



# GC Rieber Shipping ASA

Second quarter and first half-year 2021  
(unaudited)  
Interim report



GC RIEBER

## Highlights second quarter 2021

- Polar Onyx completed its 3-year contract with DeepOcean, and commenced a new contract with a Tier 1 client in the North Sea
- Reduction of scheduled amortization in the Subsea and Renewable credit facility extended until December 2022
- Net loss of NOK 52.7 million, compared with a net loss of NOK 121.3 million in the corresponding period of 2020
- Contract backlog of NOK 150 million as of 1 July 2021<sup>1</sup>
- Shearwater has been awarded several new contracts for marine seismic acquisition projects
- Shearwater acquired streamers and six seismic acquisition vessels in transactions announced April 2021
- NOK 1.23 per share additional dividend proposed

## Events after the end of the period

- In July 2021 GC Rieber Shipping sold shares in Shearwater Geoservices Holding AS (Shearwater) reducing its ownership from 17.0% to 8.5%.

## Key figures (Unaudited)

Figures in NOK million	Q2 2021	Q2 2020	YTD 2021	YTD 2020	31.12.2020
Operating income	23.6	78.5	48.1	122.9	233.7
EBITDA	-38.1	37.6	-69.1	95.4	100.9
EBIT	-45.9	-121.7	82.1	-388.8	-463.0
Profit before tax	-52.7	-121.3	69.2	-423.0	-495.2
Net profit in the period	-52.7	-121.3	69.1	-423.0	-495.3
Earnings per share	-0.61	-1.41	0.80	-4.91	-5.75
Equity ratio	70.8%	54.2%	70.8%	54.2%	60.0%
Number of shares (million)	86.1	86.1	86.1	86.1	86.1

<sup>1</sup> Excluding marine seismic and charterers' extension options, including all contracts secured up until the reporting date for this interim report

## Operational review

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*GC Rieber Shipping is a shipowner and project-house with focus on developing profitable and sustainable maritime projects.*

*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 65% in the second quarter of 2021, compared to 99% in the corresponding period of 2020.<sup>2</sup>

When including all contracts secured up until the reporting date for the second quarter, contract backlog was NOK 150 million as of 1 July 2021, compared with NOK 194 million reported as of 1 July 2020.<sup>3</sup> As of 1 July 2021 contract coverage for 2021, 2022 and 2023 was 81%, 50% and 34%, respectively.

### Refinancing Subsea & Renewables facility

GC Rieber Shipping received certain amendments to its Subsea & Renewables credit facility prolonging the 80% reduction of scheduled amortization and suspending the cash sweep mechanism until final maturity in December 2022. In consideration of the amendments, GC Rieber Shipping made a loan prepayment of NOK 69 million. The prepayment replaced the cash sweep payment scheduled for June 2021 of approx. NOK 46 million.

### Events after the end of the period

#### Sale of shares in Shearwater Geoservices Holding AS

GC Rieber Shipping sold shares in Shearwater Geoservices Holding AS (Shearwater) reducing its ownership from 17.0% to 8.5% on 9 July 2021. Gross proceeds from the sale were USD 50.5 million. Following the transaction, GC Rieber Shipping is no longer party to the shareholder agreement and the remaining shares will be booked as financial assets at fair value.

Shearwater was established in 2016 and has since grown into a world leader within marine seismic acquisition and is well positioned to benefit from an increase in activity within the segment.

## 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 23.6 million in the second quarter of 2021, compared with NOK 78.5 million in the corresponding period of 2020. The reduction in revenue is mainly due to the sales of vessels Polar King (third quarter of 2020) and Polar Queen (first quarter of 2021).

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<sup>2</sup> Excluding marine seismic

<sup>3</sup> Excluding marine seismic and charterers' extension options

Operating income for the first half-year of 2021 was NOK 48.1 million, compared with NOK 122.9 million in the same period of 2020.

### EBITDA

EBITDA for GC Rieber Shipping amounted to negative NOK 38.1 million in the second quarter of 2021, compared with NOK 37.6 million in the second quarter of 2020. The reduction of EBITDA is mainly due to the reduction of the Subsea & Renewables fleet and increased loss of Shearwater.

For the first half-year 2021, EBITDA was negative NOK 69.1 million. EBITDA for the first half-year of 2020 was 95.4 million which included a non-cash gain of NOK 52.6 million from Shearwater's transaction with CGG in January 2020.

### Impairment

As at 30 June 2021, the company obtained vessel market values from three reputable brokers for the vessel 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 the two brokers with the lowest market values. The fair values resulted in a reversed impairment of NOK 4.6 million in the second quarter of 2021.

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 6.8 million in the second quarter of 2021. Net financial items in the corresponding period of 2020 were NOK 0.4 million. Unrealised currency loss was NOK 0.4 million for the current period, compared with an unrealised currency gain of NOK 12.6 million for the same period of 2020.

### Profit for the period

GC Rieber Shipping had a net loss of NOK 52.7 million in the second quarter of 2021. The net loss for the corresponding period of 2020 was NOK 121.3 million which included impairments of NOK 128.7 million.

Profit in the first half-year of 2021 was NOK 69.1 million, compared with a loss of NOK 423.0 million in the first half-year of 2020. The change in profit is mainly explained by write-downs in first half-year of 2020 (NOK 421.9 million) and recycling of foreign currency translation subsidiaries (positive NOK 155.2 million).

### Cash flow

Cash flow from operational activities in the second quarter of 2021 was positive NOK 3.7 million, compared with positive NOK 17.0 million in the second quarter of 2020.

Cash flow from investment activities was NOK 0.0 million, compared with a positive cash flow of NOK 7.1 million for the corresponding period of 2020.

Cash flow from financing activities was negative NOK 76.7 million in the second quarter of 2021 and reflected payment of interests and instalments on the group's existing loans including prepayment of



debt in relation to the amendments of the Subsea & Renewables facility. Cash flow from financing activities in the corresponding period of 2020 was negative by NOK 20.6 million.

Net cash flow in the quarter was negative NOK 73.0 million, yielding a cash holding of NOK 170.9 million as at 30 June 2021.

### Liquidity and financing

GC Rieber Shipping was in compliance with its financial covenants at 30 June 2021 and has been throughout the first half of 2021.

As at 30 June 2021, GC Rieber Shipping had cash and bank deposits of NOK 170.9 million, down from NOK 231.4 million as at 30 June 2020. Net liabilities (liquid assets minus interest-bearing liabilities) amounted to NOK 289.8 million, compared with net liabilities of NOK 1,000.3 million as at 30 June 2020.

### Equity

GC Rieber Shipping had a book equity of NOK 1,194.1 million as at 30 June 2021, corresponding to an equity ratio of 70.8%, compared to 54.2% at the end of June 2020.

## Segments

### Subsea & Renewables

The company owns one vessel, Polar Onyx, within the Subsea & Renewables segment.

Polar Onyx is on charter for a Tier 1 client in the North Sea until end of September 2021.

Key figures (in NOK million)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	31.12.2020
Operating income	23.6	78.5	48.1	122.9	233.7
EBITDA	-7.7	35.0	-14.7	34.4	55.3
EBIT	-15.5	-124.3	136.6	-449.7	-508.6

Operating income amounted to NOK 23.6 million in the second quarter of 2021, compared with NOK 78.5 million in the second quarter of 2020 when the fleet included three vessels. EBITDA amounted to negative NOK 7.7 million, compared with positive NOK 35.0 million in the corresponding period of 2020. EBIT amounted to negative NOK 15.5 million in the period. EBIT in the second quarter of 2020 was negative NOK 124.3 million, including impairments of NOK 128.6 million.

### 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 September 2023 and operates out of the DeKastri oil terminal, assisting tankers carrying oil from the Sakhalin I offshore field outside eastern Russia. The

crew boat Polar Piltun is chartered to the Sakhalin Energy Investment Corporation (SEIC) through 2021. The crew boat Polar Baikal finished her long-term charter with SEIC in the fourth quarter of 2020 and is currently idle.

The group's share of profit for the second quarter of 2021 amounted to NOK 2.1 million, compared with NOK 10.8 million in the corresponding period of 2020. The reduced profit is partially due to Polar Pevek's 15-year docking in June 2021.

#### Associated Company - Marine Seismic (Shearwater)

GC Rieber Shipping's 17% 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 26 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.

In April 2021, Shearwater announced two transactions where Shearwater took over marine seismic acquisition assets previously owned by Polarcus, from Tiger Moth AS, a company affiliated with Woodstreet Inc. Shearwater acquired the streamers and related seismic equipment for a total cash consideration of USD 50 million. Shearwater further purchased the six seismic acquisition vessels for a total consideration of USD 127.5 million. The transactions were financed through a new vessel loan facility provided by DNB and GIEK of USD 107.5 million and a convertible loan from Rasmussengruppen AS in the amount of USD 85 million. USD 15 million of the convertible loan is available for general corporate purposes.

GC Rieber Shipping's share of profit amounted to a net loss of NOK 32.5 million in the second quarter of 2021, compared to a net loss of NOK 8.3 million in the second quarter of 2020.

#### Events after the end of the period

In July 2021, GC Rieber Shipping sold shares in Shearwater Geoservices Holding AS (Shearwater) reducing its ownership from 17.0% to 8.5%. Gross proceeds from the sale were USD 50.5 million. Gain from the sale of shares is expected to be NOK 83 million. Following the transaction, GC Rieber Shipping is no longer party to the shareholder agreement and the remaining shares will be booked as financial assets at fair value, the discontinuation of the use of the equity method is expected to result in a further non-cash gain of NOK 93 million.

## 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 second quarter of 2021, the group's shares were traded in a range from NOK 7.05 to NOK 8.40 per share. The closing price 30 June 2021 was NOK 7.25, which based on the 86,087,310 shares outstanding valued the group's equity at approximately NOK 624.1 million. At the end of June 2021, the company had 994 shareholders. 94.5% of the shares were owned by the 20 largest shareholders. Please refer to note 7 for a list of the 20 largest shareholders in the company as at 30 June 2021.

## Risks and uncertainties

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As described in GC Rieber Shipping's annual report for 2020, 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 2020 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

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GC Rieber Shipping's operations are exposed to developments in the markets for oil, gas and renewables. Conditions for GC Rieber Shipping's markets continue to be volatile in the short to medium term, however long-term trend shows positive signs.

Within the Subsea & Renewables segment Polar Onyx is on contract with a tier 1 client until end-September 2021. The client holds a handful of options for October 2021. Polar Onyx is an attractive vessel in the market, and tender activity for second half of 2021 and for 2022 continues to improve.

The long-standing stability within the Ice/Support segments remain.

GC Rieber Shipping, through its in-house project department, is pursuing new investments opportunities in the marine space with a special focus on the renewable segment.

GC Rieber Shipping has a strong balance sheet with an equity share of over 70% and the sale of Shearwater shares in July 2021 has significantly increased the company's cash holding. Thus, GC Rieber Shipping's Board of Directors will propose a NOK 1.23 per share additional dividend to be paid in second half-year of 2021.

## Responsibility statement

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We confirm, to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2021 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 2020.

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Bergen, 23 August 2021

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

Paul-Chr. Rieber, Chairman  
Morten Foros Krohnstad, Vice Chairman  
Birthe Cecilie Lepsøe, Board Member  
Pål Selvik, Board Member  
Ingrid von Streng Velken, Board Member

Einar Ytredal, CEO



**GC RIEBER SHIPPING ASA**  
**Second quarter and first-half year 2021**  
**Consolidated income statement**  
**(Unaudited)**

	Note	2Q 2021	2Q 2020	30.06.2021	30.06.2020	31.12.2020
Charter income		21 994	64 164	42 726	105 814	201 699
Other income		1 634	14 327	5 401	17 114	31 981
<b>Total income</b>	<b>2,3</b>	<b>23 628</b>	<b>78 491</b>	<b>48 127</b>	<b>122 928</b>	<b>233 680</b>
Operating expenses		-31 290	-43 473	-62 814	-88 485	-178 381
Gain (loss) from share issues in associated company		0	0	0	52 619	31 068
Profit from joint venture and associates		-30 436	2 560	-54 459	8 306	14 522
<b>EBITDA*</b>	<b>3,8</b>	<b>-38 098</b>	<b>37 577</b>	<b>-69 146</b>	<b>95 368</b>	<b>100 889</b>
Depreciation	4	-12 401	-30 657	-29 485	-62 247	-104 852
Write-downs	4	4 554	-128 654	4 554	-421 940	-459 085
Gains (losses) on sale of fixed assets	4	0	0	20 979	0	0
Foreign currency translation subsidiaries recycled	4	0		155 245		0
<b>Operating profit</b>	<b>3</b>	<b>-45 944</b>	<b>-121 734</b>	<b>82 147</b>	<b>-388 819</b>	<b>-463 048</b>
Financial income		6	590	91	686	978
Financial expenses		-6 565	-11 028	-14 732	-23 738	-37 423
Realised currency gains (losses)		166	-1 788	2 506	4 790	8 015
Unrealised currency gains (losses)		-396	12 630	-846	-15 887	-3 700
<b>Net financial income and expenses</b>		<b>-6 788</b>	<b>404</b>	<b>-12 980</b>	<b>-34 149</b>	<b>-32 130</b>
<b>Profit / loss before taxes</b>		<b>-52 733</b>	<b>-121 330</b>	<b>69 168</b>	<b>-422 968</b>	<b>-495 178</b>
Taxes		0	0	-45	0	-161
<b>Profit / loss for the period</b>		<b>-52 733</b>	<b>-121 330</b>	<b>69 123</b>	<b>-422 968</b>	<b>-495 339</b>
Earnings and diluted earnings per share (based on average number of shares)		-0.61	-1.41	0.80	-4.91	-5.75

**Consolidated statement of comprehensive income**

	2Q 2021	2Q 2020	30.06.2021	30.06.2020	31.12.2020
<b>Profit for the period</b>	<b>-52 733</b>	<b>-121 330</b>	<b>69 123</b>	<b>-422 968</b>	<b>-495 339</b>
<b>Other comprehensive income</b>					
Foreign currency translation subsidiaries	5 159	-146 558	2 602	186 270	29 628
Foreign currency translation subsidiaries recycled	0	0	-155 245	0	0
Changes in pension estimates	0	0	0	0	502
<b>Total comprehensive income / loss for the period net of tax</b>	<b>-47 573</b>	<b>-267 888</b>	<b>-83 520</b>	<b>-236 698</b>	<b>-465 209</b>

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

**GC RIEBER SHIPPING ASA**  
**Second quarter and first-half year 2021**  
**Consolidated statement of financial position**  
**(Unaudited)**

Assets	Note	30.06.2021	30.06.2020	31.12.2020
Vessels	4	622 810	1 415 689	899 240
Machinery and equipment	4	5 150	12 019	8 583
Financial fixed assets	2	856 095	1 041 641	910 252
Long term receivables	7	3 453	5 618	12 855
<b>Total fixed assets</b>		<b>1 487 507</b>	<b>2 474 967</b>	<b>1 830 930</b>
Inventories		0	3 570	0
Receivables		28 999	70 209	59 723
Cash and bank deposits		170 933	231 391	240 430
<b>Total current assets</b>		<b>199 932</b>	<b>305 170</b>	<b>300 153</b>
<b>Total assets</b>		<b>1 687 439</b>	<b>2 780 138</b>	<b>2 131 083</b>
<b>Equity and liabilities</b>		<b>30.06.2021</b>	<b>30.06.2020</b>	<b>31.12.2020</b>
Restricted equity		441 369	441 369	441 369
Retained earnings		752 715	1 064 747	836 236
<b>Total equity</b>	<b>6</b>	<b>1 194 085</b>	<b>1 506 116</b>	<b>1 277 605</b>
Provision for liabilities		6 607	7 244	6 607
Other long-term liabilities	5,7	450 074	1 150 821	787 673
First year instalments		10 657	80 835	20 212
Current liabilities	7	26 016	35 125	38 986
<b>Total liabilities</b>		<b>493 354</b>	<b>1 274 024</b>	<b>853 478</b>
<b>Total equity and liabilities</b>		<b>1 687 439</b>	<b>2 780 138</b>	<b>2 131 083</b>
		<b>70.8 %</b>	<b>54.2 %</b>	<b>60.0 %</b>

**GC RIEBER SHIPPING ASA**  
**Second quarter and first-half year 2021**  
**Consolidated statement of cash flows**  
**(Unaudited)**

	Note	2Q 2021	2Q 2020	30.06.2021	30.06.2020	31.12.2020
EBITDA		-38 098	37 577	-69 146	95 368	100 889
Change in net current assets		41 777	-20 594	77 633	-58 304	-34 988
<b>Net cash from operating activities</b>		<b>3 680</b>	<b>16 983</b>	<b>8 487</b>	<b>37 064</b>	<b>65 901</b>
Acquisition of tangible fixed assets		0	-9	0	-9	0
Sale of tangible fixed assets		0	0	279 903	0	281 195
Other investing activities		0	7 122	0	22 895	35 281
<b>Net cash from investment activities</b>		<b>0</b>	<b>7 113</b>	<b>279 903</b>	<b>22 886</b>	<b>316 476</b>
New loans and repayments		-72 982	-7 700	-345 675	-14 992	-300 371
Net payment of equity		0	0	0	0	0
Installment financial lease		-422	0	-844	0	-1 851
Net interest paid		-3 286	-12 889	-11 368	-25 096	-42 722
<b>Net cash from financing activities</b>		<b>-76 690</b>	<b>-20 589</b>	<b>-357 887</b>	<b>-40 088</b>	<b>-344 944</b>
Net change in liquidity		-73 010	3 508	-69 497	19 862	37 433
Liquidity at beginning of period		243 943	227 882	240 430	211 527	211 528
Restricted cash		0	0	0	0	-8 531
<b>Liquidity at end of period</b>		<b>170 933</b>	<b>231 391</b>	<b>170 933</b>	<b>231 391</b>	<b>240 430</b>

**GC RIEBER SHIPPING ASA**  
**Second quarter and first-half year 2021**  
**Consolidated statement of changes in equity**  
**(Unaudited)**

	Share capital	Own shares	Share Premium reserve	Other equity	Total equity
Balance at 01.01.2020	154 957	-98	286 510	1 301 445	1 742 814
Profit for the year				-465 209	-465 209
<b>Balance at 31.12.2020</b>	<b>154 957</b>	<b>-98</b>	<b>286 510</b>	<b>836 236</b>	<b>1 277 605</b>
Balance at 01.01.2021	154 957	-98	286 510	836 236	1 277 605
Profit for the year				-83 520	-83 520
<b>Balance at 30.06.2021</b>	<b>154 957</b>	<b>-98</b>	<b>286 510</b>	<b>752 716</b>	<b>1 194 085</b>

**GC RIEBER SHIPPING ASA**  
Second quarter and first half year 2021  
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 2020 were approved by the Board of Directors on 16 March 2021. The consolidated financial statement for the year ended 31 December 2020 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 30 June 2021 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 2020 Group accounts. The condensed, consolidated quarterly financial statements were approved by the Board of Directors on 23 August 2021.

**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 debts are in USD and most of the vessels are recorded in the accounts in USD 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 2021 the exchange rate USD against NOK was 8.56, and 8.53 at 31.12.2020.

**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 2020 and the most important sources of estimate uncertainty are the same as for preparation of the 2020 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 2020 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 2020.

## 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 two operating segments: Subsea & Renewables and Joint Ventures and Associated Company. Joint Ventures and Associated Company comprises subsegments, Ice/Support and Marine Seismic.

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

Until March 2021 the Group owned and operated two vessels within the Subsea & Renewables segment: Polar Queen and Polar Onyx. The Polar Queen was sold in March 2021, hence the Group now owns and operates one vessel in this segment. Polar Onyx is a high capacity flexible pipelay and subsea construction vessel built for harsh conditions and deep waters. The vessel is designed to operate in the SURF/Construction/IMR market.

### Joint Ventures & Associates

Joint Ventures include the 50% owned vessels operating in Russia. The 17% owned marine geophysical company Shearwater is presented as an associated company in the segment report per 30 June 2021.

In July 2021, GC Rieber Shipping sold shares in Shearwater Geoservices Holding AS (Shearwater) reducing its ownership from 17.0% to 8.5%. Gross proceeds from the sale were USD 50.5 million. Gain from the sale of shares is expected to be NOK 83 million. Following the transaction, GC Rieber Shipping is no longer party to the shareholder agreement and the remaining shares will be booked as financial assets at fair value, the change in accounting practice is expected to result in a further gain of NOK 93 million.

Figures in NOK 1 000	2Q 2021	2Q 2020	30.06.21	30.06.20	31.12.20
Subsea & Renewables	23 628	78 491	48 127	122 928	233 679
<b>Operating income</b>	<b>23 628</b>	<b>78 491</b>	<b>48 127</b>	<b>122 928</b>	<b>233 679</b>
Subsea & Renewables	-7 661	35 018	-14 687	34 443	55 298
Gain (loss) from share issues in associated company	0	0	0	52 619	31 068
Associates - Seismic	-32 512	-8 287	-61 712	-9 986	-33 869
JV - Ice/support	2 076	10 846	7 253	18 292	48 391
<b>EBITDA*</b>	<b>-38 098</b>	<b>37 578</b>	<b>-69 146</b>	<b>95 368</b>	<b>100 888</b>
Subsea	-15 509	-124 294	136 606	-449 744	-508 639
Gain (loss) from share issues in associated company	0	0	0	52 619	31 068
Associates - Seismic	-32 512	-8 287	-61 712	-9 986	-33 869
JV - Ice/support	2 076	10 846	7 253	18 292	48 391
<b>Operating profit</b>	<b>-45 945</b>	<b>-121 734</b>	<b>82 147</b>	<b>-388 819</b>	<b>-463 049</b>

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

<b>Carrying amount</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
JV - Ice/Support	175 865	169 650
Associates - Seismic	680 223	740 602

### Note 3 Income

Figures in NOK 1 000	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>31.12.2020</b>
TC hire	21 994	64 164	42 726	105 814	201 698
BB hire	0	0	0	0	0
Other revenues	1 634	14 327	5 401	17 114	31 981
<b>Revenue from external customers</b>	<b>23 628</b>	<b>78 491</b>	<b>48 127</b>	<b>122 928</b>	<b>201 698</b>

#### Time of revenue recognition

At a point in time	0	0	0	0	0
Over time	23 628	78 491	48 127	122 928	201 698
<b>Total</b>	<b>23 628</b>	<b>78 491</b>	<b>48 127</b>	<b>122 928</b>	<b>201 698</b>

TC hire (time charter hire) are revenues where 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 30.06.2021, the bareboat element constitutes approximately NOK 9 million. Remaining income qualifies as IFRS 15 income.

Other revenue is additional services provided in connection with for example time charter contracts and fees for technical support and sales of bunkers.

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

### Note 4 Fixed assets

Figures in NOK 1 000	<b>Vessels and periodic maintenance</b>	<b>Machinery and equipment</b>
<b>Net book value 01.01</b>	<b>899 240</b>	<b>8 583</b>
Additions	0	0
Disposals	-258 112	0
Depreciation	-25 483	-3 433
Write-downs	4 451	0
Changes in translation differences during the year	2 714	0
<b>Net book value 30.06</b>	<b>622 810</b>	<b>5 150</b>

The vessels have carrying amount 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.

The vessel Polar Queen was sold in March 2021. Gain from the sale of Polar Queen was NOK 21.0 million. Sale of vessel triggered the recycling of foreign transaction differences of NOK 155.2 million. Recycling of foreign currency transaction differences does not have cash effect.

### Note 5 Amendments to credit facilities

GC Rieber Shipping's credit facilities are described in note 14 to the Group's annual report for 2020.

Following the sale of Polar Queen, the vessel's debt was repaid in full. For the remaining credit facility, the following revised terms and amendments apply:

- 80% reduction of scheduled amortisation until final maturity (December 2022)
- Suspension of cash sweep mechanism until final maturity (December 2022)
- Reduction of the minimum equity ratio from 30% to 25% through 2021
- Suspension of the minimum vessel value clauses through 2021

In consideration of amendments of its credit facilities, GC Rieber Shipping made a loan prepayment of NOK 69 million in the second quarter of 2021. The prepayment replaced the cash sweep payment scheduled for June 2021 of approx. NOK 46 million.

## Note 6 Overview of shareholders

The 20 largest shareholders in GC Rieber Shipping ASA as of 30 June 2021 (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	1 807 255	2.1 %
PARETO AKSJE NORGE VERDIPAPIRFOND	1 544 443	1.8 %
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 AS	832 000	1.0 %
JOHANNE MARIE RIEBER MARTENS	786 654	0.9 %
STORKLEIVEN AS	709 170	0.8 %
PELICAHN AS	685 166	0.8 %
MIDDELBOE AS	407 093	0.5 %
NES	386 250	0.4 %
TRIOFA 2 AS	278 001	0.3 %
MARTENS	225 949	0.3 %
ARNESEN	212 000	0.2 %
RONG	210 648	0.2 %
BERGEN RÅVAREBØRS AS	208 668	0.2 %
TIGO AS	186 359	0.2 %
Other Shareholders	4 706 390	5.5 %
<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.

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

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

The Group charters its owned vessels under time charter parties of varying duration to different charterers. 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 30 June 2021, amounts to NOK 4.4 million in 2021. The lease payments include bareboat contracts and bareboat components from time charter contracts.

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

<b>Right-of-use assets</b>		
Figures in NOK 1 000	<b>30.06.2021</b>	<b>30.06.2020</b>
Net present value of lease commitments, implementation of IFRS 16	4 316	6042
<b>Balance at 1 January</b>	<b>4 316</b>	<b>6 042</b>
New lease liabilities	0	0
Disposals during the year	0	0
<b>As at 30 June</b>	<b>4 316</b>	<b>6 042</b>
<b>Depreciation and impairment losses</b>		
Depreciation	-863	-863
<b>As at 30 June</b>	<b>-863</b>	<b>-863</b>
<b>Carrying amount as at 30 June</b>	<b>3 453</b>	<b>5 179</b>

Depreciation method	Straight-line	Straight-line
Useful life (years)	4	4

<b>Lease Liabilities</b>		
Figures in NOK 1 000	<b>30.06.2021</b>	<b>30.06.2020</b>
Net present value of lease liabilities	4 413	6068
<b>Balance at 1 January</b>	<b>4 413</b>	<b>6 068</b>

### Summary of the lease liability in the financial statement

Figures in NOK 1 000

	30.06.2021	30.06.2020
Lease liability, implementation of IFRS 16	4 413	6 068
New lease liabilities	0	0
Change in lease liabilities	0	0
Paid installment (cash flow)	-846	-821
<b>As at 30 June</b>	<b>3 567</b>	<b>5 247</b>

### Undiscounted lease liability and maturity of cash flows

Figures in NOK 1 000

Less than 1 year	1 820	911
1-4 years	2 275	4 550
<b>Total undiscounted lease liability as at 30 June</b>	<b>4 095</b>	<b>5 461</b>
Interest rate	3,00 %	3,00 %

### Effect on Profit and loss statement

Figures in NOK 1 000

	30.06.2021	30.06.2020
Administration cost - office rent	926	926
Depreciation - right-of-use asset	-863	-863
Interest cost - lease liabilities	63	88
<b>Net effect profit and loss statement</b>	<b>125</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

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.