

VIKING SUPPLY SHIPS AB (PUBL)

INTERIM REPORT

Q2

JANUARY - JUNE

2023



VIKING SUPPLY SHIPS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION



CEO STATEMENT

After a promising start of the year for the North Sea AHTS spot market, with a stronger Q1 than seen for many years, the market softened in April. Throughout the second quarter the market has been softer and more volatile but with some periods with better rates and utilization. The weak market has been driven by increased vessel availability in the North Sea, at the same time as expected projects have been delayed or cancelled.

The revenue for Q2 came in at MSEK 151 (203), EBITDA at MSEK 21 (81), and the net result was MSEK -6 (61). Year-to-date revenue was MSEK 321 (305), EBITDA was MSEK 56 (72) and the year-to-date net result ended at MSEK 3 (33).

All four existing AHTS vessels have operated in the spot market in the North Sea throughout the second quarter of 2023. More active vessels compared to last year contributed to higher cost and lower EBITDA in the AHTS segment year-to-date.

The two partly owned PSV vessels have continued to operate on term contracts in the North Sea throughout the quarter.

Viking Supply Ships secured two high specification AHTS vessels in March 2023 with delivery later this year. The vessels are currently trading under the names Normand Statesman and Far Senator. As reported in the first quarterly report, Far Senator was expected to be taken over in July 2023. Upon request, Viking Supply Ships has accepted that the vessel will be delivered ready for trading in November 2023. Normand Statesman will also join the fleet in Q4. The vessels are currently trading in Australia and in Brazil. Viking Supply Ships has decided not to trade these vessels in the North Sea market.

The five state- owned icebreakers are still under Viking Supply Ships' management on behalf of the Swedish Maritime Administration. The current management contract run until 30 June 2024, when The Swedish Maritime Administration will take over management.

OUTLOOK

We expect the AHTS-market to continue to be volatile in the North Sea during the third quarter, with periods of potential uplift in rates and utilization. We are currently seeing increased requirements both in Brazil, Canada, West-Africa and in the far east, indicating that the activity level will pick up going forward, absorbing more vessels. The North Sea market is affected by the global activity level, as increased requirements in other locations will draw vessels from the region

We have seen an uplift in rates and utilization for PSV vessels and expect the relatively healthy market to continue in that segment.

Gothenburg, 16 August 2023

Trond Myklebust
CEO and President

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Q2

SECOND QUARTER

- Total revenue was MSEK 151 (203)
- EBITDA was MSEK 21 (81)
- Result after tax was MSEK -6 (61)
- Result after tax per share was SEK -0.4 (4.8)

YEAR-TO-DATE

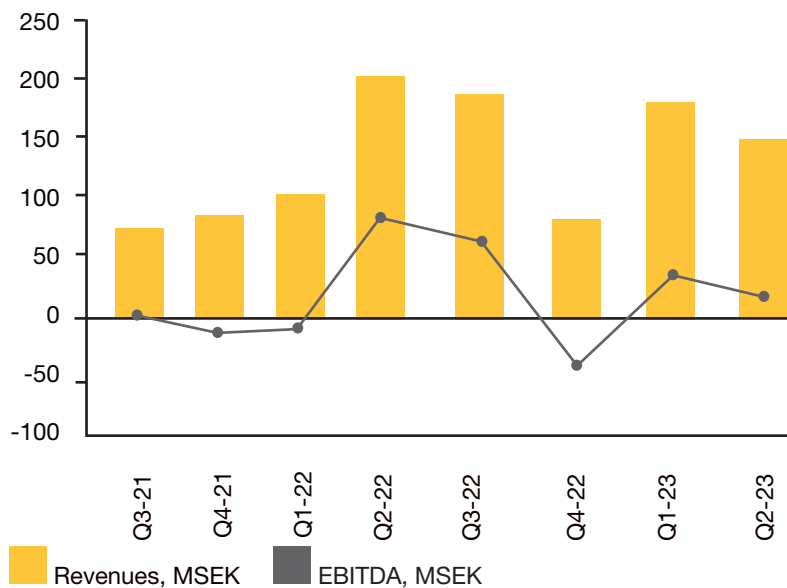
- Total revenue was MSEK 321 (305)
- EBITDA was MSEK 56 (72)
- Result after tax was MSEK 3 (33)
- Result after tax per share was SEK 0.3 (2.6)

SUMMARY OF EVENTS IN Q2

- EBITDA for Q2 was MSEK 21 (81).
- For the AHTS-fleet the average fixture rate in Q2 was USD 50,400 (80,200) and the average utilization was 44% (48). The average fixture rate for the PSV-vessels was USD 17,600 (15,700), and the average utilization was 100% (100).
- In the second quarter Viking Supply Ships carried out a right issue of 287.783 shares to companies affiliated with the company's principal shareholder, Kistefos AS. The shares were issued in lieu of payment for services rendered in connection with the acquisition of Statesman and Senator, and completed in accordance with the resolution made by the Annual General Meeting in April 2023. For further information see page 14.

KEY FINANCIALS	Q2 2023	Q2 2022
Net sales, MSEK	151	203
EBITDA, MSEK	21	81
Result after tax, MSEK	-6	61
Earnings per share after tax, SEK	-0.4	4.8
Shareholders' equity per share, SEK	161.7	155.2
Return on equity, %	-1.1	13.0
Equity ratio, %	94.3	94.3
Market adjusted equity ratio, %	94.5	94.3

FINANCIAL DEVELOPMENT



RESULTS AND FINANCE

RESULTS YEAR TO DATE 2023

Total revenue for the Group was MSEK 321 (305).

The Group's EBITDA was MSEK 56 (72).

Net financial items were MSEK -7 (5).

The Group's result after tax was MSEK 3 (33).

OPERATIONAL HIGHLIGHTS FOR THE SECOND QUARTER

ICE-CLASSED ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total revenue from the AHTS segment was MSEK 93 (145) in Q2 and EBITDA was MSEK 30 (87).

Viking Supply Ships has operated all four AHTS vessels in the North Sea market in the second quarter.

Because of more available vessels in the market utilization and fixture rates decreased from the levels we achieved in the first quarter.

AHTS Q2	Fixture rates (USD)	Utilization (%)
AHTS vessels on term charters	- (-)	- (-)
AHTS vessels in the spot market	50,400 (80,200)	44 (48)
Total AHTS fleet	50,400 (80,200)	44 (48)

The fixture rates and utilizations are calculated on vessels in operation. Vessels in lay-up are excluded.

■ Firm contract
 ■ Option
 ■ Spot
 ■ Layup / inhouse

AHTS	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Loke Viking												
Njord Viking												
Magne Viking												
Brage Viking												

The table shows the contractual status as of 30 June 2023.

ICE-CLASSED PLATFORM SUPPLY VESSELS (PSV)

The profit for the PSV-segment was MSEK -1 (1) in Q2.

Cooper Viking and Coey Viking has been working on term contract with Vår Energi in Q2 2023.

The vessels are owned in partnership with funds managed by Borealis Maritime. VSS owns 30% of the vessels, which are consolidated in the financial statements according to the equity-method.

PSV Q2	Fixture rates (USD)	Utilization (%)
PSV vessels on term charters	17,600 (15,700)	100 (-100)
PSV vessels in the spot market	- (-)	- (-)
Total PSV fleet	17,600 (15,700)	100 (100)

■ Firm contract
 ■ Option
 ■ Spot
 ■ Layup



The table shows the contractual status as of 30 June 2023.

ICE MANAGEMENT, SERVICES AND SHIP MANAGEMENT

Total Ice Management, Services and Ship Management revenue was MSEK 58 (58) in Q2. Total EBITDA was MSEK -8 (-7).

The operations within the Ice Management, Services and Ship Management segments proceeded as planned throughout the quarter.

The Group's management contract with SMA for its five ice breakers has been extended until end of June 2024. After the end of the contract period, SMA will take over the management of its ice breaker fleet, citing national security reasons.

FINANCIAL POSITION AND CAPITAL STRUCTURE

At the end of the quarter, the Group's equity amounted to MSEK 2,128. The equity increased during the first half year by net MSEK 113 due to the new share issue of MSEK 30, the profit of MSEK 3 and a positive change in the translation reserve of MSEK 80. Changes in the translation reserve occur when subsidiaries with a reporting currency other than SEK are translated into SEK. The significant net assets in the Group are held in subsidiaries with reporting currency in USD. The changes in the translation reserve is therefore in high degree affected by exchange rate fluctuations between SEK and USD. Further information can be found in section "Changes in the Group's shareholders' equity" on page 8.

In the second quarter a targeted new rights issue by way of set-off to companies related to the principal shareholder, Kistefos AS, was carried out. The 287.783 new issued shares to the value of MSEK 30 was consideration for fees related to brokering the charter agreement and the financing for the transaction that the Group entered into with Ocean Yield regarding two AHTS-vessels. This was in accordance with the decision adopted by the Annual General Meeting in April 2023.

At the beginning of the year the total cash balance was MSEK 159. The cash-flow from operations during the first half year was positive by MSEK 44, cash-flow from investments was negative by MSEK 29 and cash-flow from financing activities was negative by MSEK 3. The currency exchange rate differences in the liquid funds were MSEK 4. The total cash holdings at the end of the second quarter were MSEK 175.

The gross investments during the first six months amounted to MSEK 59 (18). The investment consisted of capitalized expenses of MSEK 30 related to the bareboat charter of two AHTS-vessels, capitalized docking expenses of 19 MSEK and equity contributions to the holding companies of the two PSV's of 10 MSEK.

The Annual General Meeting, which was held on April 26, 2023, decided that no dividend would be distributed for the fiscal year 2022.

For further information of the Group's financial position see note 5, "Interest bearing liabilities and note 6, "Cash and cash equivalents".

Viking Supply Ships AB is obliged to publish this report in accordance with the Swedish Securities Act. This report has been prepared in both Swedish and English versions. In case of variations in the contents between the two versions, the Swedish version shall govern. This report was submitted for publication on 16 August 2023.



Q2

The undersigned certify that the interim report gives a true and fair picture of the Group's financial position and results and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

This interim report has not been audited or reviewed by the Company's auditors.

Gothenburg, 16 August 2023

Viking Supply Ships AB

Bengt A. Rem
Chairman

Kristoffer Sandaker
Board Member

Håkan Larsson
Board member

Magnus Sonnorp
Board member

Petter Orvefors
Board member

Trond Myklebust
CEO

Christer Lindgren
Employee representative

FINANCIAL CALENDAR 2023

22 November

Q3 Interim report

INVESTOR RELATIONS

Please contact CFO, Tord Helland, ph. +47 40 63 15 75.

The interim report is available on the company's website: www.vikingsupply.com



CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(MSEK)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Net sales	2	151	203	321	305	577
Other operating revenue		0	0	0	0	0
Direct voyage cost		-12	-11	-26	-17	-44
Personnel costs		-101	-86	-200	-174	-356
Other costs		-18	-28	-37	-47	-73
Depreciation/impairment	3	-22	-21	-46	-41	-86
Result from shares in associated companies		0	2	-2	5	-5
Operating result		-2	59	10	31	13
Net financial items		-4	5	-7	5	-2
Result before tax		-6	64	3	36	11
Tax	8	0	-3	0	-3	-3
Result for the period		-6	61	3	33	8
Earnings attributable to Parent Company's shareholders, per share in SEK (before and after dilution):		-0.4	4.8	0.3	2.6	0.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Result for the period		-6	61	3	33	8
Other comprehensive income for the period:						
Items that will not be restored to the income statement						
Revaluation of net pension obligations		0	0	0	0	1
Items that later can be restored to the income statement						
Change in translation reserve, net		93	177	80	216	256
Other comprehensive income		93	177	80	216	257
Total comprehensive income for the period		87	238	83	249	265

CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	Note	Q2 2023	Q4 2022
Intangible assets		1	1
Vessels	3	1,821	1,743
Value-in-use assets		7	11
Other tangible fixed assets		2	2
Financial assets		106	94
Total fixed assets		1,937	1,851
Other current assets		145	125
Cash and cash equivalents	6	175	159
Total current assets		320	284
TOTAL ASSETS	4	2,257	2,135
Shareholders' equity		2,128	2,015
Long-term liabilities	5	9	10
Current liabilities	5	120	110
TOTAL EQUITY, PROVISIONS AND LIABILITIES		2,257	2,135

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Cash flow from operations before changes in working capital		16	83	51	72	103
Changes in working capital		49	-116	-7	-134	-21
Cash flow from current operations		65	-33	44	-62	82
Cash flow from investing activities		-5	-2	-29	-18	-34
-whereof acquisitions		-5	-2	-29	-18	-34
Cash flow from financing activities		-1	-1	-3	-3	-5
-whereof changes in loans		-1	-1	-3	-3	-5
Changes in cash and cash equivalents		59	-36	12	-83	43
Cash and cash equivalents at beginning of period		110	68	159	115	115
Exchange-rate difference in cash and cash equivalents		6	1	4	1	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	175	33	175	33	159

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

Shareholders' equity (MSEK)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Equity at beginning of period		2,011	1,761	2,015	1,750	1,750
New share issue ¹⁾		30	-	30	-	-
Total comprehensive income for the period		87	238	83	249	265
SHAREHOLDERS' EQUITY AT END OF PERIOD		2,128	1,999	2,128	1,999	2,015

Share capital (MSEK)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Share capital at beginning of period		410	410	410	410	410
New share issue ¹⁾		9	-	9	-	-
Share capital at end of period		419	410	419	410	410

Number of shares ('000)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Number of outstanding shares at beginning of period		12,878	12,878	12,878	12,878	12,878
New shares ¹⁾		282	-	282	-	-
Total number of shares at end of period		13,160	12,878	13,160	12,878	12,878
Average number of shares outstanding		12,955	12,878	12,917	12,878	12,878

1) In the second quarter a targeted new rights issue by way of set-off to companies related to the principal shareholder, Kistefos AS, was carried out. The 287.783 new issued shares to the value of MSEK 30 was consideration for fees brokering the charter agreement and the financing for the transaction that the Group entered into with Ocean Yield regarding two AHTS-vessels.

DATA PER SHARE

(SEK)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
EBITDA		1.6	6.3	4.4	5.6	7.7
Result after tax (EPS)		-0.4	4.8	0.3	2.6	0.6
Equity		161.7	155.2	161.7	155.2	156.5
Operating cash flow		1.4	6.6	3.9	6.0	7.5
Total cash flow		4.5	-2.7	0.9	-6.4	3.3

PARENT COMPANY

The activities in the Parent Company mainly consist of shareholdings and a limited Group wide administration.

The Parent Company's result after tax for the first half year was MSEK 1 (4).

At the end of the second quarter the Parent Company's equity was MSEK 1,773 (1,742 on Dec 31, 2022), and total assets were MSEK 1,798 (1,764 on Dec 31, 2021). In the second quarter a targeted new rights issue by way of set-off to companies related to the principal shareholder, Kistefos AS, was carried out. The 287.783 newly issued shares to the value of MSEK 30 were consideration for brokering the charter agreement and securing the financing for the transaction that the Group entered with Ocean Yield regarding two AHTS-vessels.

The equity ratio at the end of the quarter was 99 % (99 % on Dec 31, 2022). Cash and cash equivalents at the end of the second quarter was MSEK 2 (MSEK 2 on Dec 31, 2022).

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Net sales		2	3	5	5	9
Personnel costs		-1	-1	-1	-1	-1
Other costs		-1	-2	-4	-4	-9
Operating result		0	0	0	0	-1
Net financial items		2	3	1	4	-4
Result before tax		2	3	1	4	-5
Tax on result for the year		-	-	-	-	-
RESULT FOR THE PERIOD		2	3	1	4	-5
<i>Other comprehensive income for the period:</i>						
Items that will not be restored to the income statement						
Revaluation of net pension obligations		0	0	0	0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2	3	1	4	-5

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	Q2 2023	Q4 2022
Financial fixed assets		1,666	1,666
Current assets		132	98
TOTAL ASSETS		1,798	1,764
Shareholders' equity		1,773	1,742
Provisions		2	2
Long-term liabilities		5	5
Current liabilities		18	15
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		1,798	1,764

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

(MSEK)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Equity at beginning of period		1,741	1,746	1,742	1,745	1,745
New share issue ¹⁾		30	-	30	-	-
Total comprehensive income for the period		2	3	1	4	-3
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,773	1,749	1,773	1,749	1,741

1) In the second quarter a targeted new rights issue by way of set-off to companies related to the principal shareholder, Kistefos AS, was carried out. The 287.783 new issued shares to the value of MSEK 30 was consideration for fees brokering the charter agreement and the financing for the transaction that the Group entered into with Ocean Yield regarding two AHTS-vessels.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. LIQUIDITY AND GOING CONCERN

The Group continues to operate in highly competitive markets, and the operation is exposed to various operational and financial risks. Viking Supply Ships maintains a positive long-term outlook for the offshore industry and is of the opinion that there will be high activity during the next years also driven by the opportunities that arise in the offshore wind market. Based on the result expectations, the Group's strong balance-sheet, the current risks, and a continued belief in securing contracts within the core market segment, the Board of Directors and Management have concluded that both the company and the Group will be able to continue as going concern at least until 30 June 2024. This conclusion is based on the Board of Directors' and Management's assessment of the current outlook for 2023/2024 and the uncertainties and risks described in this report.

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

(MSEK)	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	Q1-Q4 2022
Time charter revenues ¹⁾		88	142	189	177	347
ROV charter revenues ¹⁾		4	2	10	2	7
Mobilisation/demobilisation fees ¹⁾		0	0	0	0	1
Meals/accomodation onboard ¹⁾		1	0	1	0	1
Consultancy fees ²⁾		3	2	6	4	11
Reinvoiced costs ³⁾		55	57	115	122	210
TOTAL		151	203	321	305	577

1) The revenues are entirely attributable to the Ice-classed AHTS segment.

2) The revenues are attributable to the Ice Management, Services and Ship Management segments.

3) The revenues are mainly attributable to the Ship Management segment.

Time charter revenues

Time charter means that the ship owner grants the rights of disposal of the vessel to a charterer for a certain period and within certain agreed frameworks. The scope of the time charter is determined by the contract entered and may include everything from short periods such as occasional days up to long term contracts that run for several years. Depending on the type of vessel, the agreement also determines if it is goods to be transported, towing or anchor handling to be carried out, as well as in which parts of the world the vessel is to operate. The charterer pays the time charter hire to the ship owner, which is a rental fee to be paid per a certain time unit. The decisive factor is what has been agreed upon, but a usual occurrence is per calendar month and that payment must be made in advance, or per day for shorter contract periods. The time charter parties mean that the Group negotiates a fixed day rate for the vessels, commonly for an unspecified period. Normally, the time period is defined to include a range that specifies the minimum and maximum number of days, which is ultimately determined by the charterer based on the actual time spent in having the work done. The above is also applicable to the cases where ROV equipment is rented out, see below.

ROV charter revenues

In some cases of long-term time charter contracts, the vessels may need to be adapted to the needs of the charters, e.g. equipped for towing or supplemented with ROV (Remote Operated Underwater Vehicle). The costs of such adaptations, or the hiring of supplementary equipment, are normally charters' expenses. Otherwise, revenue recognition of leased ROV equipment takes place on the same principles as time charter revenue, as described above.

Mobilization/demobilization fees

Terms for mobilization/demobilization fees are included in the time charter party and mean that the vessel must be adapted to charterers needs but may also include that the ship shall be delivered in a special port near the vessels operations areas. The compensation for these adaptations and or delivery of the vessels often consists of a fixed lump sum. Similarly, the demobilization fee is recognized when the vessel is again in "home port" and has been restored from the current charter assignment.

Reinvoiced expenses

It is common for shipping companies to take care of operations, maintenance, HSEQ work and staffing on behalf of other shipping companies. It can be compared to property management. It is a wide range of options within ship management, from where the manager runs the entire operation of the vessel including staffing where the seamen are employed by the manager, to individual parts of the above mentioned areas or where only key

personnel are provided by the manager. The Group has contract for the operation, maintenance and staffing of the Swedish Maritime Administration's five icebreakers. This means that personnel costs and operating costs for the vessels including bunker oil, lubricating oil, repairs and maintenance of the vessels, classification costs, etc., are invoiced at cost to the client.

3. TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized at cost or after deductions for accumulated depreciation according to plan and possible impairment. Straight-line amortization according to plan is applied.

Impairment test

At each reporting date the accounts are assessed whether there is an indication that an asset may be impaired. If any such indication exists, or when impairment testing for an asset is required, estimates of the asset's recoverable amount are done. The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and the net present value (NPV) of future estimated cash flow from the employment of the asset ("value in use").

The operations are conducted with advanced AHTS vessels; Loke Viking, Njord Viking, Magne Viking and Brage Viking, which all hold high ice-class and extensive possibilities to operate in various conditions. These four are a group of sister-vessels delivered from the construction shipyard between June 2010 and January 2012, but with some differences in equipment level. The market experience from the previous years, and the current market situation, prove that the vessels with occasional exceptions can all be used for the same kind of operations and are thus deemed interchangeable. Which vessel to be nominated for a certain contract is in principle determined by factors such as availability, geographic position relative to operation area and time for crew-change. Each vessel generates its own cash streams, but the company's customers could still have used another vessel from the actual fleet type. Based on this the Management has deemed it appropriate to consider the group of ice-classed AHTS vessels seen as a separate cash generating unit. As a result, impairment tests are performed on a portfolio level rather than on individual vessels. If a change in the customers' requirements occurs that affects the earnings capacity of individual vessels in relation to the sister vessels, this assessment could be reconsidered.

The key assumptions used in the value in use calculation and in the assessment of owned vessels, for 2023 are as follows:

- The cash flows are based on current tonnage.
- Estimates of fixture rates, utilization and contract coverage as well as estimated residual values are based on Management's extensive experience and knowledge of the market.
- Operating expenses and dry dock costs are estimated based on Management's experience and knowledge of the market as well as plans and initiatives outlined in the operating budgets.
- The weighted average cost of capital (WACC) used to discount the forecasted cash flows was 10,01% (2022: 10.01%).
The pre- and post-tax discount factor is the same due to tonnage taxation.

As indication of fair market value, valuations of owned vessels are obtained from independent shipbrokers on a quarterly basis.

Conclusion Impairment test Ice-classed AHTS vessels in 2023

In the second quarter of 2023, the Management has evaluated the AHTS fleet based on the methods described above and concluded that the AHTS vessels are not to be impaired. Due to the uncertain global financial situation and the Russian invasion and war in Ukraine, there has been uncertainty surrounding the future market development, however recently the market has strengthened. Management will continue to closely monitor external developments and, if necessary, adjust input data in forecasts and WACC assumptions.

4. SEGMENT INFORMATION

The segment information about continuing operations is presented in four segments:

- The segment Ice-classed AHTS comprises four offshore vessels that are equipped for and have the capacity to operate in areas with harsh environment. All vessels are also equipped and classed to operate in Arctic areas.
- The segment Ice-classed PSV comprises two large new-built PSV-vessels. The vessels are powered with LNG and equipped with battery-packs which provide good fuel economy and lower environmental impact.

The Group owns 30% of the vessels which are taken into the financial statements according to the equity method.

- The segment Ice Management and Services provides ice management services and logistical support in the Arctic regions.
- The segment Ship Management is involved in commercial management of five icebreakers owned by the Swedish Maritime Administration.

Q2 2023 MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	93	145	0	0	0	0	58	58	151	203
EBITDA	30	87	-1	1	-3	-1	-5	-6	21	81
Result before tax	5	69	-1	1	-3	-1	-7	-5	-6	64
Total assets	2,056	1,962	99	87	0	0	102	86	2,257	2,135

Year to date MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	200	180	0	0	0	0	121	125	321	305
EBITDA	76	83	-4	3	-5	-3	-11	-11	56	72
Result before tax	25	47	-4	3	-5	-3	-13	-11	3	36
Total assets	2,056	1,962	99	87	0	0	102	86	2,257	2,135

There have been no significant transactions between the segments.

5. INTEREST-BEARING LIABILITIES

At the end of the quarter, the Interest-bearing liabilities totaled MSEK 7 and consisted entirely of leasing debts, mainly related to hired vessel equipment (right-to-use assets), reported in accordance with IFRS 16 Leases. The Group disposes of a credit facility of MUSD 40, which at balance-day corresponded to MSEK 434, available for ordinary course of business and potential investment opportunities. The credit facility was at the end of the second quarter unutilized.

MSEK	Q2 2023	Q2 2022	Q4 2022
Long-term financial lease debt	4	3	5
Short-term financial lease debt	3	3	6
TOTAL	7	6	11

6. CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the quarter amounted to MSEK 175 (159 on Dec 31, 2022), including client funds, used in the external ship management operation, of MSEK 45 (26 on Dec 31, 2022). The Group disposes of a credit facility of MUSD 40, which at balance-day corresponded to MSEK 434, available for ordinary course of business and potential investment opportunities. The credit facility was at the end of the second quarter unutilized.

MSEK	Q2 2023	Q2 2022	Q4 2022
Free cash and cash equivalents	130	10	133
Restricted cash	45	23	26
TOTAL	175	33	159

7. OPERATIONAL AND FINANCIAL RISK

The Group operates in highly competitive markets and is exposed to various operational and financial risk factors. The financial risk is mainly related to liquidity risk, funding risk and currency risk. The Group works actively to identify, assess and manage these risks.

The main operational risk factors relate to the overall macroeconomic market conditions, degree of competition, flow of goods in prioritized market segments and finally the overall balance of supply and demand of vessels, affecting rates and profit margins. The objective of the overall risk management policy of the Group is to ensure a balanced risk and return relationship.

The offshore market is to a high degree dependent on the investment level in the oil industry which in turn is driven by the oil price development on the global market. Fluctuations in the offshore market in the last few years have impacted the Group's profitability and liquidity. The Group has a clear focus on increasing the number of vessels on term contracts within the offshore operations to mitigate fluctuations in rates and utilization. The Group is also exposed to risks regarding political and social instability. The Russian war in Ukraine has led to sanctions and a risk of termination of contracts and reduced business opportunities in these, for the Group, previously important regions.

The foreign exchange risk is primarily reduced by matching the exposure to revenues in various currencies with costs in the corresponding currency. In the same manner, assets in a certain currency are primarily matched with liabilities in the same currency.

8. OTHER INFORMATION

Company information

Viking Supply Ships AB is a limited liability company registered in Sweden, with its domicile in Gothenburg, and corporate registration number 556161-0113. Viking Supply Ships AB is listed on Nasdaq First North Growth Market in Stockholm under the ticker VSSAB.

Corporate tax

The general situation for the Group is that taxes payable is limited to foreign entities. The tax losses carry forward for Swedish entities amounted at end of the quarter to MSEK 1,090 (1,090 on Dec 31, 2022). There are no tax assets capitalized in the balance sheet related to these tax losses carry forward. The main part of the activities within the group's subsidiaries outside of Sweden is tonnage taxed, which means that the taxable is calculated as a lump sum based on the net tonnage, instead of conventional taxation, which is based on the company result. The recognized deferred tax liability for the operations outside Sweden amounted to MSEK 0 (0 on Dec 31, 2022).

Accounting policies

This interim report for the Group was prepared in accordance with the application of IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting policies applied for the Group and the parent company correspond, unless otherwise stated below, with the accounting policies applied in the preparation of the latest annual report.

Transactions with related parties

Kistefos AS guarantees the credit facility of USD 40 million that the group disposes of. For this commitment, the group pays a guarantee commission on market terms.

In April the annual general meeting resolved, in accordance with the proposal of the Board of Directors, to approve a related party transaction regarding a consultancy agreement with two companies that are closely related to the company's principal shareholder Kistefos AS. According to the agreement, Kistefos Corporate AS and Kistefos Financial Advisors AS was given the right to receive a fee, to be paid by way of set-off against a rights issue of series B shares in the company, for brokering the charter agreement and the financing for the transaction that the company entered with Ocean Yield AS. In the second quarter the targeted new rights issue of 287.783 new shares, to the value of MSEK 30, was carried out.

Subsequent events

No significant events after the end of the interim period have been noted.

Number of employees

The average number of full-time employees in the Group during the first half year was 412 (Jan-Dec 2022: 369).

Number of shares

Share distribution on 30 June, 2023:

Number of Series A shares	625,698
Number of Series B shares, listed	12,534,213
Total number of shares	13,159,911

DEFINITIONS

AHTS

Anchor Handling Tug Supply vessel

EARNINGS PER SHARE

Profit after financial items less 1) current tax, 2) tax on profit for the year (current and deferred tax) in accordance with the consolidated income statement

EBIT

Earnings before interest and taxes

EBITDA

Earnings before interest, taxes, depreciation and amortization, corresponding to profit/loss before capital expenses and tax

EQUITY RATIO

Shareholders' equity divided by total assets

THE GROUP

Viking Supply Ships AB, a Limited Liability Company registered in Sweden, with all subsidiaries

IFRS

International Financial Reporting Standards – an international accounting standard used by all listed companies. Some older standards included in IFRS include IAS (International Accounting Standards)

MARKET ADJUSTED EQUITY RATIO

Shareholders' equity divided by total assets, adjusted for asset market valuations

OPERATING CASH FLOW

Profit/loss after financial income/expense adjusted for capital gains/losses, depreciation/amortization and impairment

OPERATING COST

Operating cost consists of crew, technical and administration costs

OPERATING PROFIT/LOSS

Profit/loss before financial items and tax

OSV

Offshore Support Vessels

PROFIT MARGIN

Profit after financial items divided by net sales

PSV

Platform Supply Vessel

RETURN ON EQUITY

Profit after financial items less tax on profit for the year, divided by average shareholders' equity

TOTAL CASH FLOW

Cash flow from operating activities, investing activities and financing activities

WACC

The weighted average cost of capital (WACC) is a calculation of a firm's cost of capital in which each category of capital is proportionately weighted.

Viking Supply Ships AB (publ) is the parent company of a shipping Group domiciled in Gothenburg, Sweden, with the operational headquarters in Kristiansand, Norway. Viking Supply Ships AB (publ) is organized into four segments: Ice-classed Anchor Handling Tug Supply vessels (AHTS), Ice-classed Platform Supply Vessels (PSV), Ice Management and Services as well as Ship Management. The operations are focused on offshore and icebreaking primarily in Arctic and subarctic areas. The company has in total about 370 employees and the turnover in 2022 was MSEK 577. The company's B-share is listed on NASDAQ First North Growth Market, www.vikingsupply.com.

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QUARTERLY