



# GC Rieber Shipping ASA

Second quarter and first half-year 2020

(unaudited)

Interim report



GC RIEBER

## Highlights second quarter 2020

- Fleet utilisation of 99%<sup>1</sup>
- Net loss of NOK 121.3 million compared with a net profit of NOK 93.9 million in the corresponding period of 2019 including sale of Ernest Shackleton
- Impairment of Subsea & Renewables vessels of NOK 128.7 million
- Contract backlog of NOK 194 million as of 1 July 2020<sup>2</sup>
- Significant industry and company uncertainties due to the COVID-19 outbreak and volatile oil price
- Extension of the ongoing Polar King charter with Nexans by two months until September 2020
- Shearwater<sup>3</sup> awarded new contracts for marine seismic acquisition projects in India, Brazil and the UK North Sea, but also received project termination notices for two contracts in the Asia Pacific

## Events after the end of the period

- GC Rieber Shipping has entered into an agreement to sell the IMR vessel Polar King with delivery in the third quarter of 2020

## Key figures (Unaudited)

Figures in NOK million	Q2 2020	Q2 2019	YTD 2020	YTD 2019	31.12.2019
Operating income	78.5	91.9	122.9	140.0	257.3
EBITDA	37.6	41.3	95.4	-20.8	86.9
EBIT	-121.7	108.5	-388.8	16.1	67.0
Profit before tax	-121.3	93.9	-423.0	-10.6	14.1
Net profit in the period	-121.3	93.9	-423.0	-10.6	14.4
Earnings per share	-1.41	1.09	-4.91	-0.12	0.17
Equity ratio	54.2	59.5	54.2	59.5	60.2%
Fleet capacity utilisation	99%	100%	87%	92%	92%
Number of shares (million)	86.1	86.1	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 9 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).

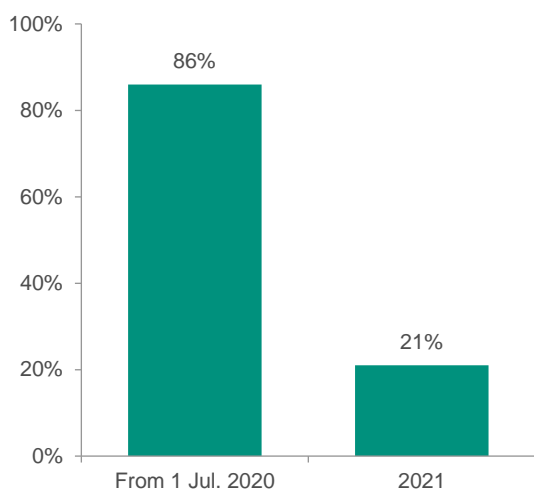
### Capacity utilisation and contract backlog

The fleet capacity utilisation was 99% in the second 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 commenced a five months contract in the beginning of April. Capacity utilisation was 100% in the corresponding period of 2019.

When including all contracts secured up until the reporting date for the second quarter, contract backlog was NOK 194 million as of 1 July 2020, compared with NOK 294 million reported as of 1 July 2019.<sup>5</sup> As of 1 July 2020 contract coverage for 2020 and 2021 was 86% and 21%, respectively.

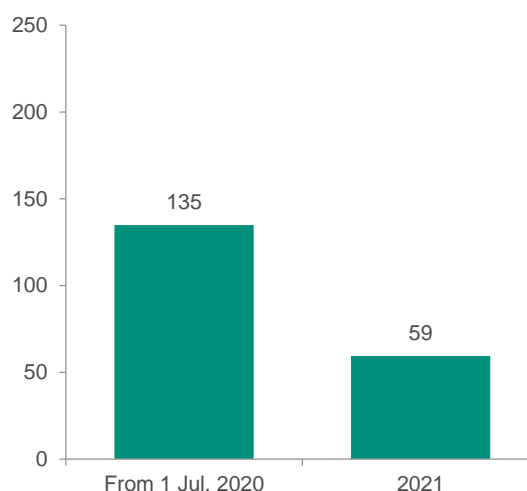
#### Contract coverage

---



#### 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 second quarter of 2020

- GC Rieber Shipping and Nexans 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 secured new acquisition projects in India and the UK North Sea, as well as a project in Brazil as part of the five-year capacity agreement with CGG. Shearwater also received project termination notices for two contracts in the Asia Pacific

## Termination of ship management agreement

Shearwater terminated the ship management agreement with GC Rieber Shipping for four seismic vessels with effect from August 2020.

## Global developments

The current uncertainties related to the COVID-19 outbreak and highly volatile oil price have 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

### Sale Polar King

GC Rieber Shipping has entered into an agreement to sell the IMR vessel Polar King, built at Freire Shipyard in 2011. Proceeds from the sale will be used to repay the vessel's outstanding debt in full.

The vessel is expected to be delivered to the new owners in the third quarter of 2020.

## Financial review (Unaudited)

---

### 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 78.5 million in the second quarter of 2020, compared with NOK 91.9 million in the corresponding period of 2019.

Operating income for the first half-year of 2020 was NOK 122.9 million, compared with NOK 140.0 million in the same period of 2019.

### EBITDA

EBITDA for GC Rieber Shipping amounted to NOK 37.6 million in the second quarter of 2020, compared with NOK 41.3 million in the second quarter of 2019.

For the first half-year 2020, EBITDA was NOK 95.4 million, including the non-cash gain of NOK 52.6 million from Shearwater's transaction with CGG in January 2020. EBITDA for the first half-year of 2019 was negative NOK 20.8 million. Adjusted for the non-cash gain of NOK 52.6 million there is a positive development in EBITDA of NOK 63.6 million compared to the first half-year of 2019, which is mainly due to increased profitability of Shearwater.

### Impairment

As at 30 June 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 Polar Onyx was set at the average of obtained market values. After the end of the reporting period, Polar King has been agreed sold. The fair values of Polar King, and its sister vessel Polar Queen, were set at the negotiated selling price of Polar King.

The fair values resulted in a write-down of NOK 128.6 million in the second quarter of 2020. This results in a total write-down of NOK 421.9 million in the first half of 2020.

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 positive NOK 0.4 million in the second quarter of 2020, compared with negative NOK 14.6 million in the corresponding period of 2019. The improvement from 2019 is explained by significant unrealised currency gains of NOK 12.6 million for the current period, compared with an unrealised currency gain of NOK 0.1 million for the same period of 2019.

### Profit for the period

GC Rieber Shipping had a net loss of NOK 121.3 million in the second quarter of 2020, compared with a net profit of NOK 93.9 million for the corresponding period of 2019. The positive result in the second quarter of 2019 reflected the NOK 101.6 million book gain from the sale of Ernest Shackleton.

Loss in the first half-year of 2020 was NOK 423.0 million, compared with a loss of NOK 10.6 million in the first half-year of 2019.

### Cash flow

Cash flow from operational activities in the second quarter of 2020 was positive NOK 17.0 million, compared with positive NOK 21.1 million in the second quarter of 2020.

Cash flow from investment activities was positive NOK 7.1 million in the quarter, compared with a positive cash flow of NOK 123.6 million for the corresponding period of 2019 including the sale of Ernest Shackleton.

Cash flow from financing activities was negative NOK 20.6 million in the second quarter of 2020 and reflected payment of interests and instalments on the group's existing loans. Cash flow from financing activities in the corresponding period of 2019 was negative by NOK 111.0 million, including a NOK 93.6 million cash-sweep payment.

Net cash flow in the quarter was positive NOK 3.5 million, yielding a cash holding of NOK 231.4 million as at 30 June 2020.

## Liquidity and financing

GC Rieber Shipping was in compliance with its financial covenants at 30 June 2020 and has been throughout the first half-year of 2020.

Interest-bearing liabilities	30.06.2020	30.06.2019
Liabilities at end period (NOK million)	1,231.7	1,092.4
Average liabilities (NOK million)	1,229.8	1,200.6
Average interest incl. margin	3.91%	4.34%
Proportion of liabilities in USD	100%	100%

Liquid assets	30.06.2020	30.06.2019
Bank and interest-bearing securities (NOK million)	231.4	202.4

As at 30 June 2020, GC Rieber Shipping had cash and bank deposits of NOK 231.4 million, up from NOK 202.4 million as at 30 June 2019. Net liabilities (liquid assets minus interest-bearing liabilities) amounted to NOK 1,000.3 million, compared with net liabilities of NOK 889.9 million as at 30 June 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. The company is in constructive dialogue with its lenders regarding amendments to its credit facilities.

To preserve liquidity in the short term, GC Rieber Shipping's lenders have 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 1,506.1 million as at 30 June 2020, corresponding to an equity ratio of 54.2%, down from 59.5% at the end of June 2019.

## 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 have also demonstrated attractive capabilities for the offshore renewables market.

Polar Onyx is on a three-year charter for DeepOcean BV which commenced in February 2018, with options for two additional years. Polar Queen commenced a five months charter in the beginning of April 2020. Polar King, which is agreed sold, has been chartered to Nexans Skagerrak AS from early 2017.

Key figures (in NOK million)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	31.12.2019
Operating income	78.5	67.5	122.9	111.1	228.5
EBITDA	35.0	22.8	34.4	13.0	53.8
EBIT	-124.3	-10.6	-449.7	-48.5	-64.6
Capacity utilisation (in %)	98%	100%	82%	87%	85%

GC Rieber Shipping had a capacity utilisation of 98% for the Subsea & Renewables vessels in the second quarter of 2020, compared with 100% in the corresponding period of 2019.

Operating income amounted to NOK 78.5 million in the second quarter of 2020, compared with NOK 67.5 million in the second quarter of 2019. EBITDA amounted to NOK 35.0 million, compared with NOK 22.8 million in the corresponding period of 2019. Including the impairment of NOK 128.7 million, EBIT amounted to negative NOK 124.3 million in the period compared with negative NOK 10.6 million in the second quarter of 2019.

## Ice/Support

---

There are currently no vessels reported under the Ice/Support segment.

Key figures (in NOK million)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	31.12.2019
Operating income	0.0	24.4	0.0	28.9	28.9
EBITDA	0.0	35.0	0.0	24.3	24.3
EBIT	0.0	120.5	0.0	122.7	122.7
Capacity utilisation (in %)	-	100%	-	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 second quarter of 2020 amounted to NOK 10.8 million, compared with NOK 6.8 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 8.3 million in the second quarter of 2020, compared with a net loss of NOK 8.2 million in the second 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

---

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 second quarter of 2020, the group's shares were traded in a range from NOK 4.50 to NOK 9.10 per share. The closing price 30 June 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 June 2020, the company had 692 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 30 June 2020.

## Risks and uncertainties

---

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 prevailing uncertainties related to the COVID-19 outbreak and highly volatile oil price, which has had significant negative effect on the markets in which GC Rieber Shipping operates.

## Outlook

---

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, with significant uncertainty across industries world-wide. However, the oil price has strengthened in the second quarter from its low point in April of USD 20 per barrel to the mid USD 40's. Despite the oil price development, market conditions are expected to remain unfavourable in the short term.

Following substantial capex reductions for most of the oil and gas companies, tender activity in the subsea and seismic market has been slower. Within renewables, offshore wind projects have been delayed, however a few long-term tenders for specific (newbuild) requirements remain in circulation. Low activity is expected throughout the winter season for all segments.

Closed borders and few available flight alternatives have made international operations challenging, nonetheless GC Rieber Shipping has maintained operational uptime for all owned vessels in the second



quarter with a utilisation of 98 % for the three Subsea & Renewables vessels. Polar King is agreed sold and is expected to be delivered to the new owners in the third quarter of 2020. Polar Onyx is on a long-term contract with DeepOcean until March 2021. Polar Queen is on firm charter until September 2020. As improvements in market conditions are not expected in the short to medium term, low activity is expected for Polar Queen for the winter season of 2020/21.

GC Rieber Shipping expects the seismic market to continue to be challenging during the second half of 2020, with low activity and rate pressure.

Demand in the Ice/Support segment is stable, but recent macro developments have put pressure on rates.

## Responsibility statement

---

We confirm, to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2020 has been prepared in accordance with the IAS 34 – Interim Financial Reporting, and that the information gives a true and fair view of the group’s assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred in the accounting period and their impact on the financial statements, a description of the principal risks and uncertainties for the coming accounting period, and major related parties’ transactions. For further details on risks and uncertainties that the company is exposed to, shareholders are advised to refer to the company’s annual report for 2019.

---

Bergen, 24 August 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**  
**Second quarter and first-half year 2020**  
**Consolidated income statement**  
**(Unaudited)**

	Note	2Q 2020	2Q 2019	30.06.2020	30.06.2019	31.12.2019
Charter income		64 164	58 545	105 814	100 572	202 162
Other income		14 327	33 339	17 114	39 422	55 176
<b>Total income</b>	<b>3</b>	<b>78 491</b>	<b>91 884</b>	<b>122 928</b>	<b>139 994</b>	<b>257 338</b>
Operating expenses		-43 473	-49 188	-88 485	-102 681	-179 287
Sale of shares in joint venture		0	0	52 619	0	0
Profit from joint venture and associates		2 560	-1 425	8 306	-58 151	8 824
<b>EBITDA*</b>		<b>37 577</b>	<b>41 271</b>	<b>95 368</b>	<b>-20 838</b>	<b>86 876</b>
Depreciation		-30 657	-27 847	-62 247	-58 157	-117 585
Write-downs		-128 654	-6 504	-421 940	-6 504	-3 905
Gains (losses) on sale of fixed assets		0	101 570	0	101 570	101 570
<b>Operating profit</b>		<b>-121 734</b>	<b>108 491</b>	<b>-388 819</b>	<b>16 071</b>	<b>66 956</b>
Financial income		590	1 013	686	1 013	2 627
Financial expenses		-11 028	-15 522	-23 738	-29 832	-55 441
Realised currency gains (losses)		-1 788	-137	4 790	-655	-1 490
Unrealised currency gains (losses)		12 630	72	-15 887	2 836	1 477
<b>Net financial income and expenses</b>		<b>404</b>	<b>-14 574</b>	<b>-34 149</b>	<b>-26 639</b>	<b>-52 827</b>
<b>Profit / loss before taxes</b>		<b>-121 330</b>	<b>93 916</b>	<b>-422 968</b>	<b>-10 568</b>	<b>14 129</b>
Taxes		0	0	0	0	269
<b>Profit / loss for the period</b>		<b>-121 330</b>	<b>93 916</b>	<b>-422 968</b>	<b>-10 568</b>	<b>14 398</b>
Earnings and diluted earnings per share (based on average number of shares)		-1.41	1.09	-4.91	-0.12	0.17

**Consolidated statement of comprehensive income**

	2Q 2020	2Q 2019	30.06.2020	30.06.2019	31.12.2019
Profit for the period	-121 330	93 916	-422 968	-10 568	14 398
Other comprehensive income					
Foreign currency translation subsidiaries continuing operations	-146 558	-15 374	186 270	-24 926	16 642
Changes in pension estimates	0	0	0	0	697
<b>Total comprehensive income / loss for the period net of tax</b>	<b>-267 888</b>	<b>42 798</b>	<b>-236 698</b>	<b>-75 446</b>	<b>31 737</b>

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

**GC RIEBER SHIPPING ASA**  
**Second quarter and first-half year 2020**  
**Consolidated statement of financial position**  
**(Unaudited)**

<b>Assets</b>	<b>Note</b>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>31.12.2019</b>
Vessels	4	1 415 689	1 686 623	1 689 242
Machinery and equipment	4	12 019	18 869	15 436
Financial fixed assets		1 041 641	831 797	921 276
Long term receivables and restricted cash	7	5 618	2 714	6 042
<b>Total fixed assets</b>		<b>2 474 967</b>	<b>2 540 004</b>	<b>2 631 996</b>
Inventories		3 571	4 672	2 689
Receivables		70 209	56 552	51 294
Cash and bank deposits	5	231 391	202 447	211 528
<b>Total current assets</b>		<b>305 171</b>	<b>263 672</b>	<b>265 511</b>
<b>Total assets</b>		<b>2 780 139</b>	<b>2 803 675</b>	<b>2 897 507</b>
<b>Equity and liabilities</b>	<b>Note</b>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>31.12.2019</b>
Restricted equity		441 369	441 369	441 369
Retained earnings		1 064 747	1 226 372	1 301 445
<b>Total equity</b>	<b>6</b>	<b>1 506 117</b>	<b>1 667 741</b>	<b>1 742 814</b>
Provision for liabilities	7	7 244	11 001	7 244
Other long-term liabilities	5	1 150 821	1 068 811	1 093 396
First year instalments		80 835	23 554	28 177
Current liabilities		35 125	32 568	25 876
<b>Total liabilities</b>		<b>1 274 024</b>	<b>1 135 934</b>	<b>1 154 693</b>
<b>Total equity and liabilities</b>		<b>2 780 139</b>	<b>2 803 675</b>	<b>2 897 507</b>

**GC RIEBER SHIPPING ASA**  
**Second quarter and first-half year 2020**  
**Consolidated statement of cash flows**  
**(Unaudited)**

	Note	2Q 2020	2Q 2019	30.06.2020	30.06.2019	31.12.2019
EBITDA		37 577	41 271	95 368	-20 838	86 876
Change in net current assets		-20 594	-20 204	-58 304	40 352	-18 179
Net cash from operating activities		16 983	21 067	37 064	19 514	68 697
Acquisition of tangible fixed assets		-9	0	-9	-25 052	-29 643
Sale of tangible fixed assets		0	117 090	0	117 090	117 090
Other investing activities		7 122	6 483	22 895	14 720	15 632
Net cash from investment activities		7 113	123 573	22 886	106 758	103 079
New loans and repayments	7	-7 700	-99 512	-14 992	-105 450	-116 623
Net interest paid		-12 889	-11 505	-25 096	-22 541	-47 789
Net cash from financing activities		-20 589	-111 017	-40 088	-127 991	-164 412
Net change in liquidity		3 508	33 624	19 862	-1 718	7 364
Liquidity at beginning of period (incl restricted cash)		227 882	168 823	211 527	204 154	204 163
<b>Liquidity at end of period</b>		<b>231 391</b>	<b>202 447</b>	<b>231 391</b>	<b>202 447</b>	<b>211 527</b>

**GC RIEBER SHIPPING ASA**  
**Second quarter and first-half year 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	1 569 705	1 711 077
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>1 742 814</b>
Balance at 01.01.2020	154 957	-98	286 510	1 301 442	1 742 814
Profit for the year				-236 698	-236 698
<b>Balance at 30.06.2020</b>	<b>154 957</b>	<b>-98</b>	<b>286 510</b>	<b>1 064 744</b>	<b>1 506 116</b>

**GC RIEBER SHIPPING ASA**  
Second quarter and first-half year 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 24 August 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 30.06.2020 the exchange rate USD against NOK was 9.74 against 10.51 at 31.03.2020 and 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 and 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.

Figures in NOK 1 000	2Q 2020	2Q 2019	30.06.2020	30.06.2019	31.12.2019
Ice/Support	0	24 418	0	28 878	28 878
Subsea & Renewables	78 491	67 466	122 928	111 116	228 460
<b>Operating income</b>	<b>78 491</b>	<b>91 884</b>	<b>122 928</b>	<b>139 994</b>	<b>257 338</b>
Ice/Support	0	19 905	0	24 298	24 298
Subsea & Renewables	35 018	22 792	34 443	13 015	53 753
Sale of shares in associates	0	0	52 619	0	0
Associates – Seismic	-8 287	-8 182	-9 986	-69 064	-31 579
JV - Ice/Support	10 846	6 757	18 292	10 913	40 403
<b>EBITDA*</b>	<b>37 577</b>	<b>41 271</b>	<b>95 368</b>	<b>-20 838</b>	<b>86 876</b>
Ice/Support	0	120 523	0	122 732	122 732
Subsea & Renewables	-124 294	-10 607	-449 744	-48 510	-64 600
Sale of shares in associates	0	0	52 619	0	0
Associates – Seismic	-8 287	-8 182	-9 986	-69 064	-31 579
JV - Ice/Support	10 846	6 757	18 292	10 913	40 403
<b>Operating profit</b>	<b>-121 734</b>	<b>108 491</b>	<b>-388 819</b>	<b>16 071</b>	<b>66 956</b>

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

Carrying amount	30.06.2020	31.12.2019
JV Ice/Support	163 431	159 891
Associates - Seismic	878 210	761 455

## Note 3 Income

Figures in NOK 1 000	Q2 2020	Q2 2019	30.06.2020	30.06.2019	2019
TC hire	64 164	47 053	105 814	100 572	196 196
BB hire	0	1 492	0	5 965	5 965
Other revenues	14 327	33 339	17 114	33 457	55 176
<b>Revenue from external customers</b>	<b>78 491</b>	<b>91 884</b>	<b>122 928</b>	<b>139 994</b>	<b>257 338</b>

<b>Time of revenue recognition</b>					
At a point in time	0	0	0	0	0
Over time	78 491	91 884	122 928	139 994	257 338
<b>Total</b>	<b>78 491</b>	<b>91 884</b>	<b>122 928</b>	<b>139 994</b>	<b>257 338</b>

TC hire (time charter hire) are revenues were the Group is 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 30.06.2020, the bareboat element constitutes approximately NOK 46 million. Remaining income qualifies as IFRS 15 income.

Other income is 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

Figures in NOK 1 000	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	-58 830	-3 417
Write-downs	-421 940	0
Changes in translation differences during the year	207 217	0
<b>Net book value 30.06</b>	<b>1 415 689</b>	<b>12 019</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 30 June 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 %
Middelboe AS	221 460	0,3 %
Dag Fredrik Jebsen Arnesen	212 000	0,2 %
Thorild Marie Rong	210 648	0,2 %
Bergen Råvarebørs AS	208 668	0,2 %
Tigo AS	186 359	0,2 %
Other Shareholders	4 792 485	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 1 000

30.06.2020

Net present value of lease commitments	6 042
<b>Balance at 1 January</b>	<b>6 042</b>
New lease liabilities	0
Disposals during the year	0
Depreciation	-863
<b>Balance at period end</b>	<b>5 179</b>

#### Lease Liabilities

Figures in NOK 1 000

30.06.2020

Net present value of lease liabilities	6 068
<b>Balance at 1 January</b>	<b>6 068</b>
New lease liabilities	0
Disposals during the year	0
Lease payments during the period	-821
<b>Balance at period end</b>	<b>5 247</b>

Figures in NOK 1 000

Undiscounted lease liability and maturity of cash flows	
Less than 1 year	911
1-4 years	4 550
Total undiscounted lease liability as at 30 June	5 461
Interest rate	3 %

<b>Effect on Profit and loss statement</b>	
Administration cost – office rent	926
Depreciation – right-of-use asset	-863
Interest cost – lease liabilities	88
<b>Net effect Profit and loss statement</b>	<b>150</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

<b>Measure</b>	<b>Description</b>
<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.