

VIKING SUPPLY SHIPS AB
(PUBL)
INTERIM REPORT

Q2

JANUARY - JUNE

2022



VIKING SUPPLY SHIPS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION

Q2

Q2

REVENUE
MSEK 203 (74)
 YTD: MSEK 305 (147)

ARCTIC FOCUS



Q2

EBITDA
MSEK 81 (-14)
 YTD: MSEK 72 (-38)

Q2

RESULT FOR THE PERIOD
MSEK 61 (-31)
 YTD: MSEK 33 (-73)

Q2

EARNINGS PER SHARE AFTER TAX
SEK 4.8 (-3.3)
 YTD: SEK 2.6 (-7.8)

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 350 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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CEO STATEMENT

Market conditions within offshore oil and gas continued to improve during the second quarter.

Demand for AHTS vessels in the North Sea was low during April, but improved significantly during the rest of the quarter to the strongest levels seen in many years. Revenue for the second quarter was MSEK 203 (74), EBITDA was MSEK 81 (-14), and the net result was MSEK 61 (-31). Year-to-date revenue was MSEK 305 (147), EBITDA was MSEK 72 (-38) and the net result was MSEK 33 (-73)

In light of increased oil and gas drilling activity and a more positive market outlook for offshore support vessels, the Group in April reactivated the two ice-classed AHTS vessels that had been in layup. These two vessels, Loke Viking and Brage Viking, are currently active in the North Sea spot market together with their sister vessels Njord Viking and Magne Viking.

During the quarter, The Group's management contract with The Swedish Maritime Administration (SMA) for its five ice breakers has been extended until year end 2023. After the end of the contract period, SMA will take over the management of its ice breaker fleet, primarily for security related reasons.

The contract for work in Russian waters for all four AHTS vessels that was awarded in February was cancelled in May without any further liabilities to any of the parties in

the contract. Viking Supply Ships is not pursuing further business opportunities in Russia.

OUTLOOK

While the global pandemic situation has eased significantly, the Russian invasion and war in Ukraine cast significant uncertainty on future economic development. The global economy is experiencing high inflation and there is a general fear of recession. This may lead to weaker economic growth and demand overall. At the same time, the war and sanctions currently lead to stronger focus on the energy supply situation in Europe and more secure sources of oil and gas. This could lead to increased exploration and production activity in Europe and other regions.

Market outlook indicates a high number of rigs in operation during the rest of 2022 and the following years. This is expected to support the demand for the vessels operated by the Group. However, rates are expected to come down from the record high levels seen in the end of Q2 as more vessels enter the spot market after completing project work.

Gothenburg, 16 August 2022

Trond Myklebust
CEO and President

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SECOND QUARTER

- Total revenue was MSEK 203 (74)
- EBITDA was MSEK 81 (-14)
- Result after tax was MSEK 61 (-31)
- Result after tax per share was SEK 4.8 (-3.3)

YEAR-TO-DATE

- Total revenue was MSEK 305 (147)
- EBITDA was MSEK 72 (-38)
- Result after tax was MSEK 33 (-73)
- Result after tax per share was SEK 2.6 (-7.8)

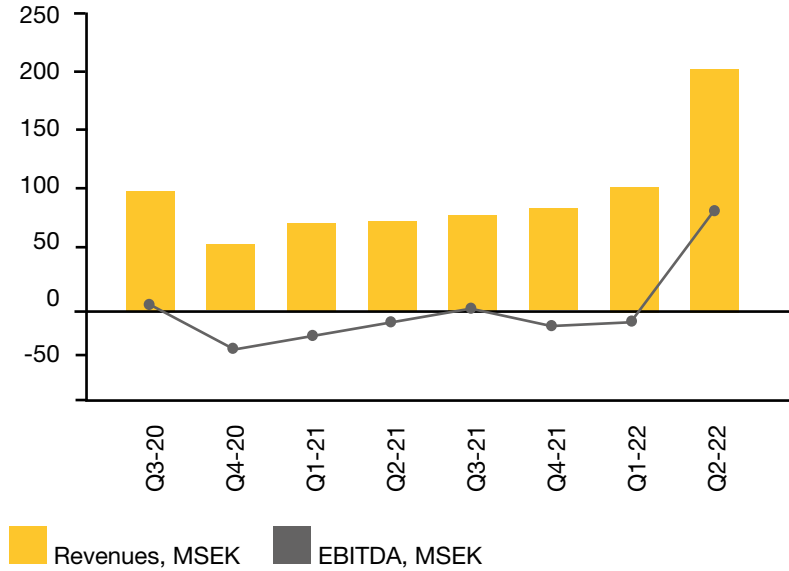
SUMMARY OF EVENTS IN Q2

- EBITDA for Q2 was MSEK 81 (-14).
- For the AHTS-fleet the average fixture rate in Q2 was USD 80,200 (28,400) and the average utilization was 48% (57). The average fixture rates for the PSV-vessels in Q2 was USD 15,700 (15,700), and the average utilization was 100% (92).
- Driven by increased oil and gas drilling activity and a more positive market outlook for offshore support vessels, the Group in April reactivated the two ice-classed AHTS vessels that had been in layup. These two vessels, Loke Viking and Brage Viking, are currently active in the North Sea spot market.
- The Group's management contract with The Swedish Maritime Administration (SMA) for its five ice breakers has been extended until year end 2023. After the end of the contract period SMA will take over the management of its ice breaker fleet inhouse, primarily for security related reasons.
- In February, the Group was awarded a seasonal contract for work in Russian waters. The contract was cancelled in May without any further liabilities to any of the parties in the contract. Viking Supply Ships is currently not pursuing further business opportunities in Russia.
- Mr. Tord Helland joined the Group as Chief Financial Officer from June 1, 2022.

KEY FINANCIALS	Q2 2022	Q2 2021
Net sales, MSEK	203	74
EBITDA, MSEK	81	-14
Result after tax, MSEK	61	-31
Earnings per share after tax, SEK	4.8	-3.3
Shareholders' equity per share, SEK	155.2	171.3
Return on equity, %	13.0	-7.6
Equity ratio, %	94.3	94.0
Market adjusted equity ratio, %	94.3	93.7

Q2

FINANCIAL DEVELOPMENT



RESULTS AND FINANCE

RESULTS YEAR TO DATE 2022

Total revenue for the Group was MSEK 305 (147).

The Group's EBITDA was MSEK 72 (-38).

Net financial items were MSEK 5 (-1).

The Group's result after tax was MSEK 33 (-73).

OPERATIONAL HIGHLIGHTS FOR THE SECOND QUARTER

ICE-CLASSED ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total revenue from the AHTS segment was MSEK 145 (25) in Q2 and EBITDA was MSEK 87 (-7).

The two previously laid up vessels were reactivated in April. During the rest of Q2, all four vessels have been operating in the North Sea spot market.

The market continued to improve during Q2, with high activity and rates in particular toward the end of the quarter. As a result, revenue levels improved significantly compared to the corresponding period last year.

AHTS Q2	Fixture rates (USD)	Utilization (%)
AHTS vessels on term charters	- (-)	- (-)
AHTS vessels in the spot market	80,200 (28,400)	48 (57)
Total AHTS fleet	80,200 (28,400)	48 (57)

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





Q2

■ 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 2022.

ICE-CLASSED PLATFORM SUPPLY VESSELS (PSV)

The profit for the PSV-segment was MSEK 1 (-3) in Q2.

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 Q2	Fixture rates (USD)	Utilization (%)
PSV vessels on term charters	15,700 (14,800)	100 (-100)
PSV vessels in the spot market	- (18,100)	- (66)
Total PSV fleet	15,700 (15,700)	100 (92)

■ Firm contract
 ■ Option
 ■ Spot
 ■ Layup

AHTS	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Coey Viking												
Cooper Viking												

The table shows the contractual status as of 30 June 2022.

ICE MANAGEMENT, SERVICES AND SHIP MANAGEMENT

Total Ice Management, Services and Ship Management revenue was MSEK 58 (49) in Q2. Total EBITDA was MSEK -7 (-4).

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

During the quarter, The Group's management contract with The Swedish Maritime Administration for its five ice breakers has been extended until year end 2023. After the end of the contract period, SMA will take over the management of its ice breaker fleet inhouse, primarily for security related reasons.

FINANCIAL POSITION AND CAPITAL STRUCTURE

At the end of the quarter, the Group's equity amounted to MSEK 1,999. The equity increased during H1 by net MSEK 249 due to the profit for the period of MSEK 33, and a positive change in the translation reserve of MSEK 216 attributable to currency differences on net investments in subsidiaries. Further information can be found in section "Changes in the Group's shareholders' equity" on page 9.

At the beginning of the year the total cash balance was MSEK 115. The cash-flow from current operations for H1 was negative by MSEK 62, primarily due to working capital effects, cash-flow from investments was negative by MSEK 18 and cash-flow from financing activities was negative by MSEK 3. Currency exchange rate differences in the liquid funds was MSEK 1. The total cash holdings at the end of the quarter were MSEK 33. The market improvement and increased invoicing during Q2 is expected to positively affect the cash balance during H2.

The gross investments during H1, which amounted to MSEK 18 (46), consisted mainly of capitalized docking expenses and equity contributions to the holding companies of the two PSV's which were delivered from the shipyard during H1 2021.

The Annual General Meeting, which was held on April 26, 2022, resolved that no dividend would be distributed for the fiscal year 2021.

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, 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, 16 August 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 2022

10 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 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Net sales	2	203	74	305	147	312
Other operating revenue		0	0	0	0	0
Direct voyage cost		-11	-3	-17	-8	-17
Personnel costs		-86	-66	-174	-136	-267
Other costs		-28	-16	-47	-36	-72
Depreciation/impairment	3	-21	-16	-41	-33	-68
Result from shares in associated companies		2	-3	5	-5	-5
Operating result		59	-30	31	-71	-117
Net financial items		5	0	5	-1	-1
Result before tax		64	-30	36	-72	-118
Tax	8	-3	-1	-3	-1	0
Result for the period		61	-31	33	-73	-118
Earnings attributable to Parent Company's shareholders, per share in SEK (before and after dilution):		4.8	-3.3	2.6	-7.8	-11.9

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Result for the period		61	-31	33	-73	-118
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	0
Items that later can be restored to the income statement						
Change in translation reserve, net		177	-41	216	63	160
Other comprehensive income		177	-41	216	63	160
Total comprehensive income for the period		238	-72	249	-10	42

CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	Note	Q2 2022	Q4 2021
Intangible assets		1	1
Vessels	3	1,737	1,558
Value-in-use assets		6	9
Other tangible fixed assets		1	2
Financial assets		99	80
Total fixed assets		1,844	1,650
Other current assets		243	84
Cash and cash equivalents	6	33	115
Total current assets		276	199
TOTAL ASSETS	4	2,120	1,849
Shareholders' equity		1,999	1,750
Long-term liabilities	5	8	9
Current liabilities	5	113	90
TOTAL EQUITY, PROVISIONS AND LIABILITIES		2,120	1,849

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Cash flow from operations before changes in working capital		83	-10	72	-33	-47
Changes in working capital ¹⁾		-116	5	-134	-13	-10
Cash flow from current operations		-33	-5	-62	-46	-57
Cash flow from investing activities		-2	-17	-18	-46	-58
-whereof acquisitions		-2	-17	-18	-46	-58
Cash flow from financing activities		-1	8	-3	7	98
-whereof changes in loans		-1	8	-3	7	-2
-whereof new share issue		-	-	-	-	100
Changes in cash and cash equivalents		-36	-14	-83	-85	-17
Cash and cash equivalents at beginning of period		68	58	115	124	124
Exchange-rate difference in cash and cash equivalents		1	-1	1	4	8
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	33	43	33	43	115

1) The activity level during Q2 has led to working capital bindings, mainly increased accounts receivables, which are expected to be paid and improve the cash balance positively during Q3.

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

Shareholders' equity (MSEK)	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Equity at beginning of period		1,761	1,670	1,750	1,608	1,608
New share issue ¹⁾		-	-	-	-	100
Total comprehensive income for the period		238	-72	249	-10	42
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,999	1,598	1,999	1,598	1,750

1) The new share issue, which was completed during the fourth quarter 2021, provided the Group with net proceeds of MSEK 100 after issue costs.

Share capital (MSEK)	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Share capital at beginning of period		410	410	410	410	410
Reduction to unrestricted equity		-	-	-	-	-139
New share issue		-	-	-	-	103
Bonus issue		-	-	-	-	36
Share capital at end of period		410	410	410	410	410

Number of shares ('000)	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Number of outstanding shares at beginning of period		12,878	9,327	12,878	9,327	9,327
Number of newly issued shares		-	-	-	-	3,551
Total number of shares at end of period		12,878	9,327	12,878	9,327	12,878
Average number of shares outstanding		12,878	9,327	12,878	9,327	9,901

DATA PER SHARE

(SEK)	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
EBITDA		6.3	-1.5	5.6	-4.0	-4.9
Result after tax (EPS)		4.8	-3.3	2.6	-7.8	-11.9
Equity		155.2	171.3	155.2	171.3	135.9
Operating cash flow		6.6	-1.3	6.0	-3.9	-5.0
Total cash flow		-2.7	-1.3	-6.4	-9.1	-1.7

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 H1 was MSEK 4 (-8).

At the end of the quarter the Parent Company's equity was MSEK 1,749 (1,745 on Dec 31, 2021), and total assets were MSEK 1,763 (1,780 on Dec 31, 2021).

The equity ratio at the end of the quarter was 99 % (98 % on Dec 31, 2021). Cash and cash equivalents at the end of the quarter was MSEK 1 (MSEK 42 on Dec 31, 2021).

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Net sales		3	3	5	5	9
Personnel costs		-1	-1	-1	-1	-1
Other costs		-2	-2	-4	-4	-8
Operating result		0	0	0	0	0
Net financial items		3	-8	4	-8	45
Result before tax		3	-8	4	-8	45
Tax on result for the year		-	-	-	-	-
RESULT FOR THE PERIOD		3	-8	4	-8	45
<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		3	-8	4	-8	45

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	Q2 2022	Q4 2021
Financial fixed assets		1,666	1,683
Current assets		97	97
TOTAL ASSETS		1,763	1,780
Shareholders' equity		1,749	1,745
Provisions		4	4
Long-term liabilities		5	5
Current liabilities		5	26
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		1,763	1,780



Q2

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

(MSEK)	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Equity at beginning of period		1,746	1,601	1,745	1,601	1,601
New share issue ¹⁾		-	-	-	-	100
Total comprehensive income for the period		3	-8	4	-8	45
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,749	1,593	1,749	1,593	1,745

1) The new share issue, which was completed during the fourth quarter 2021, provided the Group with net proceeds of MSEK 100, after issue costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. LIQUIDITY AND GOING CONCERN

The COVID-19 pandemic 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 caused, as previously communicated, 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 2021.

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. As of the end of the quarter, the Group had an unused debt facility of up to MUS\$ 3 with main shareholder Kistefos AS. 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 2023. This conclusion is based on the Board of Directors' and Management's assessment of the current outlook for 2022/2023 and the uncertainties and risks described in this report.

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

(MSEK)	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q4 2021
Time charter revenues ¹⁾		142	25	177	43	111
ROV charter revenues ¹⁾		2	1	2	3	7
Mobilisation/demobilisation fees ¹⁾		0	0	0	0	0
Meals/accommodation onboard ¹⁾		0	0	0	0	1
Consultancy fees ²⁾		2	4	4	7	14
Reinvoiced costs ³⁾		57	44	122	94	179
TOTAL		203	74	305	147	312

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.

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 2022 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% (2021: 8.65%). 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 2022

In Q2 2022 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 1,737. The calculation of value-in-use amounts to MSEK 1,968. 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 1,740 (ranging from MSEK 1,543 to MSEK 1,870). Due to the global pandemic situation and the Russian invasion and war in Ukraine, there has been uncertainty surrounding the future market development, however recently the market has strengthened significantly. 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 following interim report calculations. For further information on sensitivity analysis on these calculations, please see the latest published annual report.

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 2022 MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales	145	25	0	0	0	1	58	48	203	74
EBITDA	87	-7	1	-3	-1	-1	-6	-3	81	-14
Result before tax	69	-24	1	-3	-1	-1	-5	-2	64	-30
Total assets	1,958	1,577	90	60	1	1	71	62	2,120	1,700

Year to date MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales	180	48	0	0	0	1	125	98	305	147
EBITDA	83	-26	3	-5	-3	-2	-11	-5	72	-38
Result before tax	47	-60	3	-5	-3	-2	-11	-5	36	-72
Total assets	1,958	1,577	90	60	1	1	71	62	2,120	1,700

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 6 and consisted entirely of leasing debts, mainly related to hired vessel equipment (right-to-use assets), reported in accordance with IFRS 16 Leases.

MSEK	Q2 2022	Q2 2021	Q4 2021
Long-term financial lease debt	3	0	4
Short-term financial lease debt	3	2	5
Other short-term interest-bearing liabilities	-	9	-
TOTAL	6	11	9

6. CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the quarter amounted to MSEK 33 (115 on Dec 31, 2021), including client funds, used in the external ship management operation, of MSEK 23 (36 on Dec 31, 2021).

MSEK	Q2 2022	Q2 2021	Q4 2021
Free cash and cash equivalents	10	10	79
Restricted cash	23	33	36
TOTAL	33	43	115

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 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 (1,081 on Dec 31, 2021). 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, 2021).

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 quarter, the Group has entered into an agreement with main shareholder Kistefos AS about a debt facility of up to MUS\$ 3. The Group did not draw on this debt facility during the quarter. There have been no other transactions with related parties during the quarter.

Number of employees

The average number of full-time employees in the Group during H1 was 353 (Jan-Dec 2021: 317).

Number of shares

Share distribution on 30 June, 2022:

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

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.



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