



# GC Rieber Shipping ASA

First Quarter 2020 (unaudited)  
Interim report



GC RIEBER

## Highlights first quarter 2020

- Significant industry and company uncertainties due to the COVID-19 outbreak and drop in oil price
- Fleet utilisation of 75%<sup>1</sup> in a winter-season quarter with low activity in the subsea and offshore renewables markets
- Net loss of NOK 301.6 million compared with a net loss of NOK 104.5 million in the first quarter of 2019
- Impairment of Subsea & Renewables vessels of NOK 293.3 million as a result of global developments
- Foreign currency translation of NOK 332.8 million recognised through other comprehensive income due to steep rise of USD against NOK
- Contract backlog of NOK 305 million as of 1 April 2020<sup>2</sup>
- New one-year charter contract for the crew boats Polar Baikal and Polar Piltun, with option to extend by one additional year
- Shearwater<sup>3</sup> completed the strategic vessel transaction with CGG, including the takeover of five high-end seismic vessels, and a five-year capacity agreement for marine seismic acquisition services between Shearwater and CGG became effective. The transaction resulted in a non-cash gain of NOK 52.6 million for GC Rieber Shipping in the period

## Events after the end of the period

- Extension of the ongoing Polar King charter with Nexans by two months until September 2020
- Shearwater has received project termination notices for two contracts in Asia Pacific
- Shearwater has terminated the ship management agreement with GC Rieber Shipping for the four seismic vessels Polar Empress, Polar Duchess, Polar Duke and Polar Marquis with effect from August 2020

## Key figures (Unaudited)

Figures in NOK million	Q1 2020	Q1 2019	31.12.2019
Operating income	44.4	48.1	257.3
EBITDA	57.8	-62.1	86.9
EBIT	-267.1	-92.4	67.0
Profit before tax	-301.6	-104.5	14.1
Net profit in the period	-301.6	-104.5	14.4
Earnings per share	-3.50	-1.21	0.17
Equity ratio	56.3%	56.0%	60.2%
Fleet capacity utilisation	75%	84%	92%
Number of shares (million)	86.1	86.1	86.1

1 Excluding marine seismic

2 Excluding marine seismic and charterers' extension options, including all contracts secured up until the reporting date for this interim report

3 Shearwater GeoServices Holding AS owned 19% by GC Rieber Shipping

## Operational review

GC Rieber Shipping's business within offshore/shipping includes ownership in specialised vessels, high-quality marine ship management and project development within the segments Subsea & Renewables, Ice/Support and Marine Seismic. The group has a specialised competence in offshore operations in harsh environments as well as design, development and maritime operation of offshore vessels.

GC Rieber Shipping operates 13 and has direct and indirect ownership in 29 advanced special purpose vessels within the segments Subsea & Renewables, Ice/Support and Marine Seismic.

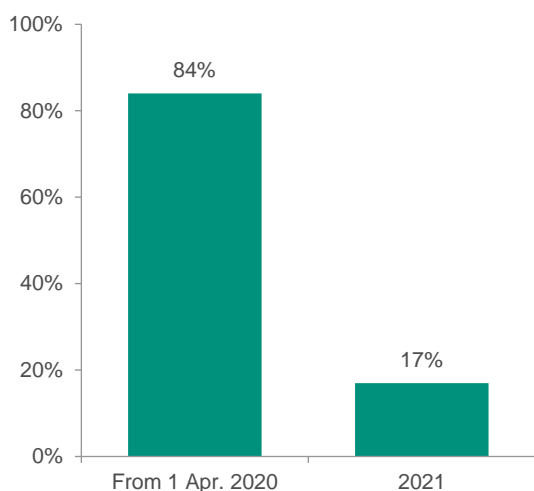
The company has its headquarter and ship management company in Bergen (Norway), with an additional ship management company in Yuzhno-Sakhalinsk (Russia). The company is listed on Oslo Stock Exchange with the ticker RISH. Further information is available on the company's website [www.gcrieber-shipping.com](http://www.gcrieber-shipping.com).

### Capacity utilisation and contract backlog

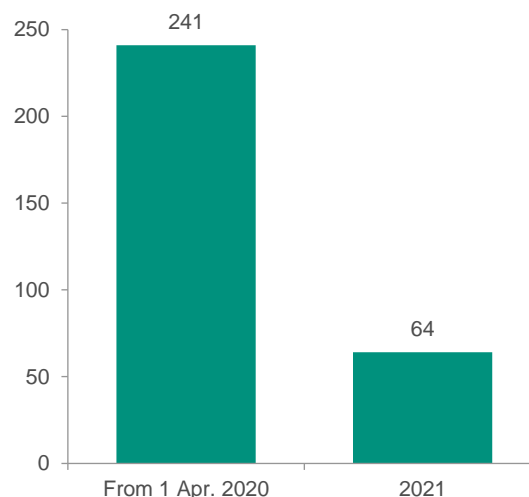
The fleet capacity utilisation was 75% in the first quarter of 2020.<sup>4</sup> Polar King, Polar Onyx and the Ice/Support vessels were on charter for the entire period, while Polar Queen was idle in the quarter. Capacity utilisation was 84% in the corresponding period of 2019.

When including all contracts secured up until the reporting date for the first quarter, contract backlog was NOK 305 million as of 1 April 2020, compared with NOK 373 million reported as of 1 April 2019.<sup>5</sup> As of 1 April 2020 contract coverage for 2020 and 2021 was 84% and 17%, respectively.

#### Contract coverage



#### Contract backlog (figures in NOK million)



<sup>4</sup> Excluding marine seismic

<sup>5</sup> Excluding marine seismic and charterers' extension options

## Contract updates in the first quarter of 2020

- GC Rieber Shipping has through its 50/50 joint venture OOO Polarus entered into new charter agreements with Sakhalin Energy Investment Company Ltd (SEIC) for the two crew-boats Polar Baikal and Polar Piltun. The new contracts are for one firm season, 2020, with an option to extend for the 2021 season. The crew-boats will be operating in the Sea of Okhotsk, Sakhalin in Russia
- Shearwater secured several acquisition projects

## Shearwater/CGG transaction

On 8 January 2020, Shearwater completed the strategic vessel transaction with CGG, including the takeover of five high-end seismic vessels. Furthermore, a five-year capacity agreement for marine seismic acquisition services between Shearwater and CGG became effective.

The transaction includes five streamer vessels, and two legacy vessels, previously owned by CGG Marine Resources Norge AS and Eidesvik Offshore ASA, five complete streamer sets previously owned by CGG and a long-term capacity agreement granting Shearwater a guaranteed cash flow and activity level for a period of five years. The capacity agreement includes a minimum commitment of two vessel-years annually over the agreed five-year period.

Following the transaction, GC Rieber Shipping owns approximately 19% of the shares in Shearwater. GC Rieber Shipping has booked a non-cash gain of NOK 52.6 million in the first quarter of 2020 as a result of the transaction.

## Global developments

The current uncertainties related to the COVID-19 outbreak and reductions in the oil price has had significant negative effect on the markets in which GC Rieber Shipping operates. Continued uncertainty will increase the risk of further negative effects on GC Rieber Shipping's business.

## Events after the end of the period

### Termination of ship management agreement

Shearwater has terminated the ship management agreement with GC Rieber Shipping for the four seismic vessels Polar Empress, Polar Duchess, Polar Duke and Polar Marquis with effect from August 2020. The termination reduces the number of vessels operated by GC Rieber Shipping from 13 to 9.

### Contract updates after the end of the period

- GC Rieber Shipping and Nexans have extended the ongoing charter of Polar King until September 2020. The vessel has been on charter with Nexans since January 2017 conducting cable lay support and trenching worldwide
- Shearwater has received project termination notices for two contracts in Asia Pacific



## Financial review (Unaudited)

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### Accounting principles

This interim report has been prepared in accordance with IAS 34 «Interim Financial Reporting» and follows the same accounting principles as in the annual financial statement.

### Operating income

GC Rieber Shipping had operating income of NOK 44.4 million in the first quarter of 2020, compared with NOK 48.1 million in the corresponding period of 2019.

### EBITDA

EBITDA for GC Rieber Shipping amounted to NOK 57.8 million in the first quarter of 2020, including the non-cash gain of NOK 52.6 million from Shearwater's transaction with CGG. EBITDA for the first quarter of 2019 was negative NOK 62.1 million. Adjusted for the non-cash gain of NOK 52.6 million there is a positive development in EBITDA of NOK 67.3 million from the first quarter of 2019, which is mainly due to increased profitability of Shearwater.

### Impairment

As at 31 March 2020, the company obtained vessel market values from two reputable brokers for the vessels in the Subsea & Renewables segment and performed impairment testing of the assets in the balance sheet. Based on these assessments, the fair value for each vessel was set as the average of the obtained market values.

The obtained fair values resulted in a write-down of NOK 293.3 million in the first quarter of 2020, following the recent global developments with COVID-19 and reduction of the oil price.

The company emphasises that there are significant uncertainties regarding the fair values under the current market conditions.

### Net financial items

The group does not use hedge accounting for currency exchange rates. As a result, exchange rate variations between USD and NOK may have a significant impact on the accounts, in accordance with IAS 39. Unrealised currency gain/loss has no cash effect for the group.

Net financial items were negative NOK 34.6 million in the first quarter of 2020, compared with negative NOK 12.1 million in the corresponding period of 2019. The decrease from 2019 is explained by significant devaluation of NOK against USD in the first quarter of 2020.

Unrealised currency loss in the period was NOK 28.5 million, compared with an unrealised currency gain of NOK 2.8 million for the same period of 2019.

### Profit for the period

GC Rieber Shipping had a net loss of NOK 301.6 million in the first quarter of 2020, compared with a net loss of NOK 104.5 million for the corresponding period of 2019.

### Cash flow

Cash flow from operational activities in the first quarter of 2020 was positive NOK 20.1 million, compared with negative NOK 1.6 million in the first quarter of 2019.

Cash flow from investment activities was positive NOK 15.8 million in the quarter, compared with a negative cash flow of NOK 16.8 million for the corresponding period of 2019.

Cash flow from financing activities was negative NOK 19.5 million in the first quarter of 2020 and reflected payment of interest and instalments on the group's existing loans. Cash flow from financing activities in the corresponding period of 2019 was negative by NOK 17.0 million.

Net cash flow in the quarter was positive NOK 16.4 million, yielding a cash holding of NOK 227.9 million as at 31 March 2020.

### Liquidity and financing

GC Rieber Shipping was in compliance with its financial covenants at 31 March 2020 and has been throughout the first quarter of 2020.

Interest-bearing liabilities	31.03.2020	31.03.2019
Liabilities at end period (NOK million)	1,334.3	1,202.0
Average liabilities (NOK million)	1,207.1	1,211.8
Average interest incl. margin	3.94%	4.39%
Proportion of liabilities in USD	100%	100%

Liquid assets	31.03.2020	31.03.2019
Bank and interest-bearing securities (NOK million)	227.9	168.8

As at 31 March 2020, GC Rieber Shipping had cash and bank deposits of NOK 227.9 million, up from NOK 168.8 million as at 31 March 2019. Net liabilities (liquid assets minus interest-bearing liabilities) amounted to NOK 1,106.4 million, compared with net liabilities of NOK 1,033.1 million as at 31 March 2019.

In March 2018 GC Rieber Shipping negotiated better terms and certain amendments to its two Subsea & Renewables credit facilities. The terms include 20% amortization of the original payment schedule for a three-year period until 31.12.2020 and 100% amortization thereafter. Further details are available in the 2019 annual report. Should the current challenging market conditions continue, GC Rieber Shipping will not be able to service 100% amortization of the original payment schedule. Thus, amendments to the company's long-term financing is required.

To preserve liquidity in the short term, GC Rieber Shipping's lenders has granted the company a waiver for the cash sweep mechanism described in Note 14 of the annual report until 31 December 2020.

### Equity

GC Rieber Shipping had a book equity of NOK 1,774.0 million as at 31 March 2020, corresponding to an equity ratio of 56.3%, up from 56.0% at the end of March 2019. The steep rise of USD against NOK has resulted in a positive foreign currency translation of NOK 332.8 million in the first quarter of 2020 recognised through other comprehensive income.

## Segments

### Subsea & Renewables

The company owns and operates three vessels within the Subsea & Renewables segment, primarily designed for inspection, maintenance and repair of subsea installations, but also having demonstrated attractive capabilities for the offshore renewables market.

Polar King has been chartered to Nexans Skagerrak AS from early 2017. The charter was recently extended until September 2020. Polar Onyx is on a three-year charter for DeepOcean BV which

commenced in February 2018, with options for two additional years. Polar Queen was idle in the first quarter and commenced a five months charter in the beginning of April 2020.

Key figures (in NOK million)	Q1 2020	Q1 2019	31.12.2019
Operating income	44.4	43.6	228.5
EBITDA	-0.6	-9.8	53.8
EBIT	-325.5	-37.9	-64.6
Capacity utilisation (in %)	67%	74%	85%

GC Rieber Shipping had a capacity utilisation of 67% for the Subsea & Renewables vessels in the first quarter of 2020, compared with 74% in the corresponding period of 2019.

Operating income amounted to NOK 44.4 million in the first quarter of 2020, compared with NOK 43.6 million in the first quarter of 2019. EBITDA amounted to negative NOK 0.6 million, compared with negative NOK 9.8 million in the corresponding period of 2019. Including the impairment of NOK 293.3 million, EBIT amounted to negative NOK 325.5 million in the period compared with negative NOK 37.9 million in the first quarter of 2019.

## Ice/Support

Following the sale of Ernest Shackleton in 2019 there are no vessels reported under the Ice/Support segment.

Key figures (in NOK million)	Q1 2020	Q1 2019	31.12.2019
Operating income	0.0	4.5	28.9
EBITDA	0.0	4.4	24.3
EBIT	0.0	2.2	122.7
Capacity utilisation (in %)	-	100%	100%

## Joint Ventures and Associated Company

### Joint Ventures - Ice/Support

The ice-breaker Polar Pevek is owned through a 50/50 joint venture with Maas Capital Offshore. The crew boats Polar Piltun and Polar Baikal are owned through a 50/50 joint venture with MG Holding (Cyprus) Limited. GC Rieber Shipping's 50% stake is reported in the profit and loss statement under «Profit from joint ventures and associates».

Polar Pevek is chartered to Exxon Neftegas until 2021 and operates out of the DeKastri oil terminal, assisting tankers carrying oil from the Sakhalin I offshore field outside eastern Russia. The two crew boats are chartered to the Sakhalin Energy Investment Corporation until the end of 2020, operating on the Sakhalin II field, with options for one additional year.

The group's share of profit for the first quarter of 2020 amounted to NOK 7.5 million, compared with NOK 4.2 million in the corresponding period of 2019.

### Associated Company - Marine Seismic (Shearwater)

GC Rieber Shipping's 19% stake in Shearwater is reported in the profit and loss statement under «Profit from joint ventures and associates».

Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Shearwater owns and operates a fleet of 21 seismic acquisition vessels, offering a full range of acquisition services including 3D, 4D and ocean bottom seismic. The company also has a portfolio of proprietary streamer technology and processing software enabling effective execution of geophysical surveys and delivery of high-quality data. The company has approximately 800 employees and operates in all major offshore basins across the world. This combination makes Shearwater a leading global and technology-driven full-service provider of marine geophysical services, able to deliver exceptional customer solutions.

The COVID-19 pandemic and fall in oil price have had significant impact on the markets for marine seismic and has resulted in two terminated projects for Shearwater to date.

GC Rieber Shipping's share of profit amounted to a net loss of NOK 1.7 million in the first quarter of 2020, compared with a net loss of NOK 60.9 million in the first quarter of 2019.

Shearwater's USD 325 million bridge-to-bond facility, which originates from the acquisition of WesternGeco's marine seismic business in 2018, is maturing in November 2020.

## Shareholder information

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The company's shares are listed on Oslo Børs with the ticker RISH. The company's holding of own shares is 54,800, i.e. 0.06% of the shares in the company.

In the first quarter of 2020, the group's shares were traded in a range from NOK 4.60 to NOK 11.50 per share. The closing price 31 March 2020 was NOK 5.20, which based on the 86,087,310 shares outstanding valued the group's equity at approximately NOK 447.7 million. At the end of March 2020, the company had 572 shareholders. 94.4% of the shares were owned by the 20 largest shareholders. Please refer to note 6 for a list of the 20 largest shareholders in the company as at 31 March 2020.

## Risks and uncertainties

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As described in GC Rieber Shipping's annual report for 2019, GC Rieber Shipping is exposed to a number of risks as the company operates in a global market. The Board of Directors of GC Rieber Shipping therefore focuses on efforts to identify and manage risk, and routines have been established with the aim of limiting and reducing the total risk exposure to an acceptable level. Risk factors are categorised into the areas of market risks, financial risks and operational risks.

It is referred to the company's annual report for 2019 for a more detailed description of the company's risk management and the most principal risk and uncertainty factors. The subsea and marine seismic markets are particularly exposed to the development in the oil and gas industry.

We emphasise the current uncertainties related to the COVID-19 outbreak and reductions in the oil price, which has had significant negative effect on the markets in which GC Rieber Shipping operates. Continued uncertainty will increase the risk of further negative effects on GC Rieber Shipping's business.



## Outlook

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GC Rieber Shipping's operations are exposed to developments in the markets for oil, gas and renewables. The COVID-19 outbreak has stirred market fundamentals in a short amount of time, increasing uncertainty across industries world-wide. Furthermore, the oil price has recently fallen sharply. In April, the lowest oil price since 1999 was registered. The impact of these factors on the offshore industry and GC Rieber Shipping's business is uncertain. Unfortunately, an improvement in market conditions is not expected in the short term.

Towards the end of 2019 and into 2020, some markets experienced improvement and uptick in activity. Now, most oil and gas companies have announced significant capex reductions due to the challenging market conditions. For offshore vessels this means slow tender activity, postponements and cancellations of new projects and vessels entering lay-up. The development is notable in the renewables, subsea and seismic market, with the latter two being most affected. In the market for renewables/offshore wind, the tender activity is reduced but a few long-term tenders for specific (newbuild) requirements remain in circulation.

The activity for Polar Queen has been low during the 2019/2020 winter season. However, the vessel recently commenced on a five months contract in UK, starting in April 2020. Polar Onyx is on a long-term contract with DeepOcean until early 2021. Polar King is on charter with Nexans until September 2020. Due to recent market events, demand for offshore vessels is expected to be low. Hence, outlook after the summer of 2020 is uncertain.

Following the oil companies' capex reductions GC Rieber Shipping expects a challenging seismic market with substantially lower activity and rate pressure going forward.

Demand in the Ice/Support segment is stable, but recent macro developments have put pressure on rates. All GC Rieber Shipping's Ice/Support vessels are fully booked for 2020.

Considering the termination of ship management for four vessels and the current market uncertainty, GC Rieber Shipping has initiated measures to adapt operations and the organisation to a lower cost level.

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### Bergen, 14 May 2020

The Board of Directors and Chief Executive Officer in GC Rieber Shipping ASA

Paul-Chr. Rieber, Chairman  
Morten Foros Krohnstad, Vice Chairman  
Trygve Bruland, Board Member  
Tove Lunde, Board Member  
Bodil Valland Steinhaug, Board Member

Einar Ytredal, CEO

**GC RIEBER SHIPPING ASA**  
**First quarter 2020**  
**Consolidated income statement**  
**(Unaudited)**

	Note	1Q 2020	1Q 2019	31.12.2019
Charter income		41 650	42 027	202 162
Other income		2 787	6 083	55 176
<b>Total income</b>	<b>3</b>	<b>44 437</b>	<b>48 110</b>	<b>257 338</b>
Operating expenses		-45 012	-53 493	-179 287
Sale of shares in associated company (non-cash gain)		52 619	0	0
Profit from joint venture and associates		5 746	-56 726	8 824
<b>EBITDA*</b>		<b>57 791</b>	<b>-62 109</b>	<b>86 876</b>
Depreciation	4,7	-31 590	-30 311	-117 585
Write-downs	4	-293 285	0	-3 905
Gains (losses) on sale of fixed assets		0	0	101 570
<b>Operating profit</b>		<b>-267 085</b>	<b>-92 420</b>	<b>66 956</b>
Financial income		96	0	2 627
Financial expenses		-12 710	-14 310	-55 441
Realised currency gains (losses)		6 578	-518	-1 490
Unrealised currency gains (losses)		-28 517	2 763	1 477
<b>Net financial income and expenses</b>		<b>-34 553</b>	<b>-12 064</b>	<b>-52 827</b>
<b>Profit / loss before taxes</b>		<b>-301 637</b>	<b>-104 484</b>	<b>14 129</b>
Taxes		0	0	269
<b>Profit / loss for the period</b>		<b>-301 637</b>	<b>-104 484</b>	<b>14 398</b>
Earnings and diluted earnings per share (average number of shares)		-3,50	-1,21	0,17

**Consolidated statement of comprehensive income**

	1Q 2020	1Q 2019	31.12.2019
Profit for the period	-301 637	-104 484	14 398
<b>Other comprehensive income</b>			
Foreign currency translation subsidiaries	332 828	-59 140	16 642
Changes in pension estimates	0	0	697
<b>Total comprehensive income / loss for the period net of tax</b>	<b>31 191</b>	<b>-163 624</b>	<b>31 737</b>

\* Operating profit before depreciation, write-downs and gains (losses) on fixed assets

**GC RIEBER SHIPPING ASA**  
**First quarter 2020**  
**Consolidated statement of financial position**  
**(Unaudited)**

<b>Assets</b>	<b>Note</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.12.2019</b>
Vessels	4	1 695 305	1 748 392	1 689 242
Machinery and equipment	4	13 723	20 649	15 436
Financial fixed assets	2	1 148 932	847 074	921 276
Long term receivables	7	5 611	3 167	6 042
<b>Total fixed assets</b>		<b>2 863 570</b>	<b>2 619 281</b>	<b>2 631 996</b>
Inventories		4 182	6 997	2 689
Receivables		55 970	41 988	51 294
Cash and bank deposits	5	227 882	168 822	211 528
<b>Total current assets</b>		<b>288 033</b>	<b>217 807</b>	<b>265 511</b>
<b>Total assets</b>		<b>3 151 603</b>	<b>2 837 088</b>	<b>2 897 507</b>
<b>Equity and liabilities</b>	<b>Note</b>	<b>31.03.2020</b>	<b>31.03.2019</b>	<b>31.12.2019</b>
Restricted equity		441 369	441 369	441 369
Retained earnings		1 332 633	1 147 830	1 301 445
<b>Total equity</b>	<b>6</b>	<b>1 774 003</b>	<b>1 589 199</b>	<b>1 742 814</b>
Provision for liabilities		7 244	10 468	7 244
Other long-term liabilities	5,7	1 276 218	1 178 180	1 093 396
First year instalments		58 099	23 772	28 177
Current liabilities	7	36 040	35 470	25 876
<b>Total liabilities</b>		<b>1 377 600</b>	<b>1 247 889</b>	<b>1 154 693</b>
<b>Total equity and liabilities</b>		<b>3 151 603</b>	<b>2 837 088</b>	<b>2 897 507</b>

**GC RIEBER SHIPPING ASA**  
**First quarter 2020**  
**Consolidated statement of cash flows**  
**(Unaudited)**

	Note	1Q 2020	1Q 2019	31.12.2019
EBITDA		57 791	-62 109	86 876
Change in net current assets		-37 710	60 556	-18 179
Net cash from operating activities		20 080	-1 553	68 697
Acquisition of tangible fixed assets		0	-25 052	-29 643
Sale of tangible fixed assets		0	0	117 090
Other investing activities		15 773	8 237	15 632
Net cash from investment activities		15 773	-16 815	103 079
New loans and repayments	7	-7 292	-5 938	-116 623
Net payment of equity		0	0	0
Net interest paid		-12 207	-11 036	-47 789
Net cash from financing activities		-19 499	-16 974	-164 412
Net change in liquidity		16 354	-35 342	7 364
Liquidity at beginning of period		211 527	204 164	204 163
<b>Liquidity at end of period</b>		<b>227 882</b>	<b>168 822</b>	<b>211 527</b>

**GC RIEBER SHIPPING ASA**  
**First quarter 2020**  
**Consolidated statement of changes in equity**  
**(Unaudited)**

	Share capital	Own shares	Share Premium reserve	Other equity	Total equity
Balance at 01.01.2019	154 957	-98	286 510	1 269 705	1 711 074
Profit for the year				31 737	31 737
<b>Balance at 31.12.2019</b>	<b>154 957</b>	<b>-98</b>	<b>286 510</b>	<b>1 301 442</b>	<b>1 742 811</b>
Balance at 01.01.2020	154 957	-98	286 510	1 301 442	1 742 811
Profit for the year				31 191	31 191
<b>Balance at 31.03.2020</b>	<b>154 957</b>	<b>-98</b>	<b>286 510</b>	<b>1 332 633</b>	<b>1 774 003</b>



**GC RIEBER SHIPPING ASA**  
First quarter 2020  
Group  
(Unaudited)

**Note 1 General information**

GC Rieber Shipping ASA is registered and domiciled in Norway, with its head office in Bergen. The consolidated interim accounts for the Group include GC Rieber Shipping ASA with its subsidiaries and the Group's investment in associated companies. The Group accounts for fiscal year 2019 were approved by the Board of Directors on 9 March 2020. The consolidated financial statement for the year ended 31 December 2019 with notes and auditor's report are available on our website at [www.gcrieber-shipping.com](http://www.gcrieber-shipping.com).

**Accounting principles**

The Group's financial reporting is in accordance with International Financial Reporting Standards (IFRS). The consolidated interim accounts at 31 December 2019 have been prepared in accordance with IAS 34 Interim financial reporting. The interim financial statements are unaudited and do not include all the information required in full annual financial statements, and therefore should be read in conjunction with the 2019 Group accounts. The condensed, consolidated quarterly financial statements were approved by the Board of Directors on 14 May 2020.

**Foreign currency**

GC Rieber Shipping Group uses the Norwegian krone (NOK) as its presentation currency. Some subsidiaries have US Dollar (USD) as their functional currency. Consequently, accounting standard IAS 21 will apply. A fluctuation in the USD/NOK exchange rate affects the company's equity and result, as the Group's debt are mainly in USD and most of the vessels are recorded in the accounts in and converted to USD/NOK exchange rate on the balance sheet date. For subsidiaries with USD as functional currency, the translation differences on vessels and liabilities are recognized through Comprehensive Income directly in equity. Translation differences also arise in respect of subsidiaries that have the USD as their functional currency and hold liquid assets in NOK. Here the value of the liquid reserves in NOK translated to USD will be determined by the exchange rate on the balance sheet date and the translation difference will be recognised in profit and loss as unrealised gain/loss. At 31.03.2020 the exchange rate USD against NOK was 10.51 against 8.78 at 31.12.2019.

**Estimates**

Preparation of interim financial statements requires use of assessments, estimates and assumptions that affect accounting principles and reported amounts for equity and liabilities, income and costs. The statements are based on assumptions and estimates, and some of them are beyond the company's control and therefore subject to risks and uncertainty. The actual result may differ from these estimates. When preparing this consolidated interim financial statement, the management has used the same critical assessments related to application of accounting principles as were used for the Group financial statements for the financial year that ended on 31 December 2019 and the most important sources of estimate uncertainty are the same as for preparation of the 2019 Group financial statements.

**Related parties**

The Group makes purchase and sales transactions with related parties as part of the normal business operations. Note 17 of the 2019 annual report describes transactions with related parties. There have been no material changes or transactions in connection with related parties that make a material impact on the Group's position or profit for the period.

**Financial risk management**

GC Rieber Shipping makes a continuous and thorough assessment of operational and financial risk factors. The Group's objectives and principles for financial risk management are in accordance with what has been stated in the Group financial statements for 2019.

## Note 2 Segment

The Group's management team, as presented on the Group's website, examines the Group's performance from a product and geographical perspective when defining operating segments. The management team has defined three operating segments; Subsea & Renewables, Ice/Support and Marine Seismic. However, as the Group's Marine Seismic segment now in its entirety is held through the stake in Shearwater and accounted for by the equity method, marine seismic is no longer reported as a separate segment, neither in management reporting nor financial reporting. Investments in joint ventures & associates are presented as a separate segment in management and financial reporting.

The geographic perspective is not a focal point in the internal management reporting for either of the segments.

The segments are considered to have different operational and financial risk profiles. Any transactions between the segments are carried out at arm's length and eliminated in the consolidated financial statements.

### Subsea & Renewables

The Group owns and operates three vessels within the subsea segment; Polar King, Polar Queen and Polar Onyx. The vessels are primarily used for construction, inspection, maintenance and repair of subsea installations and cables as well as offshore windmills.

### Ice/Support

GC Rieber Shipping owned one vessel within the reported ice/support segment, the RSS Ernest Shackleton. The vessel was sold in May 2019.

### Joint Ventures & Associates

Joint Ventures include the 50% owned vessels operating in Russia. The 19% owned marine geophysical company Shearwater is presented as an associated company in the segment report.

	1Q 2020	1Q 2019	31.12.2019
Ice/Support	0	4 460	28 878
Subsea & Renewables	44 437	43 649	228 460
<b>Operating income</b>	<b>44 437</b>	<b>48 109</b>	<b>257 338</b>
Ice/Support	0	4 394	24 298
Subsea & Renewables	-575	-9 777	53 753
Sale of shares in associates	52 619	0	0
Associates – Seismic	-1 699	-60 882	-31 579
JV - Ice/Support	7 446	4 157	40 403
<b>EBITDA*</b>	<b>57 791</b>	<b>-62 108</b>	<b>86 876</b>
Ice/Support	0	2 209	122 732
Subsea & Renewables	-325 450	-37 903	-64 600
Sale of shares in associates	52 619	0	0
Associates – Seismic	-1 699	-60 882	-31 579
JV - Ice/Support	7 446	4 157	40 403
<b>Operating profit</b>	<b>-267 085</b>	<b>-92 419</b>	<b>66 956</b>

\* Operating profit before depreciation, write-downs and gains (losses) on fixed assets

Carrying amount	31.03.2020	31.12.2019
JV Ice/Support	177 522	159 891
Associates - Seismic	971 402	761 455

## Note 3 Income

	Q1 2020	Q1 2019	2019
TC hire	41 650	37 554	196 196
BB hire	0	4 473	5 965
Other revenues	2 787	6 083	55 176
<b>Revenue from external customers</b>	<b>44 437</b>	<b>48 110</b>	<b>257 338</b>

### Time of revenue recognition

At a point in time	0	0	0
Over time	44 437	48 110	257 338
<b>Total</b>	<b>44 437</b>	<b>48 110</b>	<b>257 338</b>

TC hire (time charter hire) are revenues were the Group are to deliver vessels, equipment and crew as a service to the customer based on a fixed fee/day rate. A time charter contract can be divided into a bareboat element and a service component. Out of total income per 31.03.2020, the bareboat element constitutes to approximately NOK 18 million. Remaining income qualifies as IFRS 15 income.

Other income are additional services provided in connection with for example time charter contracts and fees for technical support and operation of third-party vessels. Early redelivery fee for the vessel Ernest Shackleton in 2019 is included in other income.

Terms of payment in contracts with customers are from 30-45 days depending on contract.

## Note 4 Fixed assets

31.03.2020	Vessels and periodic maintenance	Machinery and equipment
<b>Net book value 01.01</b>	<b>1 689 242</b>	<b>15 436</b>
Additions	0	0
Disposals	0	0
Depreciation	-29 877	-1 713
Impairment	-293 285	0
Changes in translation differences during the year	329 224	0
<b>Net book value 31.03</b>	<b>1 695 305</b>	<b>13 723</b>

All vessels have carrying amounts in USD, which are converted to NOK by using the exchange rate on the balance sheet date in the consolidated financial statements. Changes in the exchange rate USD/NOK result in translation differences, which are recognised in the comprehensive income. Accumulated exchange translations are included in the amounts above.

## Note 5 Cash sweep

When negotiating revised terms and certain amendments to the two subsea credit facilities in early 2018, the new terms and amendments included the following cash sweep mechanism;

- Cash sweep of the average aggregate consolidated cash in the company during the six months prior to the sweep date in excess of the following threshold amounts;
  - NOK 150 million in 2019
  - NOK 120 million in 2020 and onwards

50% of the proceeds from the sale of Ernest Shackleton is excluded from the cash sweep mechanism.

First cash sweep in June 2019 and semi-annually thereafter.

To preserve liquidity in the short term, GC Rieber Shipping's lenders have granted the company a waiver for the cash sweep mechanism until 31 December 2020.

For further information about terms and amendments, please refer to note 14 to the Group's annual report for 2019.

## Note 6 Overview of shareholders

The 20 largest shareholders in GC Rieber Shipping ASA as of 31 March 2020 (outstanding shares):

<b>Name</b>	<b>Number of shares</b>	<b>Owner's share</b>
GC Rieber AS	66 145 908	76,8 %
AS Javipa	2 003 492	2,3 %
GC Rieber Fondet	1 870 148	2,2 %
Pareto Aksje Norge Verdipapirfond	1 637 749	1,9 %
Viben AS	1 334 435	1,6 %
Celsius AS	1 328 768	1,5 %
Trioship Invest AS	1 190 000	1,4 %
Tannlege Randi Arnesen AS	850 000	1,0 %
Delta A/S	824 000	1,0 %
Johanne Marie Rieber Martens Allm. Fond	786 654	0,9 %
Storkleiven AS	709 170	0,8 %
Pelicahn AS	685 166	0,8 %
Benedicte Martens Nes	386 250	0,4 %
Triofa 2 AS	278 001	0,3 %
Mikkel Martens	225 949	0,3 %
Dag Fredrik Jebsen Arnesen	212 000	0,2 %
Thorild Marie Rong	210 648	0,2 %
Bergen Råvarebørs II AS	208 668	0,2 %
Tigo AS	186 359	0,2 %
Stian Strøm Arnesen	170 000	0,2 %
Other Shareholders	4 843 945	5,6 %
<b>Outstanding Shares</b>	<b>86 087 310</b>	<b>100,0 %</b>

## Note 7 Leases

The Group is both a lessor, as it charters vessels to customers, and a lessee.

The Group has long term lease agreements on office buildings and warehouses that are affected by IFRS 16. For the Group, these lease commitments result in the recognition of an asset (right-of-use) and a liability for a period of time.

On 1 January 2019 the Group recognized a Right-of-use asset of NOK 3.6 million and corresponding lease liability of NOK 3.6 million. As permitted by IFRS 16, the Group chose to measure the right-of-use asset equal to the amount of the liability at the implementation date. The future payments under each lease arrangement have been discounted using the incremental borrowing rate applicable to the leased assets in order to calculate the lease liability recognized on the date of adoption. New lease liabilities in 2019 were a renewal of lease contract for rent of offices.

There will be no significant changes the Group's profit but the cash flow statement for leases will be affected with lease payments being presented as financing activities as opposed to operating activities. Some of the Groups commitments relates to arrangements that not qualify as leases under IFRS 16.

### Operational leasing, where the group is a lessor

The Group charters its owned vessels under charter parties of varying duration to different charterers, both bareboat and time charter. Lease income from lease of vessels is reported to the profit and loss account on a straight-line basis for the duration of the lease period. The lease period starts from the time the vessel is put at the disposal of the lessee and terminates on the agreed date for return of the vessel. Future minimum nominal lease payments arising from contracts as at 31 December 2019, amounts to NOK 44.0 million in 2020. The lease payments include bareboat contracts and bareboat components from time charter contracts.

### Right-of-use assets – lease liabilities

#### Right of use assets

Figures in NOK million

**31.12.2020**

Net present value of lease commitments	3,53
<b>Balance at 1 January</b>	<b>6,04</b>
New lease liabilities	0,00
Disposals during the year	0,00
Depreciation	(0,44)
<b>Balance at period end</b>	<b>5,60</b>

#### Lease Liabilities

Figures in NOK million

**31.03.2020**

Net present value of lease liabilities	3,53
<b>Balance at 1 January</b>	<b>6,07</b>
New lease liabilities	0,00
Disposals during the year	0,00
Lease payments during the period	(0,45)
<b>Balance at period end</b>	<b>5,62</b>



## Note 8 Performance measurement definitions

### Alternative performance measurements

The Group presents alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Group's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described below.

Measure	Description	Reason for including
<b>Operating profit before depreciation (EBITDA)</b>	EBITDA is defined as operating profit, before impairment of tangible and intangible assets, depreciation of tangible assets. EBITDA represents earnings before interest, tax and depreciation, and is a key financial parameter for the Group.	This measure is useful in evaluating operating profitability on a more variable cost basis as it excludes depreciation and impairment related primarily to acquisitions that occurred in the past. EBITDA shows operating profitability regardless of capital structure and tax situations
<b>Operating profit (EBIT)</b>	EBIT represents earnings before interest and tax.	EBIT shows operating profitability regardless of capital structure and tax situations.
<b>Net interest-bearing debt</b>	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest bearing financial assets, cash and cash equivalents.	Net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall statement. It measures the Group's ability to pay all interest-bearing liabilities within available interest-bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Group's capital structure.
<b>Equity ratio</b>	Equity divided by assets at the reporting date.	Measure capital contributed by shareholders to fund the Group's assets.
<b>Earnings per share</b>	Earnings divided by average number of shares outstanding.	Measures the Group's earnings on a per-share basis.

### Other definitions

Measure	Description
<b>Market value</b>	Calculated average vessel value between several independent brokers' estimates based on the principle of "willing buyer and willing seller".
<b>Capacity utilisation</b>	Capacity utilisation is a measure of the Group's ability to keep vessels in operation and on contract with clients, expressed as a percentage. The capacity utilisation numbers are based on actual available days.
<b>Contract coverage</b>	Sum of undiscounted revenue related to secured contracts in the future. Optional contract extensions as determined by the client in the future are not included.