

VIKING SUPPLY SHIPS AB (PUBL)

INTERIM REPORT

Q4

2020



VIKING SUPPLY SHIPS

MORE
THAN A SHIPOWNER

THE
COOLEST
PLACE TO WORK

ALWAYS AHEAD OF
COMPETITION

Q4

Q4

REVENUE
MSEK 56 (156)
 YTD: MSEK 286 (504)

ARCTIC FOCUS



Q4

EBITDA
MSEK -32 (63)
 YTD: MSEK -101 (114)

Q4

RESULT FOR THE PERIOD
MSEK -45 (55)
 YTD: MSEK -191 (52)

Q4

EARNINGS PER SHARE AFTER TAX
SEK -4.8 (5.9)
 YTD: SEK -20.5 (5.5)

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 three segments: Ice-classed Anchor Handling Tug Supply vessels (AHTS), 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

The COVID-19 pandemic continued to adversely impact the global offshore industry and Viking Supply Ships during the fourth quarter. Revenue for the fourth quarter was MSEK 56 (156), EBITDA was MSEK -32 (63), and the net result was MSEK -45 (55). Year-to-date, revenue was MSEK 286 (504), while EBITDA was MSEK -101 (114), and the net result was MSEK -191, down from MSEK 52 in 2019.

Significant lower activity due to the COVID-19 pandemic combined with general lower seasonal activity has had a significant negative effect on the Groups earnings both in the fourth quarter and in 2020 as a whole.

Consequently, both rates and utilization decreased for the vessels operating in the North Sea spot market during the fourth quarter. As the short term market outlook is highly uncertain, combined with the preparation for manning up the two new PSVs, the Group decided to put Loke Viking in warm lay-up towards the end of the quarter. The Group currently has 2 of 4 AHTS vessels in operation.

Shortly after the quarter, the Group took delivery of the first of two ice-classed PSVs under construction at Remontowa Shipyard in Poland. The vessels, which are owned in partnership with Borealis Maritime, are with their dual-fuel and hybrid capabilities among the most environmentally friendly PSVs in the global market. The Group is certain that the vessels will be a successful addition to the global fleet of high specification and environmentally friendly PSVs. Coey Viking was delivered from the yard in mid-January and was fixed on a term contract with Wintershall prior to delivery. The vessel is expected to commence the contract upon arrival in the North Sea during February. The second vessel, named Cooper Viking, will be delivered from the yard during March.

OUTLOOK

During and shortly after the fourth quarter, several vaccine candidates for COVID-19 have been approved around the world. This has brought some optimism that the world may revert to a more normalized situation. However the global economy will be significantly impacted throughout at least the first half of the year.

As a result of increased optimism, the oil price has shown clear signs of improvement during the fourth quarter and is currently around USD 55-60 per barrel. At this point it is, however, challenging to predict the pace and strength of a general market recovery and for the OSV industry in particular. Although the Group has a sound financial position due to a clean balance sheet with no interest-bearing debt, it should be noted that the Group has had a negative cash flow throughout 2020 and if the measures to preserve cash are not sufficient, there is a risk that the company will need to take further measures to strengthen its liquidity during 2021.

The rig-count in the North Sea region is expected to see a modest increase throughout 2021, but with the uncertain pandemic development it is difficult to predict to which degree this will result in increased rates and utilization.

The Group will continue to focus on obtaining long term contracts for its vessels and will focus on its unique competence within the harsh environment and arctic markets to navigate through the downturn. By the end of the quarter, the Group employed a new CCO with extensive track record from these regions. This strategic hire will further strengthen our focus and strategic ambitions for the Arctic region.

Gothenburg, 15 February 2021

Trond Myklebust
CEO and President

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FOURTH QUARTER

- Total revenue was MSEK 56 (156)
- EBITDA was MSEK -32 (63)
- Result after tax was MSEK -45 (55)
- Result after tax per share was SEK -4.8 (5.9)

YEAR TO DATE

- Total revenue was MSEK 286 (504)
- EBITDA was MSEK -101 (114)
- Result after tax was MSEK -191 (52)
- Result after tax per share was SEK -20.5 (5.5)

SUMMARY OF EVENTS IN Q4

- EBITDA for Q4 was MSEK -32 (63).
- The average fixture rate in Q4 was USD 14,000 (45,100) and the average utilization was 48% (70).
- Towards the end of the quarter, Loke Viking was put in warm lay-up.

SUBSEQUENT EVENTS

- Shortly after the quarter, Andreas Kjøl took on the position as CCO of Viking Supply Ships. Mr. Kjøl has an extensive track record within the harsh environment offshore market and was until 2016 employed in the Group as Project Director and Managing Director of Viking Ice Consultancy.
- Shortly after the quarter, the Group took delivery of the first of two ice-classed PSVs under construction at Remontowa Shipyard in Poland. The vessels are high specification, large PSVs with dual-fuel and hybrid capabilities. With their reduced carbon footprint, the vessels will be attractive addition to the North Sea fleet. The first vessel has been fixed on a term contract with Wintershall on the Norwegian continental shelf and will commence the contract upon arrival in the North Sea during February.

KEY FINANCIALS	Q4 2020	Q4 2019
Net sales, MSEK ¹⁾	56	156
EBITDA, MSEK ¹⁾	-32	63
Result after tax, MSEK ²⁾	-45	55
Earnings per share after tax, SEK ²⁾	-4.8	5.9
Shareholders' equity per share, SEK ²⁾	172.4	218.1
Return on equity, % ²⁾	-10.6	10.7
Equity ratio, % ³⁾	95.1	95.1
Market adjusted equity ratio, % ³⁾	94.8	95.0

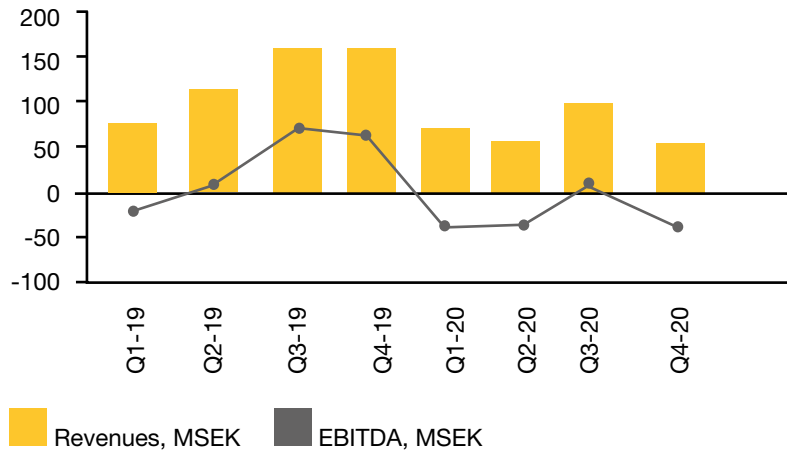
1) Excludes discontinued operations

2) Includes discontinued operations

3) The calculation includes assets held for sale

Q4

FINANCIAL DEVELOPMENT CONTINUING OPERATIONS



RESULTS AND FINANCE

RESULTS YEAR TO DATE 2020

Total revenue for the Group was MSEK 286 (504).

The Group's EBITDA was MSEK -101 (114).

Net financial items were MSEK -10 (26). The amount includes negative exchange differences of MSEK 11 (previous year: positive exchange differences of MSEK 22).

The Group's result after tax was MSEK -191 (52).

OPERATIONAL HIGHLIGHTS FOR THE FOURTH QUARTER

ICE-CLASSED ANCHOR HANDLING TUG SUPPLY VESSELS (AHTS)

Total AHTS revenue was MSEK 14 (115) in Q4 and EBITDA was MSEK -31 (64).

During Q4, three vessels have been operating in the North Sea spot market, with one vessel being laid up during the quarter. Towards the end of the quarter, Loke Viking was put in warm lay-up, leaving two active vessels to operate in the North Sea throughout the winter.

The activity within the segment has been significantly impacted by the reduced oil price and global pandemic situation during 2020. The income has remained at unsatisfactory levels throughout the quarter.

AHTS Q4	Fixture rates (USD)	Utilization (%)
AHTS vessels on term charters	- (36,000)	0 (97)
AHTS vessels on the spot market	14,000 (49,600)	48 (61)
Total AHTS fleet	14,100 (45,100)	48 (70)

	<div><div></div>Firm contract</div>	<div><div></div>Option</div>	<div><div></div>Spot</div>	<div><div></div>Layup</div>								
AHTS	JAN '21	FEB '21	MAR '21	APR '21	MAY '21	JUN '21	JUL '21	AUG '21	SEP '21	OCT '21	NOV '21	DEC '21
Loke Viking												
Njord Viking												
Magne Viking												
Brage Viking												

Figures in the tables are as of 31 December 2020.

ICE MANAGEMENT, SERVICES AND SHIP MANAGEMENT

Total Ice Management, Services and Ship Management revenue was MSEK 42 (41) in Q4. Total EBITDA was MSEK -1 (-1).

The segment is responsible for new build supervision of the two PSVs which the Group has part-ownership in. The construction is going according to schedule and the first vessel was delivered from the yard shortly after the end of the quarter. The Group has taken over the commercial and operational management of the vessel, while at the same time continuing to supervise the construction of the second vessel which is assumed to be delivered in March.

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

DISCONTINUED OPERATIONS

For information about the previously owned ordinary AHTS vessel Odin Viking, see note 5, "Discontinued operation and assets held for sale".

FINANCIAL POSITION AND CAPITAL STRUCTURE

At the end of the year, the Group's equity amounted to MSEK 1,608. The equity decreased during the year by net MSEK 426 due to the loss for the period of MSEK 191 and a negative change in the translation reserve of MSEK 235 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 10.

At the beginning of the year the total cash holdings was MSEK 242. The cash-flow for the full year was negative by MSEK 118, including exchange rate differences. The total cash holdings at the end of the year was MSEK 124.

The gross investments during the year amounted to MSEK 28 (84), and consisted of capitalized docking expenses and investments in the two PSV's under construction in Poland.

The Annual General Meeting, which was held on April 1, 2020, resolved that no dividend would be distributed for the fiscal year 2019.

For further information of the Group's financial position see note 6, "Interest bearing liabilities and note 7, "Cash and cash equivalents".

Viking Supply Ships AB is obliged to publish this report in accordance with the Swedish Securities Act and/ or the Swedish Financial Instruments Trading 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 at 8:30 am (CET) on 15 February, 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.

The Board of Directors will propose to the Annual General Meeting no dividend to be distributed for the fiscal year 2020.

This interim report is unaudited.

Gothenburg, 15 February 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 2021

29 April	Annual General Meeting
21 May	Q1 Interim report
19 August	Q2 Interim report
11 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 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Net sales	2	56	156	286	504
Other operating revenue		0	0	0	0
Direct voyage cost		-3	-12	-32	-39
Personnel costs		-60	-64	-282	-285
Other costs		-25	-17	-73	-66
Depreciation/impairment	3	-18	-23	-79	-76
Operating result		-50	40	-180	38
Net financial items		5	15	-10	26
Result before tax		-45	55	-190	64
Tax	9	0	0	-1	0
Result from continuing operations	4	-45	55	-191	64
Result from discontinued operations	5	-	0	-	-12
Result for the period		-45	55	-191	52
Earnings attributable to Parent Company's share-holders, per share in SEK (before and after dilution):					
-Result from continuing operations		-4.8	5.9	-20.5	6.8
-Result from discontinued operations		-	0.0	-	-1.3
Total		-4.8	5.9	-20.5	5.5

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Note	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Result for the period		-45	55	-191	52
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		-160	-90	-235	96
Other comprehensive income		-160	-90	-235	96
Total comprehensive income for the period		-205	-35	-426	148

CONDENSED CONSOLIDATED BALANCE SHEET

MSEK	Note	Q4 2020	Q4 2019
Intangible assets		1	1
Vessels	3	1,458	1,728
Value-in-use assets		3	8
Other tangible fixed assets		1	0
Financial assets		41	40
Total fixed assets		1,503	1,777
Other current assets		63	121
Assets held for sale	7	124	242
Total current assets		187	363
TOTAL ASSETS	4	1,690	2,140
Shareholders' equity		1,608	2,034
Long-term liabilities	6	7	13
Current liabilities	6	75	93
TOTAL EQUITY, PROVISIONS AND LIABILITIES		1,690	2,140

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MSEK	Note	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Cash flow from operations before changes in working capital		-31	50	-107	111
Changes in working capital		19	17	44	83
Cash flow from current operations		-12	67	-63	194
Cash flow from investing activities		-4	-32	-28	52
-whereof acquisitions		-2	-32	-24	-85
-whereof divestments		-	-	-	137
Cash flow from financing activities		-1	-5	-5	-1,964
-whereof changes in loans		-1	-5	-5	-882
-whereof dividends		-	-	-	-1 082
Changes in cash and cash equivalents from continuing operations		-17	30	-96	-1,718
Cash-flow from discontinued operations:					
Cash flow from current operations		-	-	-	-5
Cash flow from investing activities		-	-	-	65
Cash flow from financing activities		-	-	-	-242
Changes in cash and cash equivalents from discontinued operations	5	0	0	0	-182
Cash and cash equivalents at beginning of period		152	201	242	2,083
Exchange-rate difference in cash and cash equivalents		-11	11	-22	59
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	124	242	124	242

CHANGES IN THE GROUP'S SHAREHOLDERS' EQUITY

Shareholders' equity (MSEK)	Note	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Equity at beginning of period		1,813	2,069	2,034	2,968
Dividend		-	-	-	-1,082
Total comprehensive income for the period		-205	-35	-426	148
SHAREHOLDERS' EQUITY AT END OF PERIOD		1,608	2,034	1,608	2,034

Share capital (MSEK)	Note	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Share capital at beginning of period		410	410	410	410
Share capital at end of period		410	410	410	410

Number of shares ('000)	Note	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Number of outstanding shares at beginning of period		9,327	9,327	9,327	409,593
Total number of shares at end of period		9,327	9,327	9,327	9,327
Average number of shares outstanding		9,327	9,327	9,327	9,327

At the beginning of the year the Group held 4,262 own shares after a bond loan in Norwegian kronor was converted to equity in connection with the financial restructuring in 2017. Excess shares have remained in deposit as a result of changes in exchange rates at the time of conversion in relation to the calculated exchange rates used when the shares were issued. These shares were sold during 2020.

DATA PER SHARE

(SEK)	Note	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
EBITDA ²⁾		-3.4	6.7	-10.8	12.3
Result after tax (EPS) ¹⁾		-4.8	5.9	-20.5	6.8
Equity ²⁾		172.4	218.1	172.4	218.1
Operating cash flow ²⁾		-2.9	2.8	-11.9	9.4
Total cash flow ¹⁾		-1.8	3.1	-10.3	-181.7

1) Calculated on continuing operations

2) The calculation for 2019 includes assets held for sale

PARENT COMPANY

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

The Parent Company's result after tax for the full year was MSEK -405 (302). The negative financial net of MSEK 406 includes dividends from subsidiaries of MSEK 12, shareholders contributions given of MSEK 2 and impairment losses from investments in subsidiaries of MSEK 415. The impairment losses relates to operational losses in Viking Supply Ships A/S as well as substantial negative currency translation effects due to the weakened USD vs SEK. Viking Supply Ships A/S has USD as functional currency.

At the end of the year the Parent Company's equity was MSEK 1,601 (2,006 on Dec 31, 2019), and total assets were MSEK 1,636 (2,057 on Dec 31, 2019).

The equity ratio at the end of the year was 98 % (98 % on Dec 31, 2019). Cash and cash equivalents at the end of the quarter was MSEK 1 (MSEK 1 on Dec 31, 2019).

PARENT COMPANY INCOME STATEMENT

(MSEK)	Note	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Net sales		2	2	9	11
Personnel costs		0	0	-1	-4
Other costs		-2	-2	-7	-7
Operating result		0	0	1	0
Net financial items		-212	-29	-406	302
Result before tax		-212	-29	-405	302
Tax on result for the year		-	-	-	-
RESULT FOR THE PERIOD		-212	-29	-405	302
<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		-212	-29	-405	302

PARENT COMPANY BALANCE SHEET

(MSEK)	Note	Q4 2020	Q4 2019
Financial fixed assets		1,633	2,051
Current assets		3	6
TOTAL ASSETS		1,636	2,057
Shareholders' equity		1,601	2,006
Provisions		4	4
Long-term liabilities		5	7
Current liabilities		26	40
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		1,636	2,057

CHANGES IN PARENT COMPANY SHAREHOLDERS' EQUITY

(MSEK)	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
Equity at beginning of period	1,813	2,036	2,006	2,787
Dividend	-	-	-	-1,082
Total comprehensive income for the period	-212	-29	-405	302
SHAREHOLDERS' EQUITY AT END OF PERIOD	1,601	2,006	1,601	2,006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. LIQUIDITY AND GOING CONCERN

In order for the Group to have sufficient liquidity and equity to get through the challenging market situation, the Group has during the three last years completed comprehensive restructuring programs, including cost reducing efforts which includes lay-up of vessels, bond delisting, renegotiation and subsequent repayment of existing loan facilities and charter agreements, new share issues and sale of vessels. These measures, and the sale of vessels carried out during 2018 and 2019, have significantly improved the Group's financial position, both by reducing outstanding debts to zero and improved liquidity. The COVID-19 pandemic has had 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. If the measures to preserve cash are not sufficient, or if the market downturn is prolonged, there is a risk that the company will need to take further measures to strengthen its liquidity during 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 increasing activity in the arctic and subarctic regions during the next few years. Based on the result expectations, the Group's strong financial situation, 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 2021. This conclusion is based on Management's assessment of the current outlook for 2021 and the uncertainties and risks described in this report.

2. REVENUES FROM CONTRACTS WITH CUSTOMERS

(MSEK)	Note	Q4 2020	Q4 2019	Q 1-4 2020	Q 1-4 2019
Time charter revenues ¹⁾		13	106	108	324
ROV charter revenues ¹⁾		1	7	8	22
Mobilisation/demobilisation fees ¹⁾		0	0	5	1
Meals/accommodation onboard ¹⁾		0	1	1	3
Consultancy fees ²⁾		4	3	11	8
Reinvoiced costs ³⁾		38	39	153	146
TOTAL		56	156	286	504

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 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 2020 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% (2019: 9.0%). 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 2020

In Q4 2020 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 1,458. The conclusion is that the calculation of value-in-use of MSEK 1,528 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 1,345 (ranging from MSEK 1,187 to

MSEK 1,458). 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. The Management will continue to closely monitor external developments, which in this context, with the prevailing uncertainty, may affect future impairment tests. 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 three segments:

- The segment Ice-classed AHTS comprise 4 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 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 and one PSV vessel owned by an external ship-owner.

Q4 MSEK	AHTS		Services		Ship Management		Continuing operations	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	14	115	0	1	42	40	56	156
EBITDA	-31	64	0	0	-1	-1	-32	63
Result before tax	-44	57	0	-1	-1	-1	-45	55
Total assets	1,643	2,100	0	1	47	39	1,690	2,140

Year to date MSEK	AHTS		Services		Ship Management		Continuing operations	
	2020	2019	2020	2019	2020	2019	2020	2019
Net sales	122	351	0	4	164	149	286	504
EBITDA	-95	118	-4	1	-2	-5	-101	114
Result before tax	-184	70	-4	0	-2	-6	-190	64
Total assets	1,643	2,100	0	1	47	39	1,690	2,140

There have been no significant transactions between the segments.

5. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

It was during 2018 decided to sell Odin Viking, the only vessel held by the Group without ice-class. The sale of the vessel was concluded during 2019. IFRS 5 Assets held for sale and discontinued operation has been applied, which means that the vessel after the decision is reported as a one-line item in the consolidated profit and loss statements. Assets and liabilities related to the segments are also presented in two rows in the consolidated balance sheet. The consolidated cash flow statement is presented including the segments, but with additional information about cash-flow from current operation and investing- and financing activities of the discontinued segments. Comparative figures for prior periods are also presented in accordance with this classification in the consolidated profit and loss statement and cash-flow statement.

Discontinued operations are in accordance with IFRS 5 measured at the lower of carrying amount and fair value less costs to sell.

(MSEK)	Q4 2020			Q4 2019			Q1-4 2020			Q1-4 2019		
	Odin	PSV	Total	Odin	PSV	Total	Odin	PSV	Total	Odin	PSV	Total
Net sales	-	-	-	0	-	0	-	-	-	0	-	0
Personnel costs	-	-	-	0	-	0	-	-	-	-1	-	-1
Other costs	-	-	-	0	-	0	-	-	-	-4	-	-4
Depreciations / write-downs	-	-	-	0	-	0	-	-	-	-4	-	-4
Operating result	-	-	-	0	-	0	-	-	-	-9	-	-9
Net financial items	-	-	-	0	-	0	-	-	-	-3	-	-3
Result before tax	-	-	-	0	-	0	-	-	-	-12	-	-12
Tax	-	-	-	0	-	0	-	-	-	0	-	0
RESULT FROM DISCONTINUED OPERATIONS	-	-	-	0	-	0	-	-	-	-12	-	-12
Earnings attributable to Parent Company's share holders, per share in SEK (before and after dilution):												
- Result from discontinued operations												
	</											

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.

9. 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 (1,071 on Dec 31, 2019). 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, 2019).

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.

Number of employees

The average number of full-time employees in the Group during the year was 295 (Jan-Dec 2019: 287).

Number of shares

Share distribution on December 31, 2020:

Number of Series A shares 455,055

Number of Series B shares, listed 8,872,284

Total number of shares 9,327,339

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

