

VIKING SUPPLY SHIPS AB
(PUBL)
INTERIM REPORT

Q4

2023



VIKING SUPPLY SHIPS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION

SIMPLY
THE BEST



CEO STATEMENT

The AHTS-market was volatile during the fourth quarter of 2023. Less project work internationally and more available vessels in the North Sea spot market led to low utilization and spot rates. Delays and cancellations of jobs in the North Sea because of poor weather conditions also contributed to a soft market, especially in the latter part of the quarter.

Revenue in the fourth quarter of 2024 was above the same period last year driven by more vessels in operation. Revenue for Q4 came in at MSEK 133 (83), EBITDA at MSEK -44 (-39), and profit after tax was MSEK -87 (-55). Year-to-date revenue was MSEK 607 (577), EBITDA was MSEK 37 (99), and the year-to-date profit after tax ended at MSEK -88 (8).

Viking Supply Ships took delivery of two vessels during the fourth quarter. Andreas Viking (former Far Senator) has been undergoing re-branding and preparation for services and has entered a contract for operation in Australia commenced by end of January 2024. Odin Viking (former Normand Statesman) has been prepared for operation in Las Palmas and is now on a short-time charter in the Mediterranean. The four remaining ice-classed AHTS vessels operated in the North Sea spot market throughout the quarter. Higher number of active vessels in our AHTS-fleet, including two new vessels undergoing preparation for Viking Supply Ship services, compared to last year contributed to higher costs, which in turn resulted in a lower EBITDA both in the fourth quarter and in 2023 altogether.

The two partly owned PSV-vessels have during the fourth quarter operated on term contracts, with exception of a period when one of the vessels operated in the spot-market. Both vessels were on term- contract by end of the fourth quarter. A decision was taken to exit the partnership with Borealis,

followingly the management contract was terminated and will end in March. A put option for both vessels was executed in January 2024, and the sale of the vessels is expected to be closed in the first quarter of 2024. The transaction is expected to release cash of approximately MUSD 18, which will strengthen the Group's financial position.

Viking Supply Ships operates five government-owned ice-breakers on behalf of the Swedish Maritime Administration (SMA). The current management contracts expire 30 June 2024, when SMA will take over management. As part of a frame agreement with SMA, an agreement was signed in January 2024 for escort and icebreaking services in northern Baltic Sea. The Company supplied one of its own ice- classed AHTS vessels in addition to the five state- owned vessels that Viking Supply Ships already operate on the behalf of the SMA.

OUTLOOK

We expect the North Sea AHTS-market to continue to be volatile during 2024, although with periods of uplift in rates and utilization. We still expect increased demand in Brazil, Canada, West-Africa and in the Far East, which is an indicator of the activity globally. The expected increase is driven by increased rig activity, installation and decommissioning of FPSO's, maintenance of mooring systems and other projects. The North Sea market is affected by the global activity level, as requirements in other locations will attract vessels from the North Sea. Viking Supply Ships do also seek opportunities internationally.

Gothenburg, 22 February 2024

Trond Myklebust
CEO and President

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Q4

FOURTH QUARTER

- Total revenue was MSEK 133 (83)
- EBITDA was MSEK -44 (-39)
- Result after tax was MSEK -86 (-55)
- Result after tax per share was SEK -6.6 (-4.2)

YEAR TO DATE

- Total revenue was MSEK 607 (577)
- EBITDA was MSEK 37 (99)
- Result after tax was MSEK -88 (8)
- Result after tax per share was SEK -6.8 (0.6)

SUMMARY OF EVENTS IN Q4

- EBITDA for Q4 was MSEK -44 (-39).
- The average fixture rates in Q4 for the AHTS-fleet was USD 44,600 (19,300) and the average utilization was 33% (43). The average fixture rate for the PSV-vessels was USD 21,500 (15,500) and the average utilization was 81% (98).
- In the beginning of November the AHTS-vessels Andreas Viking (formerly Far Senator) and Odin Viking (formerly Normand Statesman) were delivered.
- In the beginning of October, a contract was signed for the AHTS vessel Andreas Viking for operations outside Australia. The contract with commencement at the end of January 2024 has a fixed period of 412 days and five options of 30 days each.

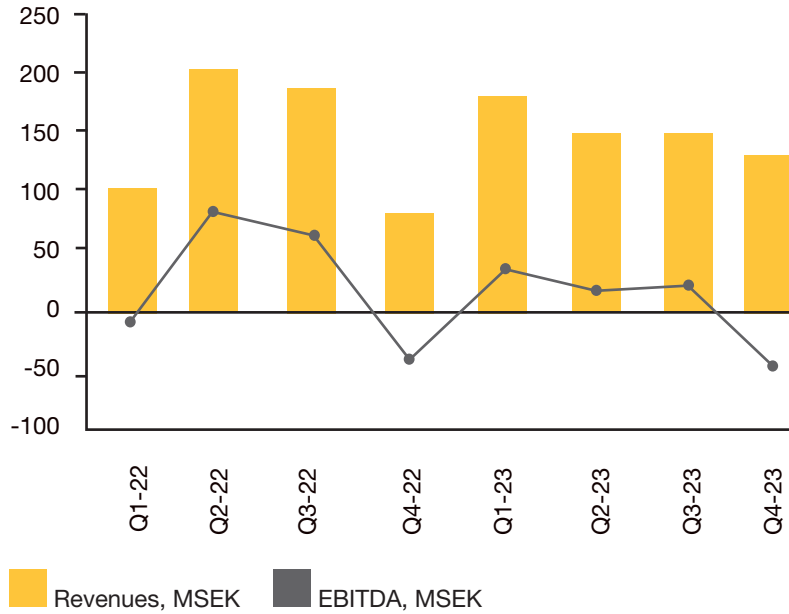
SUBSEQUENT EVENTS

- As part of an agreement with SMA, Viking Supply Ships has been called upon for escort and icebreaking services in northern Baltic Sea. The contract is signed for 40 days, with the option to extend by up to 20 days and started in mid-January 2024.
- Viking Supply Ships has terminated the management agreement on the partly owned PSV-vessels and executed a put option in the shares in the company owning the vessels. The put option is regulated in the shareholders agreement with a company managed by Borealis Maritime, and the shares will be sold based on the market price of the two PSV's to be decided by two designated independent shipbrokers. The transaction, which is expected to close in the first quarter of 2024, is expected to bring a capital gain of approximately MUSD 9 and a cash release of approximately MUSD 18.

KEY FINANCIALS	Q4 2023	Q4 2022
Net sales, MSEK	133	83
EBITDA, MSEK	-44	-39
Result after tax, MSEK	-86	-55
Earnings per share after tax, SEK	-6.6	-4,2
Shareholders' equity per share, SEK	143.2	156.5
Return on equity, %	-17.3	-10.4
Equity ratio, %	67.6	94.4
Market adjusted equity ratio, %	69.4	94.6



FINANCIAL DEVELOPMENT



RESULTS AND FINANCE

RESULTS FULL-YEAR 2023

Total revenue for the Group was MSEK 607 (577).

The Group's EBITDA was MSEK 37 (99).

Net financial items were MSEK -26 (-2). The Net financial items is compared to previous year impacted by interest costs related to the financing of Odin and Andreas Viking, which were added to the fleet early in November 2023.

The Group's result after tax was MSEK -88 (8).

OPERATIONAL HIGHLIGHTS FOR THE FOURTH QUARTER

ICE-CLASSED ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total revenue from the AHTS segment was MSEK 57 (26) in Q4 and EBITDA was MSEK -42 (-28). EBITDA for the fourth quarter was negatively affected by Odin Viking and Andreas Viking which joined the fleet early in November. After the takeover, the vessels were during the rest of the quarter unemployed whilst undergoing rebranding and preparations for Viking Supply Ships services.

Four AHTS vessels have operated in the North Sea spot market in the fourth quarter. Andreas Viking and Odin Viking became available for operation from early 2024.

An increased number of available vessels in the North Sea coinciding with expected projects being delayed led to a soft market for the AHTS-segment.

AHTS Q4	Fixture rates (USD)	Utilization (%)
AHTS vessels on term charters	- (-)	0 (-)
AHTS vessels on the spot market	44,600 (19,300)	33 (43)
Total AHTS fleet	44,600 (19,300)	33 (43)

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

■ Firm contract
 ■ Option
 ■ Spot/available
 ■ Layup / in house

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

The table shows the contractual status of as 22 February 2024.

ICE-CLASSED PLATFORM SUPPLY VESSELS (PSV)

The two PSV-vessels that VSS manages are owned in partnership with funds managed by Borealis Maritime. Viking Supply Ships owns 30% of the vessels, which are consolidated in the financial statements according to the equity-method. The profit for VSS' share of the vessels was MSEK 2 (0) in Q4.

Cooper Viking has been working on term contract with Vår Energi in Q4 2023. Coey Viking has been operated in the spot market for a period in Q4, but has entered a term contract with Harbour Energy by end of Q4.

PSV Q4	Fixture rates (USD)	Utilization (%)
PSV vessels on term charters	21,000 (16,100)	99 (100)
PSV vessels in the spot market	23,800 (10,900)	45 (86)
Total PSV fleet	21,500 (15,500)	81 (-98)

ICE MANAGEMENT, SERVICES AND SHIP MANAGEMENT

Total Ice Management, Services and Ship Management revenue was MSEK 76 (57) in Q4. Total EBITDA was MSEK -3 (-11).

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 year, the Group's equity amounted to MSEK 1,886. The equity decreased during the year by net MSEK 129 due to the loss of MSEK 88, a negative change in the translation reserve of MSEK 71 and a positive effect from the new share issue of MSEK 30. 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 are therefore affected by exchange rate fluctuations between SEK and USD. Further information can be found in the section "Changes in the Group's shareholders' equity" on page 9.

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 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 new AHTS-vessels. The decision was adopted by the Annual General Meeting in April 2023.

During the fourth quarter the AHTS vessels Odin- and Andreas Viking were added to the fleet. The vessels are partly financed by five-year bareboat charter contracts in which Viking Supply Ships at the end of the charter period have the obligation to acquire the vessels. These vessels are classified as right-to-use assets in the balance sheet.

At the beginning of the year the total cash balance was MSEK 159. The cash-flow from operations during the year was positive by MSEK 54, cash-flow from investments was negative by MSEK 130 and cash-flow from financing activities was positive by MSEK 92. The currency exchange rate differences in the liquid funds were negative with MSEK 3. The total cash holdings at the end of the year were MSEK 172.

The gross investments during the year amounted to MSEK 859 (34). The investment consisted of investments in the two bareboat chartered AHTS-vessels Odin- and Andreas Viking of MSEK 814, capitalized docking expenses and other investments related to the fleet of 35 MSEK and equity contributions to the holding companies of the two PSV's of 10 MSEK.

New loans of MSEK 804 were raised during the year of which MSEK 694 relates to the bareboat chartered new vessels classified as right-to-use assets. The Group has also during the year drawn MSEK 100 (MUSD 10,0) on a revolving credit facility. The net interest-bearing debts at the end of the year was MSEK 599.

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 22 February 2024.

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, 22 February 2024

Viking Supply Ships AB

Bengt A. Rem
Chairman

Kristoffer Sandaker
Board member

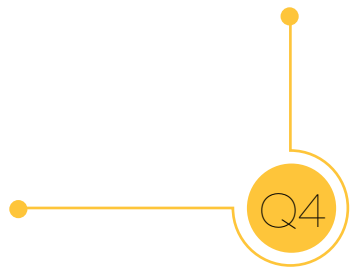
Håkan Larsson
Board member

Magnus Sonnorp
Board member

Petter Orvefors
Board member

Christer Lindgren
Employee representative

Trond Myklebust
CEO



FINANCIAL CALENDAR 2024

24 April	Annual General Meeting
23 May	Q1 Interim report
22 August	Q2 Interim report
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	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Net sales	2	133	83	607	577
Other operating revenue		0	0	0	0
Direct voyage cost		-17	-11	-55	-44
Personnel costs		-113	-93	-408	-356
Other costs		-46	-18	-104	-73
Depreciation/impairment	3	-29	-23	-99	-86
Result from shares in associated companies		0	-1	-2	-5
Operating result		-72	-63	-61	13
Net financial items		-13	8	-26	-2
Result before tax		-85	-55	-87	11
Tax	8	-1	0	-1	-3
Result for the period		-86	-55	-88	8
Earnings attributable to Parent Company's shareholders, per share in SEK (before and after dilution):		-6.6	-4.2	-6.8	0.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Result for the period		-86	-55	-88	8
Other comprehensive income for the period:					
Items that will not be restored to the income statement					
Revaluation of net pension obligations		0	1	0	1
Items that later can be restored to the income statement					
Change in translation reserve, net		-149	-131	-71	256
Other comprehensive income		-149	-130	-71	257
Total comprehensive income for the period		-235	-185	-159	265

CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	Note	Q4 2023	Q4 2022
Intangible assets		1	1
Vessels	3	1,625	1,743
Value-in-use assets		786	11
Other tangible fixed assets		1	2
Financial assets		96	94
Total fixed assets		2,509	1,851
Other current assets		107	125
Cash and cash equivalents	6	172	159
Total current assets		279	284
TOTAL ASSETS	4	2,788	2,135
Shareholders' equity		1,886	2,015
Long-term liabilities	5	715	10
Current liabilities	5	187	110
TOTAL EQUITY, PROVISIONS AND LIABILITIES		2,788	2,135

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Cash flow from operations before changes in working capital		-57	-42	12	103
Changes in working capital		81	41	42	-21
Cash flow from current operations		24	-1	54	82
Cash flow from investing activities		-100	-13	-130	-34
-whereof acquisitions		-100	-13	-130	-34
Cash flow from financing activities		97	-1	92	-5
-whereof changes in loans		97	-1	92	-5
Changes in cash and cash equivalents		21	-15	16	43
Cash and cash equivalents at beginning of period		157	173	159	115
Exchange-rate difference in cash and cash equivalents		-6	1	-3	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	172	159	172	159

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

Shareholders' equity (MSEK)	Note	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Equity at beginning of period		2,121	2,200	2,015	1,750
New share issue ¹⁾		-	-	30	-
Total comprehensive income for the period		-235	-185	-159	265
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,886	2,015	1,886	2,015

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

Number of shares ('000)	Note	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Number of outstanding shares at beginning of period		13,160	12,878	12,878	12,878
New shares ¹⁾		-	-	282	-
Total number of shares at end of period before and after dilution		13,160	12,878	13,160	12,878
Average number of shares outstanding before and after dilution		13,160	12,878	13,039	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 Odin- and Andreas Viking.

DATA PER SHARE

(SEK)	Note	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
EBITDA		-3.3	-3.0	2.9	7.7
Result after tax (EPS)		-6.6	-4.2	-6.8	0.6
Equity		143.2	156.5	143.2	156.5
Operating cash flow		-4.4	-2.5	0.8	7.5
Total cash flow		1.5	-1.2	1.1	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 year was MSEK 8 (-5).

At the end of the year the Parent Company's equity was MSEK 1,779 (1,742 on Dec 31, 2022), and total assets were MSEK 1,984 (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 year was 90 % (99 % on Dec 31, 2022). Cash and cash equivalents at the end of the year was MSEK 109 (MSEK 2 on Dec 31, 2022). The increase in cash holdings seen from the third quarter relates to the establishment of a cash-pool where the Parent Company hold the lead account to which the participating subsidiaries accounts have been connected.

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Net sales		2	2	10	9
Personnel costs		0	0	-1	-1
Other costs		-2	-3	-9	-9
Operating result		0	-1	0	-1
Net financial items		7	-11	8	-4
Result before tax		7	-12	8	-5
Tax on result for the year		-	-	-	-
RESULT FOR THE PERIOD		7	-12	8	-5
<i>Other comprehensive income for the period:</i>					
Items that will not be restored to the income statement					
Revaluation of net pension obligations		-1	2	-1	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6	-10	7	-3

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	Q4 2023	Q4 2022
Financial fixed assets		1,665	1,666
Current assets		319	98
TOTAL ASSETS		1,984	1,764
Shareholders' equity		1,779	1,742
Provisions		3	2
Long-term liabilities		4	5
Current liabilities		198	15
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		1,984	1,764



Q4

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

(MSEK)	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Equity at beginning of period	1,773	1,752	1,742	1,745
New share issue ¹⁾	-	-	30	-
Total comprehensive income for the period	6	-10	7	-3
SHAREHOLDERS' EQUITY AT END OF PERIOD	1,779	1,742	1,779	1,742

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. Based on the result expectations, the Group's strong balance-sheet, the current risks, and a continued belief in securing contracts, 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 31 December 2024. This conclusion is based on the Board of Directors' and Management's assessment of the current outlook for 2024 and the uncertainties and risks described in this report.

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

(MSEK)	Note	Q4 2023	Q4 2022	Q1-Q4 2023	Q1-Q4 2022
Time charter revenues ¹⁾		51	21	331	347
ROV charter revenues ¹⁾		2	2	19	7
Mobilisation/demobilisation fees ¹⁾		0	1	0	1
Meals/accommodation onboard ¹⁾		0	1	1	1
Reinvoiced costs ³⁾		70	53	235	210
Consultancy fees ²⁾		10	5	21	11
TOTAL		133	83	607	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.

Mobilisation/demobilisation 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 six advanced AHTS vessels which have extensive possibilities to operate in various conditions. Loke Viking, Njord Viking, Magne Viking and Brage Viking are sister-vessels delivered from the construction shipyard between June 2010 and January 2012, but with some differences in equipment level. Odin Viking and Andreas Viking which are sister vessels, with similar age, size and capacity except for the ice-class as the other four vessels. Odin Viking and Andreas Viking were delivered new 2013. Andreas Viking has entered into a long-term contract in Australia and is due to the revenue profile classified as a separate cash generating unit. The market experience from the previous years, and the current market situation, prove that the other 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. Based on this the Management has deemed it appropriate to consider these two groups of AHTS vessels seen as separate cash generating units. As a result, impairment tests are performed on a portfolio level for five of the vessels and separately for one of the vessels 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 other 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 10,50% (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 AHTS vessels with ice-class in 2023

In the fourth quarter of 2023, the Management has evaluated the AHTS fleet consisting of two cash generating units 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 ABOUT CONTINUING OPERATIONS

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.

Q4 MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		TOTAL	
	2023	20221	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	57	26	0	0	2	0	74	57	133	83
EBITDA	-42	-28	1	0	1	-3	-4	-8	-44	-39
Result before tax	-84	-44	2	0	1	-3	-4	-8	-85	-55
Total assets ¹⁾	2,606	1,962	91	87	3	0	88	86	2,788	2,135

1) The comparative figures for Total assets refers to Q4 2022.

Year to date MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		TOTAL	
	2023	20221	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	357	358	0	0	3	1	247	218	607	577
EBITDA	69	138	-4	-7	-6	-8	-22	-24	37	99
Result before tax	-56	53	-3	-7	-6	-8	-22	-27	-87	11
Total assets	2,606	1,962	91	87	3	0	88	86	2,788	2,135

1) The comparative figures for Total assets refers to Q4 2022.

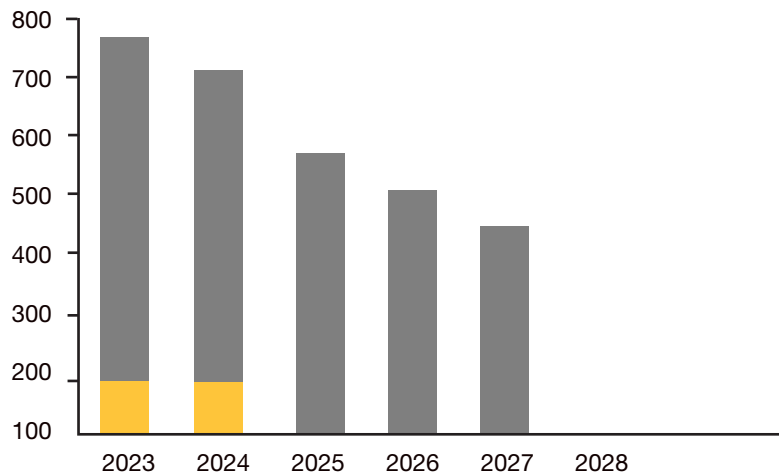
5. INTEREST BEARING LIABILITIES

At the end of the year, the Interest-bearing liabilities totaled MSEK 770. The leasing debts relates mainly to the two bareboat chartered vessels Odin- and Andreas Viking (right-to-use assets), which joined the fleet during Q4 2023. The Group disposes of a credit facility of MUSD 40, which at balance-day corresponded to MSEK 402, available for ordinary course of business and potential investment opportunities. At the end of the year MSEK 100 (MUSD 10,0) of the credit facility was utilized.

MSEK	Q4 2023	Q4 2022
Long-term loans from credit institutions	100	-
Long-term financial lease debts	611	5
Short-term financial lease debts	59	6
TOTAL INTEREST BEARING LIABILITIES	770	11

Interest-bearing debts 2023 - 2028

■ Bank debts ■ Lease debts



The graph show the outstanding amount for the current loan portfolio at balance-day each year.

6. CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the year amounted to MSEK 172 (159 on Dec 31, 2022), including client funds, used in the external ship management operation, of MSEK 35 (26 on Dec 31, 2022). The Group disposes of a credit facility of MUSD 40, which at balance-day corresponded to MSEK 402, available for ordinary course of business and potential investment opportunities. At the end of the year MSEK 100 (MUSD 10,0) of the credit facility was utilized.

MSEK	Q4 2023	Q4 2022
Free cash and cash equivalents	137	133
Restricted cash	35	26
TOTAL CASH AND CASH EQUIVALENTS	172	159
Unutilized credit facilities	302	417
TOTAL INCLUDING UNUTILIZED CREDIT FACILITIES	474	576

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 year to MSEK 1,079 (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

As part of an agreement between the Swedish Maritime Administration (SMA) and Viking Supply Ships (VSS), VSS has been called upon for escort and icebreaking services in northern Baltic Sea. The contract is signed for 40 days, with the option to extend by up to 20 days, and started in mid-January 2024.

Viking Supply Ships has terminated the management agreement on the partly owned PSV-vessels and executed a put option in the shares in the company owning the vessels. The put option is regulated in the shareholders agreement between Viking Supply Ships and the company managed by Borealis Maritime, and the shares will be sold based on the market price of the two PSV's to be decided by two designated shipbrokers. VSS expects to book a gain of approximately MUSD 8.5 and a cash release of approximately MUSD 17.5. The transaction is expected to close in the second quarter of 2024 at the latest.

Number of employees

The average number of full-time employees in the Group during the year was 406 (Jan-Dec 2022: 369).

Number of shares

Share distribution on December 31, 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

FPSO

Floating Production Storage and Offloading

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

NET INTEREST-BEARING DEBT

Equals interest-bearing debt, including lease liabilities, less cash and cash equivalents.

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

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. Its fleet of high-end AHTS vessels is capable of working in the harshest and most demanding environments in the world. The Company also has full management for the five Swedish state owned ice-breakers (Swedish Maritime Administration). The company has in total about 400 employees and the turnover in 2023 was MSEK 607. The company's B-share is listed on NASDAQ First North Growth Market, www.vikingsupply.com.

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