

VIKING SUPPLY SHIPS AB (PUBL)

INTERIM REPORT

Q4

2021



VIKING SUPPLY SHIPS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION

Q4

Q4

REVENUE
MSEK 86 (56)
 YTD: MSEK 312 (286)

ARCTIC FOCUS



Q4

EBITDA
MSEK -11 (-32)
 YTD: MSEK -49 (-101)

Q4

RESULT FOR THE PERIOD
MSEK -27 (-45)
 YTD: MSEK -118 (-191)

Q4

EARNINGS PER SHARE AFTER TAX
SEK -2.3 (-4.8)
 YTD: MSEK -11.9 (-20.5)

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 300 employees and the turnover in 2021 was MSEK 312. The company's B-share is listed on NASDAQ OMX Stockholm, segment Small Cap, www.vikingsupply.com.

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The market conditions within offshore oil and gas are still hampered by low drilling activity. Despite this, the demand for AHTS vessels in the North Sea improved during the quarter, increasing revenue levels compared to previous quarters. Revenue for the fourth quarter was MSEK 86 (56), EBITDA was MSEK -11 (-32), and the net result was MSEK -27 (-45). Year-to-date revenue was MSEK 312 (286), EBITDA was MSEK -49 (-101), and the net result was MSEK -118 (-191).

The rights issue which was resolved in the previous quarter was completed in the beginning of November, raising MSEK 100 in net proceeds. This secures the Group's working capital requirements and will make it easier for the Group to navigate through the remainder of the downturn seen in the wake of COVID-19 and oil-price collapse in early 2020.

The Group has worked relentlessly to secure term coverage for its fleet and is experiencing increasing tendering activity within its segment. After the end of the quarter the Group announced the award of a seasonal contract with a major construction company for its four anchor-handling tug supply (AHTS) vessels of 1A and 1A Super ice classes. The vessels will assist in a major industrial project in a harsh environment region in the summer of 2022 and 2023, with an option to extend operations for 2024. The contract testifies that Viking Supply ships has a strong presence in the market for complex marine operations in the Arctic and harsh environment regions. The contract covers 240 fixed days and up to

660 optional days. The estimated contract value for the fixed days, including mobilization and demobilization fees is MEUR 18.5.

OUTLOOK

Although the pandemic situation is continuing to cause significant restrictions in most regions, the global economy has continued to strengthen during the fourth quarter. The oil price has continued its upward trend and has recently traded around USD 90 per barrel. This gives support to a recovery of the activity within offshore oil and gas, which is assumed to materialize through an increasing number of rigs in operation during the second quarter of 2022. This is expected to increase the demand for the vessels operated by the Group. However, it is challenging to predict the strength and duration of a potential market improvement, and the current overcapacity of vessels in the market make it hard to predict if it will result in increased rates and utilization for the company's vessels.

In light of recent developments, the Group is well positioned to navigate through the remainder of the market downturn and take advantage of any market opportunities which may arise.

Gothenburg, 17 February 2022

Trond Myklebust
CEO and President

FOURTH QUARTER

- Total revenue was MSEK 86 (56)
- EBITDA was MSEK -11 (-32)
- Result after tax was MSEK -27 (-45)
- Result after tax per share was SEK -2.3 (-4.8)

YEAR TO DATE

- Total revenue was MSEK 312 (286)
- EBITDA was MSEK -49 (-101)
- Result after tax was MSEK -118 (-191)
- Result after tax per share was SEK -11.9 (-20.5)

SUMMARY OF EVENTS IN Q4

- EBITDA for Q4 was MSEK -11 (-32).
- For the AHTS-fleet the average fixture rate in Q4 was USD 38,600 (14,000) and the average utilization was 44% (48). The average fixture rates for the PSV-vessels in Q4 was USD 14,600 (-), and the average utilization was 100% (-).
- The fully subscribed rights issue of net MSEK 100 after issue costs was completed early November.

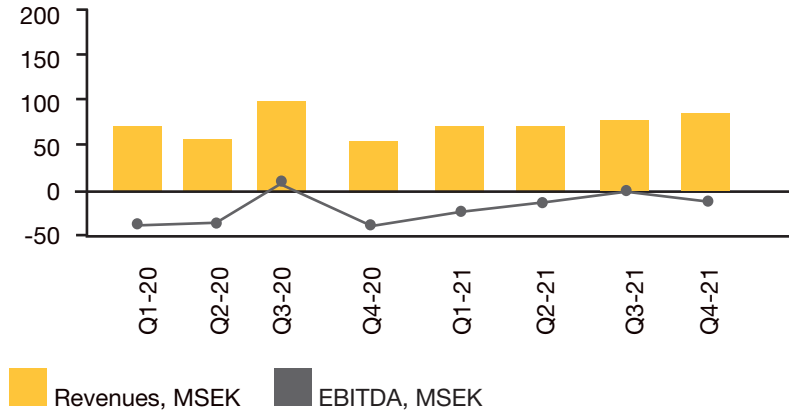
SUBSEQUENT EVENTS

- After the end of the quarter, VSS entered into a seasonal contract with a major construction company for its four anchor-handling tug supply (AHTS) vessels of 1A and 1A Super ice classes. The vessels will assist in a major industrial project in a harsh environment region in the summer of 2022 and 2023, with an option to extend operation for 2024. The contract testifies that Viking Supply ships has a strong presence in the market for complex marine operations in the Arctic and harsh environment regions. The estimated contract value for the fixed days, including mobilization and demobilization fees is MEUR 18.5.
- After the end of the quarter, CFO Morten G. Aggvin informed the company that he would resign from his position to pursue challenges outside Viking Supply Ships. Mr. Aggvin will remain in his position until 1 March 2022 and the company has initiated a recruitment process to identify Mr. Aggvin's successor.

KEY FINANCIALS	Q4 2021	Q4 2020
Net sales, MSEK	86	56
EBITDA, MSEK	-11	-32
Result after tax, MSEK	-27	-45
Earnings per share after tax, SEK	-2.3	-4.8
Shareholders' equity per share, SEK	135.9	172.4
Return on equity, %	-6.2	-10.6
Equity ratio, %	94.7	95.1
Market adjusted equity ratio, %	94.4	94.8

Q4

FINANCIAL DEVELOPMENT



RESULTS AND FINANCE

RESULTS YEAR TO DATE 2021

Total revenue for the Group was MSEK 312 (286).

The Group's EBITDA was MSEK -49 (-101).

Net financial items were MSEK -1 (-10).

The Group's result after tax was MSEK -118 (-191).

OPERATIONAL HIGHLIGHTS FOR THE FOURTH QUARTER

ICE-CLASSED ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total revenue from the AHTS segment was MSEK 36 (15) in Q4 and EBITDA was MSEK -8 (-31).

During Q4, two vessels have been operating in the North Sea spot market and two vessels have been laid up.

The market improvement seen in Q3 continued into Q4. As a result, revenue levels improved compared to corresponding period last year. However, the overall revenue level is still considered to be unsatisfactory.

AHTS Q4	Fixture rates (USD)	Utilization (%)
AHTS vessels on term charters	- (-)	0 (-)
AHTS vessels on the spot market	38,600 (14,000)	44 (48)
Total AHTS fleet	38,600 (14,000)	44 (48)

■ Firm contract
 ■ Option
 ■ Spot
 ■ Layup

AHTS	JAN '22	FEB '22	MAR '22	APR '22	MAY '22	JUN '22	JUL '22	AUG '22	SEP '22	OCT '22	NOV '22	DEC '22
Loke Viking												
Njord Viking												
Magne Viking												
Brage Viking												

Figures in the tables are as of 31 December 2021.



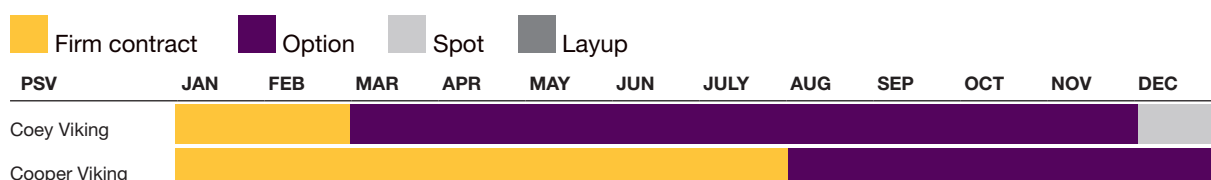
ICE-CLASSED PLATFORM SUPPLY VESSELS (PSV)

The profit-share according to the equity method for Q4 was MSEK -2 (-).

Coey Viking and Cooper Viking have been working on term contracts with Wintershall and Vår Energi, respectively, throughout the quarter.

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 Q4	Fixture rates (USD)	Utilization (%)
PSV vessels on term charters	14,600 (-)	100 (-)
PSV vessels in the spot market	- (-)	- (-)
Total PSV fleet	14,600 (-)	100 (-)



Figures in the tables are as of 31 December 2021.

ICE MANAGEMENT, SERVICES AND SHIP MANAGEMENT

Total Ice Management, Services and Ship Management revenue was MSEK 50 (41) in Q4. Total EBITDA was MSEK -1 (-1).

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

FINANCIAL POSITION AND CAPITAL STRUCTURE

At the end of the fourth quarter, the Group's equity amounted to MSEK 1,750. The equity increased during the year by net MSEK 142 due to the rights issue increasing the equity by MSEK 100 net after issue costs, a positive change in the translation reserve of MSEK 160 attributable to currency differences on net investments in subsidiaries, offset by the loss for the period of MSEK 118. Further information can be found in section "Changes in the Group's shareholders' equity" on page 9.

At the Extraordinary General Meeting held on September 13, a decision was made in accordance with the Board's proposal on a new share issue with or without preferential rights for the shareholders with the aim of providing the Group with approximately net MSEK 100 after issue costs. The fully subscribed rights issue was completed in early November.

At the beginning of the year the total cash holdings were MSEK 124. The cash-flow from current operations for the year was negative by MSEK 57, cash-flow from investments was negative by MSEK 65 and cash-flow from financing activities was positive by MSEK 105 including the rights issue of net MSEK 100 after issue costs, which was completed during the fourth quarter. Currency exchange rate differences in the liquid funds was positive by MSEK 8. The total cash holdings at the end of the quarter were MSEK 115.

The gross investments during the year, which amounted to MSEK 65 (28), consisted of capitalized docking expenses of MSEK 17, investments in the two PSV's which were delivered from the shipyard during H1 of MSEK 39 and other investments of MSEK 9. In total, the Group has invested MSEK 72 in the two PSV's at the end of 2021.

During the second and third quarters the Group raised shareholders loans from Kistefos AS of total MUSD 2 (MSEK 18). These loans were repaid during the fourth quarter, for further information see Note 8, Transactions with related parties.

The Annual General Meeting, which was held on April 29, 2021, resolved that no dividend would be distributed for the fiscal year 2020.

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 17 February, 2022.

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 is unaudited.

Gothenburg, 17 February 2022

Viking Supply Ships AB

Bengt A. Rem
Chairman

Folke Patriksson
Deputy chairman

Erik Borgen
Board member

Håkan Larsson
Board member

Magnus Sonnorp
Board member

Trond Myklebust
CEO

Christer Lindgren
Employee representative

FINANCIAL CALENDAR 2021

26 April	Annual General Meeting
19 May	Q1 Interim report
16 August	Q2 Interim report
10 November	Q3 Interim report

INVESTOR RELATIONS

Please contact CFO, Morten G. Aggvin, ph. +47 41 04 71 25

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

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(MSEK)	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Net sales	2	86	56	312	286
Other operating revenue		0	2	0	2
Direct voyage cost		-6	-3	-17	-32
Personnel costs		-68	-62	-267	-284
Other costs		-21	-25	-72	-73
Depreciation/impairment	3	-17	-18	-68	-79
Result from shares in associated companies		-2	-	-5	-
Operating result		-28	-50	-117	-180
Net financial items		1	5	-1	-10
Result before tax		-27	-45	-118	-190
Tax	8	0	0	0	-1
Result for the period		-27	-45	-118	-191
Earnings attributable to Parent Company's shareholders, per share in SEK (before and after dilution):		-2.3	-4.8	-11.9	-20.5

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Result for the period		-27	-45	-118	-191
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
Items that later can be restored to the income statement					
Change in translation reserve, net		46	-160	160	-235
Other comprehensive income		46	-160	160	-235
Total comprehensive income for the period		19	-205	42	-426

CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	Note	Q4 2021	Q4 2020
Intangible assets		1	1
Vessels	3	1,558	1,458
Value-in-use assets		9	3
Other tangible fixed assets		2	1
Financial assets		80	40
Total fixed assets		1,650	1,503
Other current assets		84	63
Cash and cash equivalents	6	115	124
Total current assets		199	187
TOTAL ASSETS	4	1,849	1,690
Shareholders' equity		1,750	1,608
Long-term liabilities	5	9	7
Current liabilities	5	90	75
TOTAL EQUITY, PROVISIONS AND LIABILITIES		1,849	1,690

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Cash flow from operations before changes in working capital		-10	-31	-47	-107
Changes in working capital		11	19	-10	44
Cash flow from current operations		1	-12	-57	-63
Cash flow from investing activities		-13	-4	-65	-28
-whereof acquisitions		-13	-4	-65	-28
Cash flow from financing activities		90	-1	105	-5
-whereof changes in loans		-10	-1	5	-5
-whereof new share issue		100	-	100	-
Changes in cash and cash equivalents		78	-17	-17	-96
Cash and cash equivalents at beginning of period		34	152	124	242
Exchange-rate difference in cash and cash equivalents		3	-11	8	-22
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	115	124	115	124

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

Shareholders' equity (MSEK)	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Equity at beginning of period		1,652	1,894	1,608	2,034
New share issue ¹⁾		79	-	100	-
Total comprehensive income for the period		19	-205	42	-426
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,750	1,689	1,750	1,608

1) The new share issue, which was completed during the fourth quarter, provided the Group with net proceeds of MSEK 100, after issue costs of MSEK 3.

Share capital (MSEK)	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Share capital at beginning of period		410	410	410	410
Reduction to unrestricted equity		-139	-	-139	-
New share issue		103	-	103	-
Bonus issue		36	-	36	-
Share capital at end of period		410	410	410	410

Number of shares ('000)	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Number of outstanding shares at beginning of period		9,327	9,327	9,327	9,327
Number of newly issued shares		3,551	-	3,551	-
Total number of shares at end of period		12,878	9,327	12,878	9,327
Average number of shares outstanding		11,604	9,327	9,901	9,327

DATA PER SHARE

(SEK)	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
EBITDA		-1.0	-3.4	-4.9	-10.8
Result after tax (EPS)		-2.3	-4.8	-11.9	-20.5
Equity		135.9	172.4	135.9	172.4
Operating cash flow		-0.8	-2.9	-5.0	-11.9
Total cash flow		6.8	-1.8	-1.7	-10.3

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 45 (-405). The result includes reversals of previous impairment losses on shares in subsidiaries of MSEK 50 and group contributions made of MSEK 5.

At the end of the quarter the Parent Company's equity was MSEK 1,745 (1,601 on Dec 31, 2020), and total assets were MSEK 1,780 (1,636 on Dec 31, 2020). At the Extraordinary General Meeting held on September 13, a decision was made in accordance with the Board's proposal on a new share issue with or without preferential rights for the shareholders. The fully subscribed rights issue which brought in net MSEK 100 after issue costs was completed in early November.

During the second and third quarters, the Parent Company raised short-term interest-bearing loans totaling approximately SEK 18 million. These loans were repaid during the fourth quarter, for further information, see Note 9, Transactions with related parties.

The equity ratio at the end of the quarter was 98 % (98 % on Dec 31, 2020). Cash and cash equivalents at the end of the quarter was MSEK 42 (MSEK 1 on Dec 31, 2020).

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Net sales		2	2	9	9
Personnel costs		0	0	-1	-1
Other costs		-3	-2	-8	-7
Operating result		-1	0	0	1
Net financial items		21	-212	45	-406
Result before tax		20	-212	45	-405
Tax on result for the year		-	-	-	-
RESULT FOR THE PERIOD		20	-212	45	-405
<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
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		20	-212	45	-405

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	Q4 2021	Q4 2020
Financial fixed assets		1,683	1,633
Current assets		97	3
TOTAL ASSETS		1,780	1,636
Shareholders' equity		1,745	1,601
Provisions		4	4
Long-term liabilities		5	5
Current liabilities		26	26
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		1,780	1,636

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

(MSEK)	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Equity at beginning of period	1,646	1,813	1,601	2,006
New share issue ¹⁾	79	-	100	-
Total comprehensive income for the period	20	-212	45	-405
SHAREHOLDERS' EQUITY AT END OF PERIOD	1,745	1,601	1,745	1,601

1) The new share issue, which was completed during the fourth quarter, provided the Group with net proceeds of MSEK 100, after issue costs of MSEK 3.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. LIQUIDITY AND GOING CONCERN

The COVID-19 pandemic has had a significant adverse effect on the markets in which the Group operates. This has negatively impacted the Group's earnings and the Group has had a negative cash flow throughout 2020 and 2021. The prolonged market downturn has, as previously communicated, caused a need to take further measures to strengthen the liquidity. The Board convened an Extraordinary General Meeting on September 13, 2021, which decided on a rights issue. The new share issue, which brought net MSEK 100 after issue costs, was in accordance with the proposal from the Board of Directors completed in early November.

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 increasing activity in the arctic and subarctic regions 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 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 31 December 2022. This conclusion is based on Management's assessment of the current outlook for 2021/2022 and the uncertainties and risks described in this report.

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

(MSEK)	Note	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
Time charter revenues ¹⁾		32	14	111	109
ROV charter revenues ¹⁾		4	1	7	8
Mobilisation/demobilisation fees ¹⁾		0	0	0	5
Meals/accommodation onboard ¹⁾		1	0	1	1
Consultancy fees ²⁾		3	5	14	12
Reinvoiced costs ³⁾		46	36	179	151
TOTAL		86	56	312	286

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 into 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 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 2021 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 8.65% (2020: 8.39%). 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 2021

In Q4 2021 the Management evaluated the AHTS fleet and concluded that the AHTS vessels are not to be impaired. At balance-day the recoverable amount has been calculated and compared to the book value of MSEK 1,558. The conclusion is that the calculation of value-in-use of MSEK 1,690 is considered being the recoverable amount. The fair value for the fleet, less cost to sell, based on an assessment of average external vessel valuations from two independent shipbrokers, amounts to MSEK 1,479 (ranging from MSEK 1,293 to MSEK 1,610). Due to the global pandemic situation, there is currently an increased uncertainty surrounding the future market development. The underlying calculations take into account a gradual recovery towards a more normalized market situation through 2022 and 2023. Management will continue to closely monitor external developments and, if necessary, adjust input data in forecasts and WACC assumptions, which may result in that

impairment needs are identified at the year-end calculations. For further information on sensitivity analysis on these calculations, please see the latest published annual report.

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	36	15	0	-	1	1	49	40	86	56
EBITDA	-8	-31	-2	-	0	0	-1	-1	-11	-32
Result before tax	-23	-44	-2	-	0	0	-2	-1	-27	-45
Total assets	1,700	1,643	72	-	1	0	76	47	1,849	1,690

Year to date MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	120	123	0	-	5	1	187	162	312	286
EBITDA	-35	-95	-5	-	-1	-4	-8	-2	-49	-101
Result before tax	-102	-184	-5	-	-1	-4	-10	-2	-118	-190
Total assets	1,700	1,643	72	-	1	0	76	47	1,849	1,690

There have been no significant transactions between the segments.

5. INTEREST BEARING LIABILITIES

During the second and third quarters the Group raised shareholders loans from Kistefos AS of total MUSD 2 (MSEK 18). These loans were fully repaid during the fourth quarter, for further information see note 8, Transactions with related parties. At the end of the year the Interest-bearing liabilities totaled MSEK 9 and consisted entirely of leasing debts, mainly related to hired vessel equipment (right-to-use assets), reported in accordance with IFRS 16 Leases.

MSEK	Q4 2021	Q4 2020
Long-term financial lease debts	4	1
Short-term financial lease debts	5	2
TOTAL INTEREST BEARING LIABILITIES	9	3

6. CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the quarter amounted to MSEK 115 (124 on Dec 31, 2020), including client funds, used in the external ship management operation, of MSEK 36 (20 on Dec 31, 2020). The cash from the new share issue, net MSEK 100 after issue costs, was received in Q4.

MSEK	Q4 2021	Q4 2020
Free cash and cash equivalents	79	104
Restricted cash	36	20
TOTAL	115	124

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. The recent decline in the offshore market has 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 conflicts between Russia and Ukraine has previously led to sanctions with termination of contracts as a result. An escalation of the current situation in the area could result in further sanctions with reduced business opportunities in these, for the Group, 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 the Small Cap list of the NASDAQ OMX Nordic Exchange 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 1,081 (1,075 on Dec 31, 2020). 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, 2020).

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

During the second and third quarters the Group raised short-term shareholders loans from Kistefos AS on market based terms of total MUSD 2 (MSEK 18). These loans were repaid during the fourth quarter.

Number of employees

The average number of full-time employees in the Group during the year was 317 (Jan-Dec 2020: 295).

Number of shares ¹⁾

Share distribution on December 31, 2021:

Number of Series A shares	625,698
Number of Series B shares, listed	12,252,430
Total number of shares	12,878,128

1) Through the new issues completed during the fourth quarter, the number of shares was increased by a total of 3,550,789 shares, divided into 170,643 Series A shares and 3,380,146 Series B shares.

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




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