

VIKING SUPPLY SHIPS AB
(PUBL)

INTERIM REPORT

Q3

JANUARY - SEPTEMBER

2021



VIKING SUPPLY SHIPS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION

Q3

Q3

REVENUE**MSEK 79 (100)**

YTD: MSEK 226 (230)

**ARCTIC
FOCUS**

Q3

EBITDA**MSEK 0 (2)**

YTD: MSEK -38 (-69)

Q3

RESULT FOR THE PERIOD**MSEK -18 (-14)**

YTD: MSEK -91 (-146)

Q3

EARNINGS PER SHARE AFTER TAX**SEK -2.0 (-1.4)**

YTD: MSEK -9.8 (-15.6)

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 2020 was MSEK 286. The company's B-share is listed on NASDAQ OMX Stockholm, segment Small Cap, www.vikingsupply.com.

Viking Supply Ships AB (publ)
Idrottsvägen 1
SE-444 31 Stenungsund, Sweden

Tel: +47 38 12 41 70
E-mail: ir@vikingsupply.com
www.vikingsupply.com

For further information, please contact CEO, Trond Myklebust, ph. +47 23 11 70 00 or CFO, Morten G. Aggvin, ph. +47 41 04 71 25.





CEO STATEMENT

Despite that the overall activity within the offshore oil and gas industry is still subdued, the market conditions for OSVs in the North Sea saw a modest increase during the third quarter. Revenue for the third quarter was MSEK 79 (100), EBITDA was MSEK 0 (2), and the net result was MSEK -18 (-14). Year-to-date revenue was MSEK 226 (230), EBITDA was MSEK -38 (-69), and the net result was MSEK -91 (-146). During the quarter the Group decided on a rights issue, which was successfully completed shortly after the quarter, raising MSEK 98 in net proceeds.

The rights issue received strong interest with subscription representing 186% of the offered shares. The rights issue will secure the Group's working capital requirements and allow the Group to navigate through the remainder of the downturn seen in the wake of COVID-19 and oil-price collapse in early 2020.

Despite COVID-19 still impacting most regions globally, the economic activity has continued its upward trend, resulting in Brent trading above USD 80. This has however not yet had any significant impact further down the supply chain, and rig activity in the North Sea is still at low levels. Despite this, the market conditions for AHTS in the North Sea improved somewhat compared to previous quarters. The revenue levels are however still at unsatisfactory

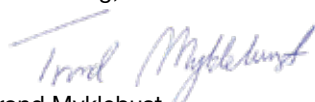
levels apart from shorter periods with higher rates.

OUTLOOK

Both the global economy and the oil price have continued its positive development throughout the third quarter. This is anticipated to result in increased activity within the offshore oil and gas industry and in turn increase the number of active rigs in the offshore market from 2022. An increase in active rigs is expected to affect the market for OSVs positively, resulting in increased rates and utilization. It is, however, vital to mention that the market balance is highly fragile and dependent on discipline when it comes to reactivation of laid up vessels. In the short term, the Group expects that the winter season will be characterized by seasonal low activity, resulting in reduced utilization and rates for OSVs.

With proceeds from the rights issue, 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, 11 November 2021


Trond Myklebust
CEO and President

CEO STATEMENT	3
Q3 2021	4
SUMMARY OF EVENTS IN Q3	4
SUBSEQUENT EVENTS	4
RESULTS AND FINANCE	5
OPERATIONAL HIGHLIGHTS FOR Q3	5
FINANCIAL POSITION AND CAPITAL STRUCTURE	6
AUDITORS REPORT	8
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT	9
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	9
CONDENSED CONSOLIDATED BALANCE SHEET	9
CONDENSED CONSOLIDATED CASH FLOW STATEMENT	10
CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY	10
DATA PER SHARE	10
PARENT COMPANY	11
PARENT COMPANY INCOME STATEMENT	11
PARENT COMPANY BALANCE SHEET	11
CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY	12
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13
DEFINITIONS	17

Q3

THIRD QUARTER

- Total revenue was MSEK 79 (100)
- EBITDA was MSEK 0 (2)
- Result after tax was MSEK -18 (-14)
- Result after tax per share was SEK -2.0 (-1.4)

YEAR-TO-DATE

- Total revenue was MSEK 226 (230)
- EBITDA was MSEK -38 (-69)
- Result after tax was MSEK -91 (-146)
- Result after tax per share was SEK -9.8 (-15.6)

SUMMARY OF EVENTS IN Q3

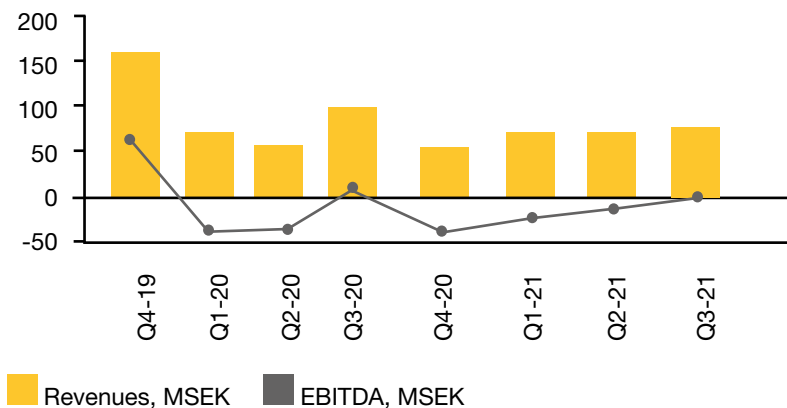
- EBITDA for Q3 was MSEK 0 (2).
- For the AHTS-fleet the average fixture rate in Q3 was USD 38,400 (35,300) and the average utilization was 62% (62). The average fixture rates for the PSV-vessels in Q3 was USD 14,700 (-), and the average utilization was 96% (-).
- On September 13 an Extraordinary General Meeting was held, which decided to carry out a rights issue of approximately MSEK 101 before transaction costs of approximately 3 MSEK. On September 30, approximately 21 MSEK was subscribed for but not yet paid.

SUBSEQUENT EVENTS

- The rights issue was fully completed at the end of October.

KEY FINANCIALS	Q3 2021	Q3 2020
Net sales, MSEK	79	100
EBITDA, MSEK	0	2
Result after tax, MSEK	-18	-14
Earnings per share after tax, SEK	-2.0	-1.4
Shareholders' equity per share, SEK	177.1	194.4
Return on equity, %	-4.6	-2.9
Equity ratio, %	94.6	95.4
Market adjusted equity ratio, %	94.3	95.0

FINANCIAL DEVELOPMENT CONTINUING OPERATIONS



RESULTS AND FINANCE

RESULTS YEAR TO DATE 2021

Total revenue for the Group was MSEK 226 (230).

The Group's EBITDA was MSEK -38 (-69).

Net financial items were MSEK -2 (-15).

The Group's result after tax was MSEK -91 (-146).

OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER

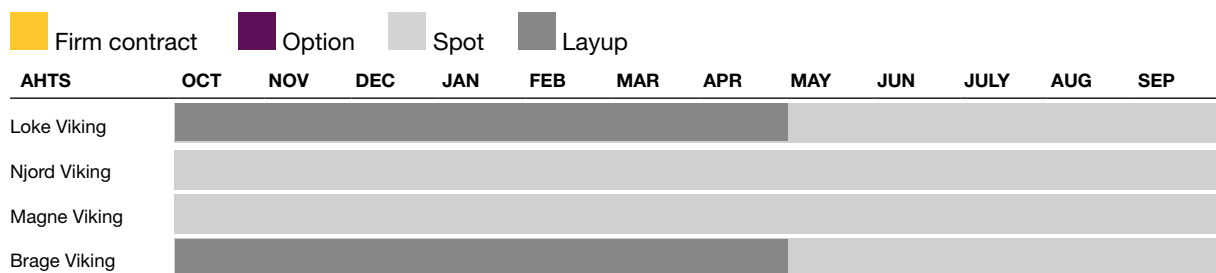
ICE-CLASSED ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total revenue from the AHTS segment was MSEK 36 (56) in Q3 and EBITDA was MSEK -1 (4).

During Q3, two vessels have been operating in the North Sea spot market and two vessels have been laid up.

Activity within the segment increased compared to previous periods, resulting in periodically increased rate levels. However, the overall revenue level is still considered to be unsatisfactory.

AHTS Q3	Fixture rates (USD)	Utilization (%)
AHTS vessels on term charters	- (35,400)	- (91)
AHTS vessels on the spot market	38,400 (35,200)	62 (48)
Total AHTS fleet	38,400 (35,300)	62 (62)



Figures in the tables are as of 30 September 2021.

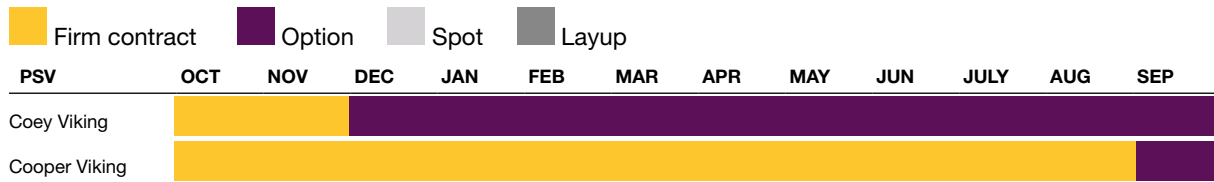
ICE-CLASSED PLATFORM SUPPLY VESSELS (PSV)

The profit-share according to the equity method for Q3 was MSEK 2 (-).

During the third quarter, Cooper Viking commenced a term contract with Vår Energi. Coey Viking has been working on a term contract with Wintershall 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 Q3	Fixture rates (USD)	Utilization (%)
PSV vessels on term charters	14,900 (-)	100 (-)
PSV vessels in the spot market	16,100 (-)	71 (-)
Total PSV fleet	14,700 (-)	96 (-)



Figures in the tables are as of 30 September 2021.

ICE MANAGEMENT, SERVICES AND SHIP MANAGEMENT

Total Ice Management, Services and Ship Management revenue was MSEK 43 (44) in Q3. Total EBITDA was MSEK -1 (-2).

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 third quarter, the Group's equity amounted to MSEK 1,652. The equity increased during the first nine months by net MSEK 44 due to the loss for the period of MSEK 91, subscribed capital from the ongoing rights issue of MSEK 21, and a positive change in the translation reserve of MSEK 114 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 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 SEK 101 million before issue costs. As of September 30, shares corresponding to MSEK 21 had been subscribed for, but not paid in.

At the beginning of the year the total cash holdings was MSEK 124. The cash-flow for the first nine-months period was negative by MSEK 90, including exchange rate differences. The total cash holdings at the end of the quarter was MSEK 34.

The gross investments during the nine-month period amounted to MSEK 52 (24) and consisted of capitalized docking expenses and investments in the two PSV's under construction in Poland.

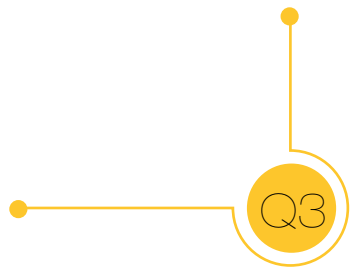
During the second and third quarters the Group raised shareholders loans from Kistefos AS of total MUS\$ 2 (MSEK 18). These loans will be repaid after the new issue proceeds have been received, for further information see Note 8, Transactions with related parties.

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 11 November, 2021.

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.



Gothenburg, 11 November 2021

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

17 February Q4 Interim report
26 April Annual General Meeting

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

Auditors' review report of interim financial information prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

To the Board of Directors of Viking Supply Ships AB (publ.), org. nr. 556161-0113

Introduction

We have reviewed the accompanying interim report for Viking Supply Ships AB (publ.) for the period 1 January to 30 September, 2021. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report does not present fairly, in all material aspects, the financial position of the entity as at 30 September 2021, and of its financial performance and its cash flows for the nine months period then ended in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Stockholm on 11 November 2021

Rödl & Partner Nordic AB



Mathias Racz
Authorized public accountant

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(MSEK)	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Net sales	2	79	100	226	230	286
Other operating revenue		0	0	0	0	2
Direct voyage cost		-3	-5	-11	-29	-32
Personnel costs		-63	-79	-199	-222	-284
Other costs		-15	-14	-51	-48	-73
Depreciation/impairment	3	-18	-19	-51	-61	-79
Result from shares in associated companies		2	0	-3	0	
Operating result		-18	-17	-89	-130	-180
Net financial items		-1	3	-2	-15	-10
Result before tax		-19	-14	-91	-145	-190
Tax	9	1	0	0	-1	-1
Result for the period		-18	-14	-91	-146	-191
Earnings attributable to Parent Company's shareholders, per share in SEK (before and after dilution):		-2,0	-1,4	-9,8	-15,6	-20,5

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Result for the period		-18	-14	-91	-146	-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	0
Items that later can be restored to the income statement						
Change in translation reserve, net		51	-67	114	-75	-235
Other comprehensive income		51	-67	114	-75	-235
Total comprehensive income for the period		33	-81	23	-221	-426

CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	Note	Q3 2021	Q4 2020
Intangible assets		1	1
Vessels	3	1,530	1,458
Value-in-use assets		2	3
Other tangible fixed assets		2	1
Financial assets		76	40
Total fixed assets		1,611	1,503
Other current assets		100	63
Cash and cash equivalents	7	34	124
Total current assets		134	187
TOTAL ASSETS	4	1,745	1,690
Shareholders' equity		1,652	1,608
Long-term liabilities	6	5	7
Current liabilities	6	88	75
TOTAL EQUITY, PROVISIONS AND LIABILITIES		1,745	1,690

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Cash flow from operations before changes in working capital		-4	4	-37	-76	-107
Changes in working capital		-8	-25	-21	25	44
Cash flow from current operations		-12	-21	-58	-51	-63
Cash flow from investing activities		-6	-2	-52	-24	-28
-whereof acquisitions		-6	-2	-52	-24	-28
Cash flow from financing activities		8	-1	15	-4	-5
-whereof changes in loans		8	-1	15	-4	-5
Changes in cash and cash equivalents from discontinued operations		-10	-24	-95	-79	-96
Cash and cash equivalents at beginning of period		43	181	124	242	242
Exchange-rate difference in cash and cash equivalents		1	-5	5	-11	-22
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	34	152	34	152	124

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

Shareholders' equity (MSEK)	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Equity at beginning of period		1,598	1,894	1,608	2,034	2,034
New share issue ¹⁾		21	-	21	-	-
Total comprehensive income for the period		33	-81	23	-221	-426
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,652	1,813	1,652	1,813	1,608

1) Refers, of September 30, to subscribed but unpaid capital in the ongoing new share issue of 101 MSEK before issue costs.

Share capital (MSEK)	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Share capital at beginning of period		410	410	410	410	410
Share capital at end of period		410	410	410	410	410
Number of shares ('000)	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Number of outstanding shares at beginning of period		9,327	9,327	9,327	9,327	9,327
Total number of shares at end of period		9,327	9,327	9,327	9,327	9,327
Average number of shares outstanding		9,327	9,327	9,327	9,327	9,327

DATA PER SHARE

(SEK)	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
EBITDA		0.0	0.2	-4.1	-7.4	-10.8
Result after tax (EPS)		-2.0	-1.4	-9.8	-15.6	-20.5
Equity		177.1	194.4	177.1	194.4	172.4
Operating cash flow		-0.2	0.6	-4.3	-9.0	-11.9
Total cash flow		-1.2	-2.6	-10.2	-8.5	-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 nine-month period was MSEK 25 (-193). The result includes reversals of previous impairment losses on shares in subsidiaries of MSEK 33.

At the end of the quarter the Parent Company's equity was MSEK 1,646 (1,601 on Dec 31, 2020), and total assets were MSEK 1,696 (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 with the aim of providing the Company with approximately SEK 101 million before issue costs. As of September 30, shares corresponding to SEK 21 million had been subscribed for, but not paid in.

During the second and third quarters, the Parent Company raised short-term interest-bearing loans totaling approximately SEK 18 million. These loans will be repaid after the new issue proceeds have been received. For further information, see Note 9, Transactions with related parties.

The equity ratio at the end of the quarter was 97 % (98 % on Dec 31, 2020). Cash and cash equivalents at the end of the quarter was MSEK 0 (MSEK 1 on Dec 31, 2020).

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Net sales		2	3	7	7	9
Personnel cost		0	0	-1	-1	-1
Other costs		-1	-2	-5	-5	-7
Operating result		1	1	1	1	1
Net financial items		32	-78	24	-194	-406
Result before tax		33	-77	25	-193	-405
Tax on result for the year		-	-	-	-	-
RESULT FOR THE PERIOD		33	-77	25	-193	-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	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		33	-77	25	-193	-405

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	Q3 2021	Q4 2020
Financial fixed assets		1,658	1,633
Current assets		38	3
TOTAL ASSETS		1,696	1,636
Shareholders' equity		1,646	1,601
Provisions		4	4
Long-term liabilities		5	5
Current liabilities ¹⁾		41	26
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		1,696	1,636

1) The amount includes a short-term interest-bearing debt to the majority owner, Kistefos AS, of MSEK 18. For further information, see note 8.



Q3

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

(MSEK)	Note	Q3 2021	Q3 2020	Q1-3 2021	Q1-3 2020	Q1-4 2020
Equity at beginning of period		1,593	1,890	1,601	2,006	2,006
New share issue ¹⁾		21	-	21	-	-
Total comprehensive income for the period		33	-77	25	-193	-405
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,646	1,813	1,646	1,813	1,601

1) Refers, of 30 September 2021, to subscribed but unpaid capital in the ongoing new share issue of MSEK 101 before issue costs.

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 the beginning of 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 of approximately MSEK 101 before transaction costs, estimated to MSEK 3. At the time of submitting this interim report, the new share issue was carried out in accordance with the Board's proposal.

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 30 September 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)	Not	Q3 2021	Q3 2020	Q1-3 2021	Q1-4 2020
Time charter revenues ¹⁾		36	55	79	95
ROV charter revenues ¹⁾		0	0	3	7
Mobilisation/demobilisation fees ¹⁾		0	2	0	5
Meals/accommodation onboard ¹⁾		0	0	0	1
Consultancy fees ²⁾		4	2	11	7
Reinvoiced costs ³⁾		39	41	133	115
TOTAL		79	100	226	230

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 fee

Terms for mobilization/demobilization fees are included in the time charter party and mean that the vessel must be adapted to charters 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 8.4% (2020: 8.4%). 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 2021

In Q3 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 1,530. The conclusion is that the calculation of value-in-use of MSEK 1,628 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 1,437 (ranging from MSEK 1,257 to MSEK 1,565). 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

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.

Q3 MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		Continuing operations	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	36	56	0	-	3	0	40	44	79	100
EBITDA	-1	4	2	-	1	-2	-2	0	0	2
Result before tax	-19	-12	2	-	1	-2	-3	0	-19	-14
Total assets	1,610	1,857	68	-	4	1	63	44	1,745	1,901

Year to date MSEK	Ice-classed AHTS		Ice-classed PSV		Ice Management and Services		Ship Management		Continuing operations	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	84	108	0	-	4	0	138	122	226	230
EBITDA	-27	-64	-3	-	-1	-4	-7	-1	-38	-69
Result before tax	-79	-140	-3	-	-1	-4	-8	-1	-91	-145
Total assets	1,610	1,857	68	-	4	0	63	44	1,745	1,901

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), for further information see note 8, Transactions with related parties. At the end of the quarter the Interest-bearing liabilities totaled MSEK 19 and consisted, in addition to the shareholders loans, of leasing debts mainly related to hired vessel equipment (right-to-use assets), reported in accordance with IFRS 16 Leases.

MSEK	Q3 2021	Q3 2020	Q4 2020
Long-term financial lease debts	0	2	1
Short-term financial lease debts	1	3	2
Other short-term interest-bearing liabilities	18	-	-
TOTAL INTEREST BEARING LIABILITIES	19	5	3

6. CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents at the end of the quarter amounted to MSEK 34 (124 on Dec 31, 2020), including client funds, used in the external ship management operation, of MSEK 19 (20 on Dec 31, 2020). The cash from the new share issue was not received until after the end of the third quarter.

MSEK	Q3 2021	Q3 2020	Q4 2020
Free cash and cash equivalents	15	126	104
Restricted cash	19	26	20
TOTAL	34	152	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 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 1,075 (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 will be repaid after the Group has received proceeds from the new share issue.

Number of employees

The average number of full-time employees in the Group during the first half year was 322 (Jan-Dec 2020: 295).

Number of shares ¹⁾

Share distribution on 30 September, 2021:

Number of Series A shares	455,055
Number of Series B shares, listed	8,872,284
Total number of shares	9,327,339

1) The number of shares at 30 September 2021 was not affected by the new share issue which was registered after the end of the third quarter.

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.



**QU
AR
TER
LYS**