3)
Currency translation differences		1	1	1	3
Accumulated depreciation and impairment losses 31.12	(19)	(175)	(90)	(77)	(361)
Carrying amounts 31.12	16	384	154	151	705

Notes - financial report

Cont note 6 - Tangible and intangible assets

During the quarter ending June 30 2020, the group's management identified impairment indicators related to downscaling of activities and corresponding re-organization of operations in specific markets due to the effect of the on-going Covid-19 pandemic. Impairment testing as of the end of June 2020 was performed using the method described in the accounting policies in the group's financial statements for 2019.

Impairment testing was performed for the cash generating units (CGUs) that exhibit impairment indicators, resulting in an impairment of goodwill attributable to cash generating units in the group's Maritime Services segment of USD 11 million.

The recoverable amount for the specific cash generating units was determined by the unit's value-in-use. The assumptions in the forecast used in the value-in-use assessments were based on external available market information where possible, in addition to the group's expectations about the future. The applied discount rate was based on the average cost of capital for the group and was adjusted to reflect the current market rate and specific business activities of the group.

During the quarter ending September 30 2020, management did not identify additional impairment indicators.

Notes - financial report

Note 7 - Leases

The IFRS 16 Leasing standard was effective from 1 January 2019. The standard significantly changed how the group accounts for its lease contracts for land, buildings and equipment previously accounted for as operating leases. All leases are brought into the balance sheet increasing the groups assets and liabilities, in addition to affecting income statement figures. This note summarizes the impact on the financial reporting of Wilhelmsen group from implementing the new standard.

The Lease Contracts

The group has a number of leases related to property and land that account for the significant part of the lease liability. The group also leases vehicle and equipment. A lease liability and right-of-use asset are presented for these contracts which previously were reported as operating leases.

Recognition and Measurement Approach on Transition

The group applied IFRS 16 retrospectively with recognition of the cumulative implementation effect recognised at the date of initial application 1 January 2019. By doing this, comparative financial information shall not be restated, but the cumulative effect of initially applying this standard shall be reflected as an

adjustment to the opening balance. At the time of transition, leases entered under IAS 17 will not be reassessed. In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. To arrive at the incremental borrowing rate the group applies the respective country's (economic environment) risk free rate for the term corresponding to the lease term, adjusted for own credit risk.

The right-of-use assets are measured at an amount equal to the lease liability. The standard has provided options on scope and exemptions and below the group's policy choices are described:

- The standard will not be applied to leases of intangible assets and these will continue to be recognized in accordance with IAS 38 Intangible assets.
- All leases deemed short-term by the standard are exempt from reporting.
- All leases deemed to be of low value by the standard are exempt from reporting.
- Non-lease components shall be separated from the lease component in all vessel leases. For other lease agreements, the group will apply a materiality threshold when evaluating separation.

Implementation effect

The net effect of implementation of IFRS 16 at January 1, 2019 is presented below.

USD million

Lease liability at 1 January 2019	220
Right-of-use asset at 1 January 2019	222
Difference between lease liability and right-of-use asset at 1 January 2019	2
Prepayments and currency translation	2

Reconciliation of lease commitment and lease liability

Material operating lease commitment as at 31 December 2018	204
Operating lease commitment as at 31 December 2018 (not included in material operating lease commitment)	16
Relief option for leases of low-value assets	(1)
Option periods not previously reported as lease commitments	15
Undiscounted lease liability	234
Effect of discounting lease commitment to net present value	(14)
Lease liability at 1 January 2019	220

Notes - financial report

Cont. note 7 - Leases

Right-of-use-assets

The group leases several assets such as buildings, machinery, equipment and vehicles. The group's right-of-use assets are categorised and presented in the table below:

2020 Lease assets Right of use - Year to date	Property	Other tangible assets	Total lease assets
Cost 1.1	191	12	203
Acquisition	8	5	13
Reclass/disposal	(14)	(3)	(17)
Currency translation differences	(10)	(1)	(11)
Cost 30.09	175	13	188
Accumulated depreciation and impairment losses 1.1	(27)	(4)	(30)
Depreciation/amortisation	(19)	(2)	(22)
Reclass/disposal	19	1	20
Impairment		2	2
Accumulated depreciation and impairment losses 30.09	(26)	(3)	(29)
Carrying amounts 30.09	149	9	159

2019 Lease assets Right of use - Year to date	Property	Other tangible assets	Total lease assets
Implementation IFRS 16	210	12	222
Additional	2		2
Reclass/disposal	3		2
Currency translation differences	(8)		(8)
Cost 30.09	206	12	218
Accumulated depreciation and impairment losses 1.1			
Depreciation/amortisation	(19)	(3)	(22)
Accumulated depreciation and impairment losses 30.09	(19)	(3)	(22)
Carrying amounts 30.09	187	9	196

2019 Lease assets Right of use - Full year	Property	Other tangible assets	Total lease assets
Implementation IFRS 16	210	12	222
Change of estimates	(11)		(11)
Currency translation differences	(8)		(8)
Cost 31.12	191	11	203
Accumulated depreciation and impairment losses 1.1			
Depreciation/amortisation	(26)	(4)	(30)
Reclass/disposal	1		1
Currency translation differences	(1)		(1)
Accumulated depreciation and impairment losses 31.12	(27)	(4)	(30)
Carrying amounts 31.12	165	8	173

Notes - financial report

Note 8 - Shares

The share capital is as follow with a nominal value of NOK 20:

A - shares	34 537 092
B - shares	11 866 732
Total shares	46 403 824

Earnings per share taking into consideration the number of outstanding shares in the period.

Basic earnings per share is calculated by dividing profit for the period after non-controlling interests, by average number of total outstanding shares.

Earnings per share is calculated based on 44 580 000 shares for 2020, and

based on an average of 45 947 868 shares in 2019.

The group hold 1 823 824 own shares at 30 September 2020. Total outstanding shares as of 30 September 2020 are 34 000 000 A-shares and 10 580 000 B-shares.

Note 9 - Financial assets to fair value

USD mill	30.09.2020	30.09.2019	31.12.2019
Financial assets to fair value			
At 31 December	675	650	650
Acquisition	9	7	9
Reclassified		2	2
Sale during the year	(24)	(20)	(20)
Currency translation adjustment through other comprehensive income	3	(4)	
Change in fair value through income statement	(23)	58	34
Total financial assets to fair value	640	694	675

Financial assets to fair value are held in subsidiaries with different functional currencies and thereby creating translation adjustment.

Note 10 - Other financial income/(expenses)

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Investment management	6	2	4	10
Interest income		1	1	2
Other financial income	1	1	17	16
Interest expenses	(7)	(10)	(29)	(31)
Net financial currency	(1)	4	1	2
Net financial currencies derivatives	11	(17)	(15)	(17)
Other financial income/(expenses)	10	(20)	(21)	(19)

Note 11 - Paid dividend

Dividend for fiscal year 2018 was NOK 5.00 per share, where NOK 2.50 per share was paid in May 2019 and NOK 2.50 per share was paid in November 2019.

Dividend for fiscal year 2019 was NOK 2.00 per share, and was paid to the shareholders 14 May 2020.

Notes - financial report

Note 12 - Interest-bearing debt including leasing debt

USD mill	30.09.2020	30.09.2019	31.12.2019
Non current interest-bearing debt	410	424	429
Current interest-bearing debt	29	59	65
Non current leasing debt	144	176	154
Current leasing debt	29	24	27
Total interest-bearing debt	612	683	675
Cash and cash equivalents	199	133	153
Current financial investments	104	98	102
Net interest-bearing debt	309	452	420

Loan agreements entered into by group companies contain financial covenants related to equity ratio, liquidity, current ratio and net interest-bearing debt / EBITDA measured in respect of the relevant borrowing company or group of

companies. The group was in compliance with these covenants at 30 September 2020 (analogous for 30 September 2019).

Specification of interest-bearing debt

USD mill	30.09.2020	30.09.2019	31.12.2019
Interest-bearing debt			
Bankloan	439	483	494
Leasing debt	173	200	181
Total interest-bearing debt	612	683	675
Repayment schedule for interest-bearing debt			
Due in 1 year	73	83	92
Due in 2 year	26	30	40
Due in 3 year	224	38	40
Due in 4 year	39	248	251
Due in 5 year and later	251	285	252
Total interest-bearing debt	612	683	675

Notes - financial report

Note 13 - Financial level

USD mill	Level 1	Level 2	Level 3	Total
2020				
Financial assets at fair value				
Equities	59			59
Bonds	45			45
Financial derivatives		0		0
Financial assets at fair value	619	4	16	640
Total financial assets 30.09	723	5	16	744
Financial liabilities at fair value				
Financial derivatives		(21)		(21)
Total financial liabilities 30.09	0	(21)	0	(21)
2019				
Financial assets at fair value				
Equities	53			53
Bonds	45			45
Financial derivatives				0
Financial assets at fair value	676		17	694
Total financial assets 30.09	774	0	17	791
Financial liabilities at fair value				
Financial derivatives		(8)		(8)
Total financial liabilities 30.09	0	(8)	0	(8)

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market (over-the-counter contracts) are based on third party quotes. These quotes use the maximum number of observable market rates for price discovery. Specific valuation techniques used by financial counterparties (banks) to value financial derivatives include:

- Quoted market prices or dealer quotes for similar derivatives
- The fair value of interest rate swaps is calculated as the net present value of the estimated future cash flows based on observable yield curves
- The fair value of interest rate swap option (swaption) contracts is determined using observable volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in a swaption premium. Options are typically valued by applying the Black-Scholes model.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to net present value
- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curves and time-to-maturity parameters at the balance sheet date, resulting in an option premium. Options are typically valued by applying the Black-Scholes model.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial derivatives.

The fair values, except for bond debt, are based on cash flows discounted using a rate based on market rates including margins and are within level 2 of the fair value hierarchy. The fair values of the bond debt are based on quoted prices and are also classified within level 2 of the fair value hierarchy due to limited trading in an active market.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the group is the current mid price. These instruments are included in level 1. Instruments included in level 1 at the end of September 2020 are liquid investment grade bonds (analogous for 2019).

The fair value of financial instruments that are not traded in an active market (over-the-counter contracts) are based on third party quotes (Mark-to-Market). These quotes use the maximum number of observable market rates for price discovery. The different techniques typically applied by financial counterparties (banks) were described above. These instruments - FX and IR derivatives - are included in level 2.

If one or more of the significant inputs is not based on observable market data, the derivatives is in level 3. Primarily illiquid investment funds and structured

Notes - financial report

Note 14 - Related party transactions

The group has made several agreements and transactions with related parties in WalWil ASA group, Maritime Services, Supply Services and Holding and Investments segment in 2020 and 2019. All transactions are entered into at market terms.

Generally, Shared Services are priced using a cost plus 5% margin calculation, in accordance with the principles set out in the OECD Transfer Pricing Guidelines

and are delivered according to agreements that are renewed annually.

In addition Maritime Services have several transactions with associates. The contracts governing such transactions are based on commercial market terms.

Note 15 - Contingencies

The size and global activities of the group dictate that companies in the group will be involved from time to time in disputes and legal actions.

The group is not aware of any financial risk associated with disputes and legal actions which are not largely covered through insurance arrangements.

Nevertheless, any such disputes/actions which might exist are of such a nature that they will not significantly affect the group's financial position.

Note 16 - Events occurring after the balance sheet date

The group acquired 25% of Østensjø group's offshore wind company, Edda Wind. The date of control was 21 October 2020.

The group acquired a 50% stake in Ahrenkiel Steamship, a German based container ship management company. The date of control was 1 October 2020.

The spread of Covid-19 and the measures undertaken to contain it will continue to impact global economic activity.

No other material events occurred between the balance sheet date and the date when the accounts were presented.

Notes 17 Alternative performance measures

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

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 the IFRS. These APMs are intended to enhance comparability of the results, balance sheet and cash flows from period to period and it is the Company's experience that these are frequently used by investors, analysts and other parties. Internally, these APMs are used by the 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 income (Operating revenue and gain/(loss) on sale of assets) adjusted for Operating expenses. EBITDA is used as an additional measure of operational profitability, excluding the impact from financial items, taxes, depreciation and amortization.

EBITDA adjusted is defined as EBITDA excluding certain income and/or cost items which are not regarded as part of the underlying operational performance for the period. The Company do not report EBITDA adjusted on a regular basis, but may use it on a case by case basis to better explain operational performance.

EBITDA margin is defined as EBITDA as a per cent of of Total income.

EBITDA margin adjusted is defined as EBITDA adjusted as a per cent of Total income, with Total income also adjusted for the same income elements as those which have been adjusted for in EBITDA adjusted.

EBIT is defined as Total income (Operating revenue and gain/(loss) on sale of assets) less Operating expenses, Other gain/loss and depreciation and amortization. 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, EBIT margin and EBIT margin adjusted will, if used, be prepared in the same manner as described under EBITDA.

Net interest-bearing debt (NIBD) is defined as total interest bearing debt (Non-current interest-bearing debt and Current interest-bearing debt) less Cash and cash equivalents and Current financial investments.

Equity ratio is defined as Total equity as a percent of Total assets.

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