

for the period January-September 2022

Continued good demand, but record-high energy prices decrease earnings

JANUARY-SEPTEMBER 2022

(compared to January-September 2021)

- Sales amounted to EUR 370.2 M (169.0 M).
- Other operating revenue was EUR 8.8 M (44.6 M).
- Operating income totalled EUR 18.9 M (30.5 M).
- Net financial items were EUR -7.5 M (-3.4 M).
- Income before taxes amounted to EUR 11.4 M (27.1 M).
- Income after taxes totalled EUR 9.5 M (22.7 M).
- The outlook for the 2022 financial year is unchanged compared to the Half-Year Report as of June 30, 2022, which means operating income is expected to be somewhat worse than for 2021.

THIRD QUARTER 2022

(compared to third quarter 2021)

- Sales amounted to EUR 170.4 M (EUR 97.5 M).
- Other operating revenue was EUR 0.5 M (EUR 11.0 M).
- Operating income totalled EUR 26.9 M (EUR 26.0 M).
- Net financial items were EUR -2.8 M (EUR -1.0 M).
- Income before taxes amounted to EUR 24.1 M (EUR 24.9 M).
- Income after taxes totalled EUR 19.3 M (EUR 20.0 M).

COMMENTS FROM PRESIDENT AND CEO JAN HANSES

During the third quarter, our operational performance was in line with our expectations. Demand in the passenger market was strong, and passenger volumes reached the level in our business plan. Sales revenue per passenger also reached the level planned. Our bunker (vessel oil) costs for the quarter rose 66.2% compared to the same quarter in 2019, when the traffic intensity was comparable with this year's traffic – for a cost increase of more than EUR 11 M. Nonetheless, our operating income for the quarter exceeded the figure for the same quarter in 2019 by EUR 0.7 M, and income for the quarter is considered good. We managed to almost entirely offset the impact of higher bunker costs on income in a period dominated by the war in Ukraine and the effect this has had on energy prices. We were also adversely affected by rising interest rates, inflation and volatile currencies.

The launch of Viking Glory has naturally been a strong contributing factor, but so too has been the admirable effort made by our entire organization, especially in view of the staff shortage that has affected Viking Line as well as other service companies after the pandemic. We expect a continued good trend for the end of the year but are well aware of the risks associated with the oil price trend later this year, when further sanctions will take effect. The reduced service activity that has occurred in our service area gives us conditions to offset the impact on income of a continued negative bunker price trend.

I would like to thank our customers and our staff for the past quarter.

SUMMARY OF KEY FIGURES

EUR M	Jul 1, 2022- Sep 30, 2022	Jul 1, 2021- Sep 30, 2021	Jan 1, 2022- Sep 30, 2022	Jan 1, 2021- Sep 30, 2021	Jan 1, 2021- Dec 31, 2021
Sales	170.4	97.5	370.2	169.0	258.2
Other operating revenue	0.5	11.0	8.8	44.6	46.8
Operating income	26.9	26.0	18.9	30.5	32.1
Income before taxes	24.1	24.9	11.4	27.1	28.3
Income for the period	19.3	20.0	9.5	22.7	24.4

SERVICE AND MARKET

During the period January 1 to September 30, 2022, the Viking Line Group provided passenger and cargo carrier services using seven vessels in the northern Baltic Sea and the Gulf of Finland.

Viking Glory was launched in service on the Turku-Mariehamn/Långnäs-Stockholm route on March 1, operating in tandem with Viking Grace. Amorella ended its service on the same route on February 28 and after a brief pause launched service on the Helsinki-Mariehamn-Stockholm route on April 1, operating in tandem with Gabriella until September 18, when it was then taken out of service.

Viking Cinderella served the Turku-Mariehamn/Långnäs-Stockholm route during the period January 17 to February 23 and then resumed its regular day cruise service between Stockholm and Mariehamn on February 24.

During the summer period, both Gabriella and Viking Cinderella made a number of destination cruises, including to Visby, Sweden's High Coast, Bornholm, Tallinn and Åland.

During the period June 18 to August 13, the Helsinki vessels also served Tallinn.

Rosella operated its regular route between Kapellskär and Mariehamn except for the period March 7 to April 21, when it was out of service.

Last year, the vessels that normally serve the Helsinki-Mariehamn-Stockholm route were dry-docked to some extent, and Gabriella was placed in service to some extent on other routes.

The total number of passengers on the Group's vessels during the report period was 3,726,104 (1,484,398). The Group had a total market share in its service area of approximately 37.2% (34.1%).

Market demand for travel at the beginning of the year was greatly limited due to COVID-related restrictions. In February and March, the Finnish and Swedish governments announced that the majority of restrictions would be lifted. That had a positive effect on demand in March and the following period. During the second and third quarter, demand was good but did not fully reach pre-pandemic levels.

The Group's total cargo volume was 87,408 cargo units (95,955). The Group's share of the cargo market was approximately 14.4% (16.4%). Demand for cargo service during the period decreased due to the situation in Europe.

The market share for passenger cars was approximately 32.9% (33.8%).

SALES AND EARNINGS FOR JANUARY – SEPTEMBER 2022

Consolidated sales increased 119.1% to EUR 370.2 M during the period January 1–September 30, 2022 (EUR 169.0 M January 1–September 30, 2021). Operating income totalled EUR 18.9 M (EUR 30.5 M). During the comparable period last year, M/S Mariella was sold and Viking Line's terminal in Turku terminal was redeemed, which had a positive effect on income of EUR 23.8 M.

Passenger-related revenue increased 142.2% to EUR 333.3 M (EUR 137.6 M), while cargo sales were EUR 34.9 M (EUR 29.9 M) and other operating revenue was EUR 2.1 M (EUR 1.4 M). The sales contribution was EUR 282.2 M (EUR 128.6 M). Operating expenses increased 97.6% to EUR 252.7 M (EUR 127.9 M).

Salary and other employment benefit expenses increased 70.0% or EUR 32.6 M, and fuel costs increased 161.1% or EUR 44.8 M, with energy costs rising to very high levels. Other operating expenses increased 113.5% or EUR 92.2 M.

In January and February, the Group received aid for public service obligations from Traficom, the Finnish Transport and Communications Agency, for the Group's vessels on the Turku-Mariehamn/Långnäs-Stockholm and Mariehamn-Kapellskär routes. During the same period last year, aid was also received for the Helsinki-Tallinn route. In June, the Group received EUR 2.1 M in State aid which consists of aid for uncovered fixed costs during the period December 2021–February 2022. The aid is recognized as State aid under other operating revenue.

EUR M	Jan 1, 2022– Sep 30, 2022	Jan 1, 2021– Sep 30, 2021
State aid	7.7	15.9
Rents received on properties	0.1	0.0
Capital gains	0.2	23.8
Insurance claim payments, accidents	0.9	-
Dividend income ¹	0.0	4.9
Miscellaneous other operating revenue	0.0	0.0
Total	8.8	44.6

¹ In accordance with IAS 28.10, the EUR 1.4 M dividend received from Alandia Försäkring Abp during the period only results in a positive cash flow for the Group. During the comparable period last year, the corresponding item was recognised under Other operating revenue.

SALES AND EARNINGS FOR THE THIRD QUARTER 2022

Consolidated sales increased 74.8% to EUR 170.4 M during the period July 1–September 30, 2022 (EUR 97.5 M July 1–September 30, 2021). Operating income totalled EUR 26.9 M (26.0 M). During the comparable period last year, Viking Line redeemed the lease on its Turku terminal, which had a positive effect on earnings of EUR 10.7 M.

Passenger-related revenue increased 80.6% to EUR 158.0 M (EUR 87.5 M), while cargo revenue was EUR 11.7 M (EUR 9.5 M) and other revenue was EUR 0.7 M (EUR 0.5 M). The sales contribution was EUR 130.5 M (EUR 73.4 M). Operating expenses increased 81.1% to EUR 97.4 M (EUR 53.8 M).

Salary and other employment benefit expenses increased 61.0% or EUR 11.0 M and energy costs increased 151.1% or EUR 18.0 M. Other operating expenses increased 91.1% or EUR 32.6 M.

INVESTMENTS AND FINANCING

The Group's investments for the period January 1 to September 30, 2022, amounted to EUR 13.5 M (EUR 11.4 M). The Group's total investments represent 3.7% of sales (6.7%). Most of them are attributable to the completion of Viking Glory and the dry-dockings of Cinderella, Gabriella, Viking XPRS and Rosella.

As of September 30, 2022, the Group's long-term interest-bearing liabilities totalled EUR 219.6 M (EUR 104.5 M). During the period, EUR 40 M was drawn down from a new credit facility, and at the same time four different loan facilities totalling EUR 33 M were repaid. The State guarantees for the liquidity loans entered into in 2020 were ended.

The debt/equity ratio was 43.2% compared to 49.1% last year.

The Group's cash and cash equivalents at the end of September totalled EUR 116.3 M (EUR 65.1 M). Three overdraft facilities totalling EUR 15.0 M were closed during the period. Unutilized credit lines in the Group totalled EUR 0.1 M (EUR 15.1 M).

Net cash flow from operating activities was EUR 24.6 M (EUR 25.2 M). Net cash flow from investing activities was EUR -6.1 M (EUR 24.6 M) and net cash flow from financing activities was EUR -16.8 M (EUR -14.4 M).

Most of the Group's loan agreements include loan covenants according to market terms. The financial covenants in the loan agreements consist of minimum requirements for liquidity and solvency and a maximum net financial debt-to-EBITDA ratio. The company has an agreement with its financiers on a waiver for the full-year 2022 of the covenant term concerning the maximum total net financial debt-to-EBITDA ratio.

In accordance with the requirements from Finnish Export Credit/Finnvera when they granted a loan payment deferral on the existing credit for Viking Grace and in the terms for drawing the loan to finance Viking Glory, Viking Line Abp has undertaken not to pay a dividend or pay out any funds until its obligations related to the loans have been repaid in full. The dividend restriction on the financing of Viking Glory only applies in 2022 but also subsequently if the Group's debt-to-EBITDA ratio exceeds 5.0.

Future cash flows related to financial liabilities as of September 30, 2022:

EUR M

Future cash flows related to financial liabilities (incl. financial expenses)	Lease liabilities	Trade payables	Interest-bearing liabilities	Total
Oct 1, 2022 - Mar 31, 2023	1.2	26.1	23.4	50.7
Apr 1, 2023 - Sep 30, 2023	1.2		23.2	24.4
Oct 1, 2023 - Sep 30, 2024	2.1		45.5	47.6
Oct 1, 2024 - Sep 30, 2025	1.8		55.7	57.5
Oct 1, 2025 - Sep 30, 2026	0.5		32.8	33.3
Oct 1, 2026 - Sep 30, 2027	0.1		22.1	22.2
Oct 1, 2027 -	0.2		84.4	84.7
Total	7.2	26.1	287.0	320.3

IMPAIRMENT TESTING

Recognized values for intangible and tangible assets are tested regularly in order to identify any external or internal indications of an impairment loss. If such indications are observed for any asset item, the recoverable amount of the asset is recognized. One of the most important areas that entail judgements is valuation of the Group's vessels.

The management has also made the assessment that there is no need for impairment for the Group's other non-current assets.

ORGANIZATION AND PERSONNEL

The average number of employees in the Group was 2,218 (1,452), 1,698 (994) of whom worked for the parent company. Land-based personnel totalled 454 (362) and shipboard personnel totalled 1,764 (1,090). In addition to the Group's own employees, Viking XPRS was crewed by an average of 179 (149) people employed by a staffing company. Furloughs of both land-based and shipboard personnel decreased compared to the same period last year, and the furlough scheme was closed in May 2022. The short-term furloughs subsidized by the Swedish State that were utilized last year were discontinued on September 30, 2021.

RISK FACTORS

Viking Line's operations are exposed to different kinds of risks, which vary in their scope and impact on operations, financial results and the company's ability to meet certain social and environmental objectives. The relevant risks have been classified into four categories: strategic, operational, damage and financial risks. The risks continue to be the same since Viking Line's financial statements for the financial year 2021 were published. However, bunker (vessel fuel) prices have increased significantly as a result of Russia's war against Ukraine, which has a direct impact on the Group's results. As of September 30, 2022, the Group had no fixed-price agreements for bunker purchases or the equivalent, but the company has an agreement in effect for LNG deliveries until September 2024. Rising market interest rates have a negative impact on net financial items. Some 69% of the Group's credits have variable-rate agreements, while 31% have fixed-rate agreements.

OUTLOOK FOR THE FINANCIAL YEAR 2022

The outlook for the 2022 financial year is unchanged compared to the Half-Year Report as of June 30, 2022, which means operating income is expected to be somewhat worse than for 2021.

EVENTS AFTER THE BALANCE SHEET DATE

Viking Line Abp delivered M/S Amorella till Corsica Ferries on October 13, 2022. The estimated effect on income is EUR 15.0 M and will be recognized as income during the fourth quarter.

The Group's Year-End Report for 2022 will be published on February 17, 2023.

Mariehamn, October 27, 2022

VIKING LINE ABP

Jan Hanses

President and CEO

Financial information

The management's business review has been prepared in accordance with IFRS standards for accounting and valuation, but not all of the interim report requirements in accordance with IAS 34 standards have been complied with. The accounting and valuation principles applied are the same as those on the financial statements for the financial year 2021. The figures have not been audited.

Consolidated income statement

EUR M	Jul 1, 2022- Sep 30, 2022	Jul 1, 2021- Sep 30, 2021	Jan 1, 2022- Sep 30, 2022	Jan 1, 2021- Sep 30, 2021	Jan 1, 2021- Dec 31, 2021
SALES	170.4	97.5	370.2	169.0	258.2
Other operating revenue	0.5	11.0	8.8	44.6	46.8
Expenses					
Goods and services	39.9	24.1	88.0	40.4	62.6
Salary and other employment benefit expenses	28.9	18.0	79.3	46.7	68.7
Depreciation, amortization and impairment losses	6.7	4.7	19.4	14.8	19.6
Other operating expenses	68.5	35.8	173.4	81.2	122.0
	144.0	82.5	360.1	183.0	273.0
OPERATING INCOME	26.9	26.0	18.9	30.5	32.1
Financial income	-0.2	0.0	0.0	0.0	0.0
Financial expenses	-2.6	-1.5	-8.3	-3.9	-5.5
Share of net profit of associates accounted for using the equity method	-0.1	0.5	0.9	0.5	1.7
INCOME BEFORE TAXES	24.1	24.9	11.4	27.1	28.3
Income taxes	-4.9	-4.9	-2.0	-4.4	-3.8
INCOME FOR THE PERIOD	19.3	20.0	9.5	22.7	24.4
<i>Income attributable to:</i>					
Parent company shareholders	19.3	20.0	9.5	22.7	24.4
Earnings per share before and after dilution, EUR	1.12	1.61	0.55	1.83	1.97

Consolidated statement of comprehensive income

EUR M	Jul 1, 2022- Sep 30, 2022	Jul 1, 2021- Sep 30, 2021	Jan 1, 2022- Sep 30, 2022	Jan 1, 2021- Sep 30, 2021	Jan 1, 2021- Dec 31, 2021
INCOME FOR THE PERIOD	19.3	20.0	9.5	22.7	24.4
<i>Items that may be reclassified to the income statement</i>					
Translation differences	-0.4	-0.1	-1.4	-0.3	-0.5
<i>Items that will not be reclassified to the income statement</i>					
Changes in the fair value of financial assets at fair value through other comprehensive income	-	-	-	1.6	1.6
Other comprehensive income	-0.4	-0.1	-1.4	1.3	1.1
COMPREHENSIVE INCOME FOR THE PERIOD	18.9	19.9	8.0	24.1	25.5
<i>Comprehensive income attributable to:</i>					
Parent company shareholders	18.9	19.9	8.0	24.1	25.5

Consolidated income statement by quarter

EUR M	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
SALES	170.4	141.0	58.8	89.3	97.5
Other operating revenue	0.5	2.4	6.0	2.2	11.0
Expenses					
Goods and services	39.9	34.6	13.5	22.2	24.1
Salary and other employment benefit expenses	28.9	29.6	20.7	22.1	18.0
Depreciation, amortization and impairment losses	6.7	6.9	5.8	4.9	4.7
Other operating expenses	68.5	62.1	42.9	40.8	35.8
	144.0	133.3	82.9	89.9	82.5
OPERATING INCOME	26.9	10.1	-18.1	1.6	26.0
Financial income	-0.2	0.0	0.2	0.0	0.0
Financial expenses	-2.6	-3.2	-2.6	-1.6	-1.5
Share of net profit of associates accounted for using the equity method	-0.1	0.7	0.2	1.2	0.5
INCOME BEFORE TAXES	24.1	7.6	-20.3	1.2	24.9
Income taxes	-4.9	-1.3	4.1	0.5	-4.9
INCOME FOR THE PERIOD	19.3	6.3	-16.2	1.7	20.0
<i>Income attributable to:</i>					
Parent company shareholders	19.3	6.3	-16.2	1.7	20.0
Earnings per share before and after dilution, EUR	1.12	0.37	-0.93	0.14	1.61

Consolidated statement of comprehensive income by quarter

EUR M	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
INCOME FOR THE PERIOD	19.3	6.3	-16.2	1.7	20.0
<i>Items that may be reclassified to the income statement</i>					
Translation differences	-0.4	-0.9	-0.2	-0.2	-0.1
<i>Items that will not be reclassified to the income statement</i>					
Changes in the fair value of financial assets recognized at fair value through other comprehensive income	-	-	-	0.0	-
Other comprehensive income	-0.4	-0.9	-0.2	-0.2	-0.1
COMPREHENSIVE INCOME FOR THE PERIOD	18.9	5.5	-16.4	1.5	19.9
<i>Comprehensive income attributable to:</i>					
Parent company shareholders	18.9	5.5	-16.4	1.5	19.9

Consolidated balance sheet

EUR M	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible assets	2.9	3.0	3.1
Land	0.5	0.5	0.5
Buildings and structures	1.6	1.7	1.7
Renovation costs for rented properties	1.2	1.6	1.5
Vessels	437.3	238.9	445.2
Machinery and equipment	2.2	2.5	2.6
Right-of-use assets	4.2	5.0	5.7
Advance payments, vessels under construction	-	60.5	-
Financial assets at fair value through other comprehensive income	0.0	0.0	0.0
Investments accounted for using the equity method	33.4	32.7	33.9
Receivables	-	5.1	4.7
Total non-current assets	483.2	351.4	498.8
Current assets			
Inventories	14.4	9.2	10.0
Income tax assets	0.1	0.1	0.1
Trade and other receivables	43.7	30.6	26.6
Cash and cash equivalents	116.3	65.1	114.6
Total current assets	174.5	105.0	151.3
Non-current assets held for sale	3.2	0.6	-
TOTAL ASSETS	661.0	457.0	650.1
EQUITY AND LIABILITIES			
Equity			
Share capital	1.8	1.8	1.8
Reserves	49.7	0.0	49.7
Translation differences	-3.1	-2.0	-2.2
Retained earnings	229.0	218.5	220.1
Equity attributable to parent company shareholders	277.4	218.3	269.4
Total equity	277.4	218.3	269.4
Non-current liabilities			
Deferred tax liabilities	32.4	31.3	30.9
Interest-bearing liabilities	219.6	104.5	235.1
Lease liabilities	4.5	5.7	6.2
Total non-current liabilities	256.5	141.4	272.2
Current liabilities			
Interest-bearing liabilities	39.7	29.5	38.3
Lease liabilities	2.3	2.2	2.6
Income tax liabilities	-	0.0	0.0
Trade and other payables	85.1	65.5	67.5
Total current liabilities	127.1	97.3	108.5
Total liabilities	383.6	238.7	380.7
TOTAL EQUITY AND LIABILITIES	661.0	457.0	650.1

Consolidated cash flow statement

EUR M	Jan 1, 2022- Sep 30, 2022	Jan 1, 2021- Sep 30, 2021	Jan 1, 2021- Dec 31, 2021
OPERATING ACTIVITIES			
Income for the period	9.5	22.7	24.4
Adjustments			
Depreciation, amortization and impairment losses	19.4	14.8	19.6
Capital gains/losses from non-current assets	-0.4	-23.8	-25.6
Income from investments in associate companies	-0.9	-0.5	-1.7
Other items not included in cash flow	-0.4	0.2	0.3
Interest expenses and other financial expenses	7.4	3.7	5.1
Interest income and other financial income	0.0	0.0	0.0
Dividend income	0.0	-4.9	-4.9
Income taxes	2.0	4.4	3.8
Change in working capital			
Change in trade and other receivables	-18.0	-2.1	2.5
Change in inventories	-4.5	1.7	0.9
Change in trade and other payables	17.4	13.2	14.7
Interest paid	-4.8	-3.0	-3.4
Financial expenses paid	-1.8	-1.2	-1.5
Financial income received	0.0	0.0	0.0
Taxes paid	-0.4	-0.2	-0.1
NET CASH FLOW FROM OPERATING ACTIVITIES	24.6	25.2	34.3
INVESTING ACTIVITIES			
Investments in vessels	-13.0	-2.4	-165.5
Investments in other intangible and tangible assets	-0.6	-0.7	-1.2
Advance payments, vessels under construction	-	-6.2	-
Investments accounted for using the equity method	-	-2.0	-2.0
Divestments of vessels	-	13.2	13.2
Divestments of other intangible and tangible assets	0.2	17.9	20.2
Payments received for non-current receivables	5.9	-	-
Dividends received from associate companies	1.4	-	-
Dividends received from others	0.0	4.9	4.9
NET CASH FLOW FROM INVESTING ACTIVITIES	-6.1	24.6	-130.4
FINANCING ACTIVITIES			
Increased in paid-in capital	-	-	49.6
Increase in loans	40.0	21.5	172.2
Principal payments	-54.8	-26.3	-30.6
Change in current interest-bearing liabilities	-	-8.0	-8.0
Depreciation of lease liabilities	-2.0	-1.6	-2.2
Dividends paid	-	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	-16.8	-14.4	181.0
CHANGE IN CASH AND CASH EQUIVALENTS	1.7	35.4	84.9
Cash and cash equivalents at the beginning of the period	114.6	29.7	29.7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	116.3	65.1	114.6

Statement of changes in consolidated equity

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
EQUITY, JAN 1, 2022	1.8	49.7	-2.2	220.1	269.4
Income for the period				9.5	9.5
Translation differences		0.0	-0.9	-0.6	-1.4
Comprehensive income for the period	-	0.0	-0.9	8.9	8.0
Dividend to shareholders				-	-
Transactions with owners of the parent company	-	-	-	-	-
EQUITY, SEP 30, 2022	1.8	49.7	-3.1	229.0	277.4

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
EQUITY, JAN 1, 2021	1.8	2.5	-1.8	191.8	194.2
Income for the period				22.7	22.7
Translation differences		0.0	-0.2	-0.1	-0.3
Remeasurement of financial assets recognized at fair value through other comprehensive income		-2.5		4.1	1.6
Comprehensive income for the period	-	-2.5	-0.2	26.7	24.1
Dividend to shareholders				-	-
Transactions with owners of the parent company	-	-	-	-	-
EQUITY, SEP 30, 2021	1.8	0.0	-2.0	218.5	218.3

Financial ratios and statistics

	Jan 1, 2022- Sep 30, 2022	Jan 1, 2021- Sep 30, 2021	Jan 1, 2021- Dec 31, 2021
Equity per share, EUR	16.05	17.56	21.67
Equity/assets ratio	43.2 %	49.1 %	42.0 %
Investments, EUR M	13.5	11.4	168.7
– as % of sales	3.7 %	6.7 %	65.3 %
Passengers	3,726,104	1,484,398	2,315,137
Cargo units	87,408	95,955	129,278
Average number of employees, full-time equivalent	2,218	1,452	1,536

Equity per share = Equity attributable to parent company shareholders /Weighted average number of shares.

In accordance with IFRS, the number of shares for 2021 was adjusted retroactively due to the fact that the price of the shares issued in 2021 was lower than the fair value of the shares.

Equity/assets ratio, % = (Equity including minority interest) / (Total assets – advances received).

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR +/- 0.1 M may occur.