



GC Rieber Shipping ASA

Annual Report 2019



GC RIEBER

Content

| | |
|------|--------------------------------------------------|
| 3 / | Corporate Governance |
| 10 / | ESG report 2019 |
| 20 / | Report of the Board of Directors for 2019 |
| 28 / | Financial Statement GC Rieber Shipping ASA Group |
| 72 / | Financial Statement GC Rieber Shipping ASA |
| 87 / | Auditor's Report |

Corporate governance

GC Rieber Shipping (the “Company”) aims to exercise good, prudent corporate governance. Good corporate governance is mainly about clarifying the division of roles between the owners, Board of Directors and management beyond the statutory requirements. Furthermore, it is about treating the shareholders equally, taking care of other stakeholders through ensuring the best possible value creation and reducing business risk. Good corporate governance should also contribute to the most efficient and proper use of the Company’s resources.

1. REPORT ON CORPORATE GOVERNANCE

Compliance

The Board of Directors of GC Rieber Shipping has the overall responsibility for ensuring good corporate governance of the Company.

GC Rieber Shipping ASA is a Norwegian public limited liability company listed on Oslo Stock Exchange (Oslo Børs). Section 3-3b of the Norwegian Accounting Act relating to corporate governance requires the Company to issue an annual report on its principles and practice for corporate governance. These provisions also state minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian Code of Practice for Corporate Governance (the "Code of Practice"). Adherence to the Code of Practice is based on the "comply or explain" principle, which means that a company must comply with all recommendations of the Code of Practice or explain why it has chosen an alternative approach to specific recommendations.

Oslo Børs requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the current Code of Practice. The rules on Continuing Obligations of listed companies are available on www.oslobors.no.

GC Rieber Shipping complies with the current Code of Practice that was issued on 17 October 2018. The Code of Practice is available at www.nues.no. The Company provides a report on its corporate governance principles in its annual report and the information is available at www.gcrieber-shipping.com. The Company follows the Code of Practice and any deviations are explained in the report.

2. BUSINESS

GC Rieber Shipping's business is defined in Article 1 of the Company's articles of association, which reads as follows:

"The name of the company is GC Rieber Shipping ASA. The company is a public limited liability company whose object is to engage in shipping, investment, provision of guarantees, trade and other business. The company's registered office is located in the municipality of Bergen."

The Board of Directors has established strategies, objectives and a risk profile within the defined scope of its business to create value for its shareholders. The strategies, objectives and risk profile are subject to annual review of the Board of Directors and described in the annual report and on www.gcrieber-shipping.com.

Basic corporate values, ethical guidelines and social responsibility

Ethical guidelines, basic corporate values and guidelines for corporate social responsibility have been established for the GC Rieber group, and GC Rieber Shipping follows the group's guidelines.

The guidelines provide general principles for business practice and personal behaviour and are intended to form a platform for the attitudes and basic vision that should permeate the culture in the GC Rieber group, and how these relate to the value creation by the Company.

In 2010, GC Rieber joined the UN Global Compact, the world's largest corporate social responsibility initiative. UN Global Compact has developed ten universal principles that encourage and show how companies should pay attention to employee and human rights, protection of the environment and combating corruption. By joining the initiative, GC Rieber has committed itself to making the ten principles an integral part of its business strategy, to promote the principles to business partners and to reporting activities and improvements associated with the ten principles.

GC Rieber Shipping's reporting on environmental practises, corporate social responsibility and corporate governance (ESG) is based on the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015, which set out 17 goals to improve environmental sustainability, social inclusion and economic development by 2030. GC Rieber Shipping has identified and prioritized a range of SDGs where the Company believes it has the greatest opportunity to make a positive contribution. The Company assesses its prioritised range of SDGs on a regular basis, giving an opportunity to shift priorities over time. A separate ESG-report is published annually in the Company's Annual Report.

More detailed information relating to the Company's and the GC Rieber group's vision, strategy, values and principles is available at www.gcrieber-shipping.com and www.gcrieber.no.

3. EQUITY AND DIVIDENDS

Equity

As at 31 December 2019, the Company's book equity was NOK 1,742.8 million, which is equivalent to 60.1% of the total assets. The Board of Directors has a policy to have above 35% equity at any time, but the actual equity ratio will vary from time to time due to market circumstances. The Board of Directors considers the equity ratio as at 31 December 2019 to be acceptable. The Company's need for financial soundness and liquidity should be adapted to its objectives, strategy and risk profile.

Dividend policy

The Company's objective is to provide a competitive return on the shareholders' invested capital through payment of a dividend and appreciation of the share price. In considering the scope of the dividend, the Board of Directors emphasises the Company's capacity to pay dividends, the need to have a healthy level of equity and to have adequate financial resources for future growth and investments, while allowing for extraordinary dividends when capitalising on investments.

Following the financial restructuring of the Company in March 2018, no dividend payments or other distributions from the Company may be made without the prior consent of the lenders. However, the Company's lenders have consented to the following: 24% of potential dividends from the shares of Shearwater GeoServices Holding AS or 24% of potential proceeds from the sale of such shares in whole or in part, may be distributed to the shareholders of the Company by way of dividends, a share capital reduction or any other manner deemed appropriate by the Company.

No dividend was paid for 2018, and the Board of Directors proposes to the general meeting that no dividend will be paid for 2019. This is based on the challenging market conditions and the need to preserve the Company's equity.

Capital increase

Authorisations granted to the Board of Directors to increase the Company's share capital shall normally be restricted to specific purposes. As at 31.12.2019 there were no such authorisations granted to the Board of Directors.

Purchase of own shares

The general meeting may grant the Board of Directors a mandate to purchase up to 10 percent of own shares. As at 31 December 2019, there was no such mandate to the Board of Directors regarding purchase of own shares.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Equal treatment

GC Rieber Shipping has only one class of shares, and purchase and sale of the shares shall take place over the stock exchange.

The articles of association include no limitations relating to voting rights. All shares have equal rights.

Transactions in own shares

The Company's transactions in own shares are carried out over the stock exchange or by other means at market price. Any services from the main shareholder are purchased at documented market price. Should there be an increase in capital which involves a waiver of the existing shareholders' pre-emptive rights, and the Board of Directors resolves to carry out such an increase on the basis of a mandate granted by the general meeting, the Board of Directors will explain the justification for waiving the pre-emptive rights in the stock exchange announcement.

Transactions with close associates

The Company's Board of Directors and management are committed to promoting equal treatment of all shareholders.

The Chairman of the Board, Paul-Christian Rieber indirectly controls 3.1% of the Company through AS Javipa and Pelicahn AS.

The Company has one main shareholder, GC Rieber AS, owning 76.8% of the shares as at 31 December 2019. Paul-Christian Rieber controls Odin AS, Pelicahn AS and AS Javipa who together hold 50% of the shares in GC Rieber AS.

The Company carries out purchase and sales transactions with close associates as part of the normal business operations. All agreements entered into between the Company and its main shareholders (including related companies), and also other business agreements are, and must be, entered into on arm's length terms. Reference is made to note 17 in the Company's 2019 annual accounts, where transactions with close associates are outlined.

5. FREELY NEGOTIABLE SHARES

The Company has only one class of shares. All shares in the Company are freely negotiable.

6. GENERAL MEETING

About the general meeting

The general meeting is the Company's supreme authority and the Board of Directors aims to ensure that the general meeting is an efficient meeting place.

Notice of meeting

The general meeting will usually be held by 30 April each year at the Company's offices. The general meeting in 2020 will be held on 16 April.

Notice of the general meeting is usually sent with 21 days' notice. At the same time, the agenda papers will be published on the Company's website, cf. Article 5-g of the Articles of Association.

The notice of the general meeting must contain all necessary information so that the shareholders can decide on the issues to be addressed. The registration deadline for the general meeting will be as close to the general meeting as practically possible.

All shareholders registered in the Norwegian Registry of Securities (VPS) will receive a notice of meeting and are entitled to submit proposals and vote directly or via proxy. The financial calendar will be available on the Company's website.

Registration and proxy

Registration should be made in writing, either via mail or e-mail. The Board of Directors wants to facilitate so that as many shareholders as possible are able to participate. Shareholders who are unable to attend in person, are encouraged to appoint a proxy. A special proxy form is available which facilitates separate voting instructions for each issue to be considered by the general meeting and for each of the candidates nominated for election.

The Company will nominate one or more persons to vote as proxy for shareholders. Representatives from the Board of Directors and the auditor will participate in the general meeting. The CEO and CFO participate on behalf of the Company.

Agenda and implementation

The agenda is determined by the Board of Directors. The main items are pursuant to the requirements in the Public Limited Liability Companies Act and Article 7 of the Articles of Association.

The general meeting is able to elect an independent person to chair the meeting.

The minutes of the general meeting are published via a stock exchange announcement and are available at www.gcrieber-shipping.com.

In 2019, the general meeting was held on 11 April and 91% of the total share capital was represented. A total of 42 shareholders were present or represented by proxy.

7. NOMINATION COMMITTEE

Nomination of Board members up for election at the general meeting shall take place through an open dialogue between the largest shareholders. Based on the Company's good experience with such a process and an assessment of the composition of the owners, the Company has decided not to use a nomination committee. This is a deviation from NUES' recommendation.

8. THE BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

Composition of the Board of Directors

Pursuant to the Company's articles of association, the Board of Directors shall consist of 5–7 members who are elected by the general meeting for two years at a time. The Chairman of the Board and the Deputy Chairman are elected by the general meeting.

The Board of Directors currently comprises 5 members, of which 2 are women. The Board of Directors has been elected on the basis of an overall assessment in which competence, experience and integrity are important criteria. An overview of Board members' competence, background and shareholding in the Company is available on the Company's website www.gcrieber-shipping.com.

The Board of Directors' independence

Executive management shall not be members of the Board of Directors.

The Chairman of the Board, Paul-Christian Rieber, indirectly controls 3.1% of the Company through AS Javipa and Pelicahn AS. Paul-Christian Rieber is also CEO of GC Rieber AS, which is the largest shareholder in the Company with 76.8% of the shares, and he controls Odin AS, Pelicahn AS and AS Javipa

who together hold 50% of the shares in GC Rieber AS. Cosimo AS, a company owned by Board member Trygve Bruland, holds 100,000 shares in the Company. Board member Bodil Valland Steinhaug holds 10,000 shares in the Company. No other Board members have direct or indirect ownership interests in the Company. The Board members, apart from the Chairman, are regarded as independent of the Company's main shareholder and significant business relations.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors' duties

The Board of Directors has overall responsibility for management of the GC Rieber Shipping and also for supervising the day-to-day management and the Company's operations. This involves developing the Company's strategy and making sure that it is implemented. The Board of Directors is also responsible for control functions to ensure that the Company has proper operations as well as a responsible asset and risk management.

Instructions for the Board of Directors

Pursuant to the provisions of the Norwegian Public Limited Liability Companies Act, the Board of Directors has established instructions for the Board of Directors that provide detailed regulations and guidelines for the Board of Directors' work and executive work.

The Board of Directors shall ensure that members of the Board of Directors and executive personnel make the Company aware of any material interests that they may have in items to be considered by the Board of Directors.

Instructions for the CEO

A clear division of responsibilities and tasks has been established between the Board of Directors and executive management.

Financial reporting

The Board of Directors receives periodic reports with comments on the Company's financial status. As far as interim reports are concerned, the Company follows the deadlines for Oslo Stock Exchange.

Meeting structure

The Board of Directors usually holds six ordinary board meetings a year, evenly distributed over the year. Quarterly and annual accounts, and also salary and other remuneration to the CEO are dealt with at the board meetings. In addition, a separate strategy meeting is held. Extraordinary board meetings to deal with matters that cannot wait until the next ordinary board meeting are held when required. In addition, the Board of Directors has organised the work in a separate auditing committee. In 2019, eight meetings were held, compared with 15 meetings in 2018. In 2019, attendance at the board meetings was 95%, compared with 99% in 2018.

Auditing committee

The main purpose of the auditing committee is to monitor the Company's internal control systems, quality assurance of the financial reporting and ensuring that the auditor is independent. The auditing committee has two members of which one is independent of the Company's business activities and main shareholders. The committee has evaluated the procedures for financial control in the core areas of the Company's business activities. The committee has been informed of the external auditor's work and the results of this work.

The Board of Directors' self-evaluation

The Board of Directors conducts an annual evaluation of its work, way of working and expertise. The Chairman of the Board conducts an annual appraisal of the CEO in accordance with his job description.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors' responsibilities and the object of internal control

GC Rieber Shipping's risk management and internal control seeks to ensure that the Company has comprehensive control thinking that includes the Company's operations, financial reporting and compliance with applicable laws and regulations. Risk management and internal control also incorporates considerations related to integrating stakeholders in relation to the Company's long-term value creation, including factors such as the Company's basic values, ethical guidelines and guidelines for social corporate responsibility.

The Board of Directors' annual review and reporting

The annual strategy meeting helps lay the foundation for the Board of Directors' discussions and decisions through the year. Review and revision of important governing documents is considered on an on-going basis.

The administration prepares monthly finance reports, which are reviewed by the board members. Quarterly financial reports are also prepared and reviewed by the Board of Directors before the quarterly reporting. The auditor attends meetings with the auditing committee and the board meeting that includes presentation of the annual accounts. The Company's risk aspects and management have been thoroughly described in the report of the Board of Directors.

Overall responsibility for internal control related to the Company's financial reporting is assigned to the Board of Directors' auditing committee. The auditing committee has regular meetings with the administration and the Company's auditor at which accounting principles, use of estimates and other relevant topics are discussed.

Regular reports are submitted to the Board of Directors regarding defined KPIs related to quality, health, environment and safety. In addition, the GC Rieber group has prepared guidelines on business ethics and social responsibility, with which all employees in all the subsidiaries should be acquainted, including GC Rieber Shipping. GC Rieber Shipping has its own coordinator who ensures reporting to the Board of Directors on the status and progress of the Company's social responsibility and sustainability work and who represents the Company in the GC Rieber group's UN Global Compact group.

11. REMUNERATION TO THE BOARD OF DIRECTORS

The general meeting determines annually the remuneration to the Board of Directors. The proposed remuneration is put forward by the Company's largest shareholder. The remuneration shall reflect the Board of Directors' responsibility, expertise, time commitment and the complexity of the Company's activities. Board members who participate in Board committees receive separate compensation for this.

In 2019, the Company's Board received a total remuneration of NOK 1,000,000. The remuneration to each Board member in 2019 is given in note 3 of the parent company's annual accounts. Remuneration to the Board of Directors is not dependent on performance and do not contain any share options.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board, but if they do, this shall be disclosed to the full Board.

12. REMUNERATION TO EXECUTIVE MANAGEMENT

The Board of Directors has adopted guidelines for remuneration of the CEO and other executive management. In accordance with the Public Limited Liability Companies Act, the main features of this remuneration shall be subject to an advisory vote at the general meeting, cf. note 3 of the parent company's annual accounts.

There are no option schemes in GC Rieber Shipping, but the Company has a scheme for sale of the Company's own shares to employees where a statutory tax discount is used.

Bonus schemes shall be linked to Company or individual performance targets.

13. INFORMATION AND COMMUNICATION

GC Rieber Shipping seeks to treat all participants in the securities market equally through publishing all relevant information to the market in a timely, efficient and non-discriminating manner. All stock exchange reports will be available on the Company's website and on Oslo Børs' news site, www.newsweb.no.

Financial reports

The Company presents preliminary financial statements by the end of February. Complete accounts, together with directors' report and annual report are available to the shareholders no later than three weeks before the general meeting.

The Company's financial calendar is published for one year at a time before 31 December in accordance with the rules of Oslo Børs. The financial calendar is available on the Company's website and also on the website of Oslo Børs.

Other market information

Interim reports and presentation material are available at www.gcrieber-shipping.com.

The Company exercises caution in its contact with shareholders and financial analysts, cf. the Norwegian Securities Trading Act, Norwegian Accounting Act and the stock exchange regulations.

14. TAKEOVER

The Board will not seek to hinder or obstruct any takeover bids for the Company's business activities or shares. Should there be a bid for the Company's shares, the Company's Board of Directors will not exercise authorisations to issue new shares or pass other resolutions in an attempt to obstruct the bid without the approval of the general meeting. Any transaction that in effect is a disposal of the Company's business activities will be decided on by the general meeting.

If a takeover bid has been received, the Board of Directors will initiate an external valuation by an independent adviser and thereafter the Board of Directors will recommend shareholders to either accept or reject the offer. The valuation must also take into account how a possible takeover will affect the long-term value creation in the Company.

15. AUDITOR

Choice of auditor

The Company's auditor will be chosen by the general meeting. PwC has been the Company's auditor since the ordinary general meeting in 2013.

The auditor's relationship to the Board of Directors and the auditing committee

The Board of Directors will at least once a year arrange a meeting with the auditor without the presence of the executive management in the Company. The auditor will present the summary of an annual plan for carrying out the audit work, and the Company's internal control procedures, including identified weaknesses and proposed improvements, will be reviewed with the Board of Directors.

The auditor also participates in board meetings which discuss the annual accounts. At such meetings, the auditor reviews any material changes in the Company's accounting principles, comments on any material estimated accounting figures and any significant matters where there may have been disagreement between the auditor and the administration.

The Board of Directors will inform about the remuneration paid to the auditor, divided between remuneration for audit work and other services, at the annual general meeting.

The Company has established guidelines in respect of the use of the auditor by the executive management for services other than the audit.

ESG Report 2019

A proactive approach to corporate social responsibility and sustainability has long been an integrated part of the day-to-day business in GC Rieber Shipping. GC Rieber Shipping's culture embraces the need for constantly pushing standards further and to contribute to an even larger matter. We are proud to see several important measures implemented to minimise the Group's footprint in the environment and enhance social responsibilities.

GC Rieber Shipping has in recent years shifted its business towards the offshore renewables sector, constituting almost half of the Group's income in 2019. As part of the Group's strategy, several projects targeting this sector are currently ongoing. Significant parts of GC Rieber Shipping's business, however, has been and still are within the oil and gas industry. GC Rieber Shipping is committed to perform its delivery towards this industry in the most efficient way, with the lowest possible environmental impact.

Focus on corporate social responsibility and sustainability has in a short amount of time gained significant attention from several important stakeholders. For GC Rieber Shipping, the subject comes up on a daily basis both internally and with external stakeholders such as customers, employees, owners and financial institutions to name a few.

GC Rieber Shipping wishes to play its part in shifting the offshore industry towards a better tomorrow.

ESG STRATEGY

GC Rieber Shipping has a steadfast commitment to good environmental practices, corporate social responsibility and corporate governance (ESG). International sustainability programs are supported by actively using know-how and competence to drive economic, environmental and social development through own initiatives and efforts. A solid ESG strategy is also proving essential for reaching GC Rieber Shipping's quality objective of client satisfaction above expectations.

GC Rieber Shipping shares ethical guidelines, basic corporate values and guidelines for corporate social responsibility with the GC Rieber group. The guidelines provide general principles for business practice and personal behaviour and are intended to form a platform for the attitudes and basic vision that should permeate the culture in the GC Rieber group, and how these relate to the value creation by the GC Rieber group. In addition, the GC Rieber group has been a member of the UN Global Compact since 2010, and GC Rieber Shipping is thereby committed to integrating UN Global Compact's ten principles as part of its business strategy,

THE UN SUSTAINABLE DEVELOPMENT GOALS

"The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth - all while tackling climate change and working to preserve our oceans and forests."

promoting these principles vis-à-vis partners and reporting on activities and improvements when it comes to these ten principles. Please refer to the annual report and the website for the GC Rieber group for a closer description.

GC Rieber Shipping’s ESG-reporting is based on the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015, which set out 17 goals to improve environmental sustainability, social inclusion, and economic development by 2030. Through thorough assessments, GC Rieber Shipping has identified and prioritised a range of SDGs where the Group believe it has the greatest opportunity to make a positive contribution. The Group assess its prioritised range of SDGs on a regular basis, giving an opportunity to shift priorities over time.

GC Rieber Shipping apply key performance indicators (KPIs) to track performance. However, a clear objective is to develop further measurable targets to be included in the future ESG reporting. On a general note, GC Rieber Shipping welcome industry specific standardised measures and performance indicators.

GC Rieber Shipping holds certifications according to the International Safety Management (ISM) Code, ISO 9001 standard (quality management) and ISO 14001 standard (environmental management).

HEALTH AND SAFETY

Safeguarding our people is the overall objective in everything we do. The constant search for ways to improve safety performance is embedded in GC Rieber Shipping’s culture. Each and every employee and contractor of the Group is responsible for:

- seeking and sharing relevant knowledge related to safe work;
- being a positive influence and contributor to a strong safety culture;
- creating a trusting work atmosphere to support intervention in unsafe conditions;
- being diligent in efforts to ensure integration of safety; and
- being creative and dare to question “truths” in the pursuit for improvement opportunities and innovation.

Through its risk management principles, GC Rieber Shipping has ambition to ensure the good health and well-being of all employees. Measurable key performance indicators monitor the effect of the activities performed within the area.

There were two lost time injuries registered on board vessels operated by GC Rieber Shipping in 2019 (one in 2018). Sick leave in 2019 was 1.0% (0.6%) among marine crew and 2.4% (2.5%) in the shore organisation.

UN SUSTAINABLE DEVELOPMENT GOALS

In GC Rieber Shipping, we believe in corporate social responsibility and sustainable development within our entire business operation. We believe that companies can better support international sustainability programs by actively using their know-how and competence to drive economic, environmental and social development through own initiatives and efforts.

GC Rieber Shipping has evaluated and assessed the 17 SDGs, placing them in different dimensions based on the Group’s business. The different dimensions are defined by magnitude of effect and type of effect, targeting the SDGs where the Group has the ability to have direct impact with high effect. The aim is to identify where GC Rieber Shipping has the best opportunity to make a difference. Not, however, implying that the remaining SDGs are considered less important.

The following five SDGs have been defined as areas of focus in GC Rieber Shipping

INDUSTRY SPECIFIC IMPACT AREAS

Ensure access to affordable, reliable, sustainable and modern energy for all



Take urgent action to combat climate change and its impacts



Conserve and sustainable use the oceans, seas and marine resources for sustainable development



GENERAL IMPACT AREAS



Achieve gender equality and empower all women and girls



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



INDUSTRY SPECIFIC IMPACT AREAS



SDG 7: AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all

Relevant goal 7 targets for GC Rieber Shipping:

- By 2030, increase substantially the share of renewable energy in the global energy mix
- By 2030, double the global rate of improvement in energy efficiency

As part of GC Rieber Shipping's strategy, the Group has in recent years increased its activities towards offshore renewable energy. In 2019, almost half of the Group's operating income was from the renewable energy industry.

GC Rieber Shipping's vessel Polar Queen is equipped with a gangway that allows service personnel to access offshore wind turbines for commissioning and service directly from the vessel. With a capacity of 119 persons, the vessel also serves as a flotel

allowing effective installation and operation of wind parks far off the coastline. Furthermore, GC Rieber Shipping deliver vessels and services for offshore cable laying and trenching, contributing to distribution of renewable energies worldwide.

GC Rieber Shipping continues to hold investments and responsibly serve clients within the oil and gas sector markets. However, the company's ambition is to gradually shift its exposure towards renewable industries.

The market for offshore wind is in rapid development and the focus on innovation is rising. GC Rieber Shipping has a unique track record of repositioning for new markets and will continue to pursue attractive opportunities. Specifically, the company is seeking to develop innovative ship designs with a sustainable profile and reduced climate footprint throughout the vessel's life.

The Group aims to reduce the general energy consumptions in own operation, including several fuel-efficiency measures more thoroughly described under SDG 13 and 14. The vessels seek to use shore power in port whenever possible, eliminating the fuel combustion and subsequent release of greenhouse gases.



SDG 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts

Relevant goal 13 targets for GC Rieber Shipping:

- Integrate climate change measures into (national) policies, strategies and planning
- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

The Group has an objective of zero uncontrolled releases of harmful substances in the natural environment. The Group's operations are conducted in accordance with international shipping standards and the Group has a proactive approach to compliance with existing and future environmental requirements.

In close collaboration with designers, shipyards and equipment suppliers, the Group makes use of the at any time best available technological solutions to build and operate vessels with minimal risk of releasing environmentally hazardous substances into air and water.

GC Rieber Shipping is committed to lowering the greenhouse gas (GHG) emission intensity of its operations. Fuel consumption is the main source of such emissions. GC Rieber Shipping has several measures in place to reduce GHG emissions, the measures are collectively referred to as Green Operations (ref. fig.1). Green Operations include various fuel efficiency measures which are defined in the Ship Energy Efficiency Management Plans (SEEMP). Monitoring and statistical analyses of fuel consumption verifies best-practice for energy efficient engine operations. Anti-fouling paint on the hulls reduces growth of barnacles and subsequently lower fuel consumption due to less friction. Other means to reduce the energy consumption onboard the vessels have been taken with means such as shore power capabilities and use of LED. GC Rieber Shipping aim to further reduce GHG emissions through improved fuel monitoring, training of key personnel and implementation of measurable targets. Efficient fuel operations include speed/thruster optimisation, voyage planning, weather routing and optimum use of trim, ballast and autopilot to name a few.

The vessels are equipped with selective catalytic reduction (SCR), which is an advanced active emissions control technology system that injects a liquid-reductant agent through a special catalyst (urea) into the exhaust stream of a diesel engine. By using urea as a reductant, NOx emissions are reduced. The SCR can reduce NOx emissions up to 90%. All fuel taken on board the vessels are logged in the Environmental Ship Index, which is designed to improve the environmental performance of sea going vessels.

GC Rieber Shipping also has other internal activities such as preparedness for acute pollution from vessels, using environmentally friendly products and environmental management plans. Measures are implemented to manage logistics in the most efficient and environmentally friendly way. For example, planning ahead and send larger shipments by containers when sending parts and goods to the vessels, rather than smaller and more frequent shipments by airfreight.

GC Rieber Shipping has acknowledged the importance of immediate climate actions and factors in this understanding when developing corporate strategies and activities. Furthermore, the company aims to raise awareness and understanding of climate change and the role of the shipping industry among clients, investors, employees and other stakeholders.

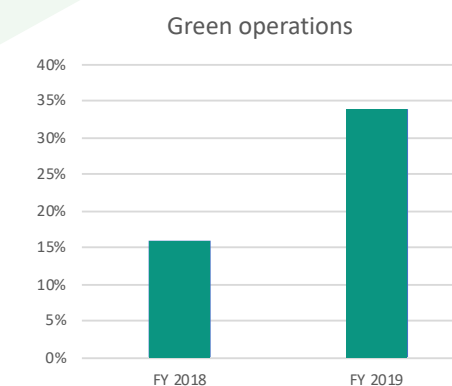


Fig.1: Share (%) of transits and DP operations categorised as Green Operations



SDG 14: LIFE BELOW WATER

Conserve and sustainable use the oceans, seas and marine resources for sustainable development

Relevant goal 14 targets for GC Rieber Shipping:

- By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
- By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
- Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels

GC Rieber Shipping operates on and in the oceans. Our commitment is to ensure that our operations have minimal impact on the ocean's ecosystems.

All vessels follow the mandatory MARPOL which regulates discharge and waste from vessels. All garbage produced on board are segregated and logged; and measures are in place to reduce garbage in general, and plastics in particular. Plastic recycling/reduction targets is set for us and relevant suppliers. Whenever possible, waste and litter found in the ocean are taken onboard and treated as per MARPOL regulations. Ghost nets, plastics and other waste getting attached to the in-water equipment are removed from the oceans and brought to shore for proper disposal. All vessels are also compliant with the IMO Ballast Water Management convention.

Garbage picked up from sea during operation

GC Rieber Shipping's has taken its owned vessels above and beyond the applicable environmental legislative worldwide standards for shipping as they are classified as "Clean Design" by DNV-GL. This is an optional classification, giving further requirements on emissions to air (fuel oil management plan, NOx and SOx emissions, firefighting substances and shipboard incinerators), discharges to sea (oil bunkering arrangements, ballast and bilge water, garbage, sewage and anti-fouling to prevent growth and transfer of alien species) and environmental responsibilities. All owned vessels have stricter oily tank protection, 5ppm oily bilge separators and alarms and approved ballast water treatment systems.

The Group is in compliance with the Hong Kong Convention for ship recycling. The Group aims to have a modern fleet at all times. Responsible ship recycling clauses is included whenever vessels are sold.

GC Rieber Shipping has several measures in place to mitigate ocean acidification through reducing NOx and SOx emissions in own operations as described under SDG 13.

Efforts are in place to minimise the effect of produced acoustic noise from seismic vessels on marine mammals, by identifying appropriate operational measures when sailing in environmentally sensitive areas. This is ensured by having marine mammal observers and passive acoustic monitoring on board.

Turtle freed from ghost nets



GENERAL IMPACT AREAS



SDG 5: GENDER EQUALITY

Achieve gender equality and empower all women and girls

Relevant goal 5 targets for GC Rieber Shipping:

- End all forms of discrimination against all women and girls everywhere
- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

GC Rieber Shipping is committed to be an equal opportunities employer. The Group embraces a positive and inclusive working

environment, characterised by equality and diversity. GC Rieber Shipping does not accept discrimination of any kind of its employees or other parties involved in the Group's activities. This includes any and all unjust treatment, exclusion or preference based on gender, ethnicity, age, sexual orientation, disability, religion, political persuasion or other circumstances.

The Group operates a policy of complete equality between male and female workers at all levels in the organisation,

based on the assumption that an even gender distribution will contribute to an improved working environment and to greater adaptability and improved earnings for the Group in the long run. However, the number of qualified applicants for some of the Group's vacant positions offshore has been limited. As at 31 December 2019, 5% (7% in 2018) among the marine crew and 38% (36%) of the land organisation were women. The Management team consisted of 6 men and 1 woman, and the Board of Directors had 40% female representation.

The Group acknowledge that the industry in which it operates has had, and still has an overweight of male representation. Through the day-to-day business GC Rieber Shipping will commit to continue to:

- support women's leadership and ensure sufficient participation of women in decision making and governance bodies at all level and across all business areas;
- implement gender-sensitive recruitment and retention practices and ensure equal access to all company-supported education and training programs;
- include non-discrimination clauses in supplier code of conduct policies and support suppliers in advancing gender equality and women's empowerment;
- ensure that business activities, products and services respect the dignity of women, and do not reinforce harmful gender stereotypes.



SDG 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Relevant goal 16 targets for GC Rieber Shipping:

- Substantially reduce corruption and bribery in all their forms
- Develop effective, accountable and transparent institutions at all levels

Making sure the business support and respect the protection of internationally proclaimed human rights and making sure that the business is not complicit in human rights abuses is an integrated part of GC Rieber Shipping's organisation and operations. GC Rieber Shipping supports the GC Rieber Group's strategy to promote human rights through its membership in UN Global Compact, further information about the membership in UN Global Compact is available in the GC Rieber Group's annual report and website.

GC Rieber Shipping's commitment to operate responsibly and to respect local laws and regulations is absolute. Implications of relevant laws are communicated to employees through policies and trainings, and effective, accountable and inclusive institutions are built at all levels.

The shipping industry is generally exposed to potential risks

relating to corruption and facilitation payments, particularly in relation to the use of agents and for port calls. GC Rieber Shipping has a zero-tolerance approach to corruption and bribery at all levels. The Group actively promotes transparency, counteracts corruption and bribery and has several anti-corruption measures in place with mandatory training of anti-corruption for all employees. The training raises awareness about corruption and provides guidelines on how to handle threats of corruption. The Group also work together with peers and other stakeholders to avoid bribery and corruption taking place in the supply chain.

GC Rieber Shipping has clear procedures for incident reporting and whistle blowing and has created a work environment which encourages incident reporting and whistle blowing.

The Group is qualified through the Achilles network, a worldwide community dedicated to raising standards and doing business in ways that benefit everyone. GC Rieber Shipping is committed to focus on business ethics and risk management, and to establish effective, accountable and transparent governance structures.

Report of the board of directors for 2019

GC Rieber Shipping achieved a strong fleet utilisation of 92% in 2019 ¹⁾. In the current market for subsea and renewables, this demonstrates the company's ability to deliver high quality services to its customers. Rates within subsea and renewables, however, remain at unsustainable levels.

Shearwater ²⁾ is now the world's largest marine seismic services company following the strategic vessel transaction and long-term marine acquisition service agreement with CGG. Shearwater is uniquely positioned to benefit from the observed improvement in the marine seismic market and has seen a significant increase in backlog for major international oil companies and multiclient companies.

OPERATIONS AND STRATEGY

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 & renewable, ice/support and marine seismic. The group has specialised competence for offshore operations in harsh environments as well as design, development and maritime operation of offshore vessels.

GC Rieber Shipping currently operates 13 and has direct and indirect ownership of 29 advanced special purpose vessels for defined markets within the subsea & renewables, ice/support and marine seismic segments. The company's headquarters and a ship management office are in Bergen (Norway), with an additional 50% owned ship management company in Yuzhno-Sakhalinsk (Russia). The company is listed on Oslo Børs with ticker RISH.

The company has an ambition to consolidate its position as one of the leading and most experienced players within offshore operations in harsh environments and to capitalise on gradually improving markets.

Strategic areas of priority for 2020 include;

- *Work to further strengthen the financial position of the company*
- *Secure additional work in an attractive and growing offshore renewables market*
- *Focus on innovation and sustainability when developing corporate strategies and activities*

The company emphasises that the information included in this annual report contains certain forward-looking statements that address activities or developments that the company

expects, believes or anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the company's control and therefore subject to risks and uncertainties.

HIGHLIGHTS 2019

- *Fleet utilisation of 92% in 2019, compared with 91% in 2018*
- *Net profit of NOK 14.4 million in 2019 including book gain from sale of Ernest Shackleton of NOK 101.6 million, compared with a net profit of NOK 148.1 million in 2018 including a non-cash gain of NOK 310 million from Shearwater's acquisition of Schlumberger's marine seismic acquisition business.*
- *Contract backlog of NOK 302 million³⁾ as of 1 January 2020, compared with NOK 434 million as of 1 January 2019*

Contract updates in the period

Several new contracts were secured under the prevailing challenging markets:

- *A time charter agreement was signed with a European client for Polar Queen for a period of about five months with options to extend by up to one month, commencing in April 2020.*
- *Polar King's charter with Nexans has been extended several times, taking the charter to July 2020. The vessel has been on charter with Nexans since January 2017.*
- *Shearwater was successful in securing multiple acquisition projects and counted a total backlog of 196 vessel months as of January 2020, including CGG minimum commitment.*
- *A ship management contract was signed with Statnett for technical management of the two ro-ro vessels Elektron and Elektron II. The vessels are mainly used for subsea work and transport of transformers, generators and turbines to Norwegian energy plants, and the contract has a duration of three years from 2019 plus options.*
- *A ship management contract was signed with Nexans for the cable laying vessel Nexans Skagerrak from September 2019. The agreement also includes management of Nexans' state-of-the-art cable laying vessel Nexans Aurora once it is delivered from Ulstein yard in 2021.*

Sale of Ernest Shackleton

GC Rieber Shipping sold the icebreaking research vessel Ernest Shackleton to Istituto Nazionale di Oceanografia e di Geofisica Sperimentale (OGS) in May 2019. The positive cash effect from the transaction was NOK 140 million and the book gain from the sale was NOK 101.6 million. 50% of the net sales proceeds, approximately NOK 70 million, is excluded from the cash sweep mechanism described in note 14.

¹⁾ Excluding marine seismic

²⁾ Shearwater GeoServices Holding AS owned 19% by GC Rieber Shipping

³⁾ Excluding marine seismic and charterers' extension options, including all contracts secured up until the reporting date for the fourth quarter 2019

Events after the end of the period

Shearwater GeoServices

On 8 January 2020, Shearwater GeoServices Holding AS completed the strategic vessel transaction with CGG S.A. (CGG) announced in June 2019, 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 included 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.

The transaction has further increased Shearwater's scale and capabilities in line with the strategic ambition the owners have had since the inception of the company in 2016. Following the transaction, GC Rieber Shipping owns approximately 19% of the shares in Shearwater. GC Rieber Shipping expects to book a non-cash gain of approximately USD 5.9 million from the transaction in the first quarter of 2020.

Contract updates

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.

Global developments

The coronavirus disease (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. The impact of these factors on the offshore industry and GC Rieber Shipping's business is uncertain.

Legal proceedings

GC Rieber Crewing AS (GCRC) and GC Rieber Shipping AS (GCRS), both subsidiaries of GC Rieber Shipping ASA, have been the subject of legal proceedings instigated by a group of former employees of GCRC. Their employments were terminated when the group decided to liquidate the crewing company GCRC.

The claims were determined in favour of GCRC and GCRS in both Bergen District Court and the Gulating Court of Appeal. The claimants appealed the decision to the Supreme Court, in which the Supreme Court's appeal committee decided not to process the claims. The decision from Gulating Court of Appeal, which was in favour of GCRC and GCRS, is therefore final.

FINANCIAL REVIEW

(Figures for 2018 are given in brackets)

Profit and loss

The GC Rieber Shipping group's (the "Group") total operating income in 2019 was NOK 257.3 million (NOK 231.9 million). EBITDA amounted to NOK 86.9 million including book gain from sale of Ernest Shackleton of NOK 101.6 million (NOK 254.9 million, including the non-cash gain of NOK 310 million booked as a result of Shearwater's acquisition of Schlumberger's marine seismic acquisition business).

Net operating income (EBIT) was NOK 67.0 million (NOK 200.7 million).

In 2019, impairment of the fleet amounted to NOK 3.9 million (reversed impairment of NOK 55.8 million). Ordinary depreciations amounted to NOK 117.6 million (NOK 110.0 million).

Net financial items were negative with NOK 52.8 million (negative NOK 52.6 million), including unrealised currency gain of NOK 1.5 million (NOK 0.2 million).

The Group's net profit was NOK 14.4 million (NOK 148.1 million). Earnings and diluted earnings per share amounted to NOK 0.17 (NOK 2.68).

Cash flow

For 2019 the Group had a positive cash flow of NOK 9.4 million (NOK 29.5 million).

Cash flow from operating activities was positive by NOK 72.4 million (NOK 30.7 million).

Cash flow from investment activities was positive by NOK 104.4 million, including NOK 118.4 million from the sale of Ernest Shackleton (negative NOK 210.5 million, including participation with NOK 241 million in Shearwater's acquisition of Schlumberger's marine seismic acquisition business in 2018).

Cash flow from financing activities was negative by NOK 167.4 million, including payment of interests and instalments of NOK 168.3 million on the Group's existing loans (positive NOK 209.3

million, including net payment of equity in relation to the two rights issues in 2018 of positive NOK 338.2 million, and payment of interests and instalments of NOK 128.9 million on the Group's existing loans).

As at 31 December 2019, the Group's holding of liquid assets was NOK 211.5 million (NOK 204.2 million).

Balance sheet

The Group's total assets as at 31 December 2019 amounted to NOK 2,897.5 million (NOK 2,977.3 million), while total assets in GC Rieber Shipping ASA amounted to NOK 1,116.7 million (NOK 1,073.6 million).

At the end of 2019, the book value of the Group's vessels was estimated at NOK 1,689.2 million (NOK 1,770.6 million).

The Group's book equity as at 31 December 2019 was NOK 1,742.8 million (NOK 1,711.1 million), corresponding to an equity ratio of 60.1% (57.5%). Book equity for GC Rieber Shipping ASA was NOK 762.2 million (NOK 772.4 million).

Financing

In 2019 the Group's average interest-bearing liabilities amounted to NOK 1,203.1 million (NOK 1,219.8 million), with an average duration of 3 years as at 31 December. Average interest rate on the loan portfolio was 4.2% including margin (4.0%). The Group's loans are held in USD in its entirety and therefore exposed to developments in U.S. interest rates. See note 14 for further information about the Group's financing structure.

For 2019 in total, the Group paid NOK 26.9 million in ordinary loan instalments (NOK 85.0 million), in addition to instalments of NOK 93.6 million as a result of the cash sweep mechanism described in note 14. The Group's liquid assets in terms of bank deposits and interest-bearing securities as at 31 December 2019 amounted to NOK 211.5 million (NOK 204.2 million). The Group's liquid assets are primarily held in NOK and USD.

The Group had net interest-bearing liabilities (interest-bearing liabilities minus liquid assets) of NOK 910.0 million (NOK 1,015.6 million) as at 31 December 2019. At the same time the parent company, GC Rieber Shipping ASA, had net interest-bearing assets of NOK 179.2 million (NOK 167.1 million).

GC Rieber Shipping's covenants are tied to working capital and equity for all its liabilities. The Group agreed new terms and amendments with the lending banks from March 2018 as part of the financial restructuring in the first quarter of 2018. GC Rieber Shipping complied with the amended financial covenants throughout 2019 and at 31 December 2019. See note 14 to the consolidated accounts for further details.

Foreign currency situation

The Group's reporting follows the International Financial Reporting Standards (IFRS), which are the accounting principles adopted by the EU. The Group does not use hedge accounting for its financial instruments, and changes in the market value of financial hedging instruments are therefore recognised in the profit statement, in accordance with IFRS 9.

The GC Rieber Shipping Group uses the Norwegian krone (NOK) as its presentation currency, while several of its subsidiaries have USD as functional currency. Therefore, the international accounting standard IAS 21 applies.

Any change in the USD/NOK exchange rate affects the Group's equity and profit, as the Group's debt is denominated mainly in USD, and most of its vessels are valued in USD and translated at the USD/NOK exchange rate on the balance sheet date. For subsidiaries with USD as functional currency, translation differences arising in respect of vessels and debt are recognised as other comprehensive income. Translation differences will also arise for subsidiaries that have USD as functional currency and hold liquid assets in NOK. These holdings are translated into USD respectively at the exchange rate on the balance sheet date, and translation differences are carried against the statement of comprehensive income.

MARKET DEVELOPMENT AND SEGMENTS

GC Rieber Shipping is a supplier to companies within offshore oil, gas and renewables, and the level of activity within all business segments is closely linked to the development in the energy markets. The oil price (Brent) remained volatile through 2019 and into 2020. With continued challenging offshore market conditions, GC Rieber Shipping still managed to secure high utilisation for the fleet in 2019.

Subsea & Renewables

To reflect a continued high share of work being performed within the offshore renewables market, GC Rieber Shipping has renamed its former Subsea segment as the Subsea & Renewables segment. Renaming the segment has not led to changes in any underlying assets or financial reporting. The company owns and operates three vessels within this segment, primarily designed for inspection, maintenance and repair of subsea installations, but also having demonstrated attractive capabilities for the mentioned offshore renewables market.

Polar King was on charter with Nexans for the whole year. The contract started in January 2017, and with several extensions

the contract now runs until July 2020. The vessel conducts survey, trenching and cable lay support in Norway, the North Sea, the Mediterranean and Canada.

Polar Queen was engaged for approximately eight months of 2019, performing walk-to-work duties and accommodation services for undisclosed clients. Polar Queen will commence a five-months charter in April 2020 for one of these clients.

Polar Onyx is on a three-year charter with DeepOcean BV which commenced in February 2018, with options to extend by up to two years. The vessel conducts subsea construction services in Ghana to support DeepOcean’s contract with Tullow Oil.

For 2019, GC Rieber Shipping’s Subsea & Renewables fleet achieved a vessel utilisation of 85% (82%). The company is actively working to secure employment for Polar Queen and Polar King from autumn 2020.

Ice/support

GC Rieber Shipping sold the polar research vessel Ernest Shackleton in May 2019. The vessel was on bareboat charter to the British Antarctic Survey until it was sold. There are currently no other vessels reported under the Ice/Support segment.

Joint Ventures and Associated Company

Joint Ventures - Ice/Support

GC Rieber Shipping owns the ice breaker Polar Pevek and the two crew vessels Polar Piltun and Polar Baikal through 50/50 joint ventures with external parties. They are operated by a 50% owned ship management company in Yuzhno-Sakhalinsk in Russia. 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. Following the new contracts secured in 2020, the two crew boats are chartered to the Sakhalin Energy Investment Corporation until the end of 2020 with options for one additional year. The crew boats are operating on the Sakhalin II field.

The ice/support market was stable in 2019.

Associated Company - Marine Seismic (Shearwater)

GC Rieber Shipping’s 20% in Shearwater stake (19% following the CGG transaction in January 2020) 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. Following the CGG transaction, 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 600 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 development in activity and rates through 2019 reflects an improved seismic market. Shearwater’s active fleet increased from three vessels at the beginning of 2019 to 11 active vessels today, and it is expected that at least one further vessel will be reactivated during first half of 2020. Shearwater has seen a significant increase in backlog for major international oil companies and multiclient companies, counting a backlog of 196 vessel months as of January 2020, including CGG minimum commitment.

GOING CONCERN

Based on the above report of profit and loss for the GC Rieber Shipping Group, the Board of Directors confirms that the financial statements for 2019 are prepared on the principle of going concern and that there is basis for adopting this principle in accordance with section 3-3 of the Norwegian Accountancy Act.

ALLOCATION OF PROFITS

The parent company GC Rieber Shipping ASA had a loss of NOK 10.2 million in 2019 (loss of NOK 36.6 million). The parent company’s equity as at 31 December 2019 amounted to NOK 762.2 million (NOK 772.4 million).

The Board of Directors proposes no dividend payment for 2019.

The loss for the year is proposed allocated as follows:

| | |
|--------------------------------|------------------|
| Transferred from other equity: | NOK 10.2 million |
| Total allocated: | NOK 10.2 million |

FINANCIAL RISK AND RISK MANAGEMENT

Risk management

GC Rieber Shipping operates in a global and cyclical market, exposing the Group to several risk factors as well as the development in the markets for petroleum- and offshore renewable products. The Board of Directors of GC Rieber Shipping therefore focuses on risk management and risk control, and routines have been implemented to mitigate risk exposure. Operative risk management is handled by the financial department and is reported to the Board of Directors regularly. The Group has a separate audit committee that monitors and follows up on the Group’s internal risk and control systems. Audit committee meetings are held in connection with the presentations of annual and interim reports.

Market risk

As a supplier of services to companies in the oil, gas, offshore renewables and ice/support industry, GC Rieber Shipping’s level of activity within all business segments is closely linked to developments in the energy sector, exploration and research-related operations in Arctic environments and geopolitical developments. The oil price development remains volatile, influencing activity levels for sectors such as seismic and subsea.

Financial risk

Currency risk

As the Group’s income comes in NOK, USD, GBP and EUR, and operational and administration costs are mostly in NOK, USD and EUR, the Group is greatly exposed to fluctuations in exchange rates. To reduce currency risk, the Group’s liabilities are mainly held in USD. In addition, there is a continuous evaluation of hedging methods related to expected future net cash flow in USD and other relevant currencies.

For 2020, parts of the Group’s income in GBP have been secured against USD.

Interest risk

The Group continuously assesses how large a share of its exposure to the interest level should be secured by hedging agreements and has traditionally used different types of interest rate derivatives as a protection against fluctuations in the interest level.

At the end of 2019, approximately 50% of the Group’s liabilities have been secured with fixed interest rate.

Credit/Counterparty risk

When including all contracts secured up until the reporting date for the fourth quarter of 2019, contract backlog was NOK 302 million as of 1 January 2020 (NOK 434 million). GC Rieber Shipping is monitoring the counterparty risk closely and is continuously working towards strengthening its customer portfolio.

Liquidity risk

The Group’s financing structure is described in note 14 to the consolidated accounts. Lenders include recognised Norwegian and international shipping banks.

GC Rieber Shipping maintains an active liquidity management. Deposits are made in financial institutions with high financial status as well as in interest-bearing securities with high liquidity and low credit risk.

Operational risk

There will always be a risk of unforeseen operational problems and damage to vessels, which could result in higher operational costs and lower income than predicted and expected. GC Rieber Shipping is dedicated in ensuring good and stable operations, and has several systems and routines for quality assurance, training and maintenance to minimise unforeseen incidents and downtime as much as possible.

ENVIRONMENT, CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE (ESG)

GC Rieber Shipping is committed to practice good corporate social responsibility, and the Group has a proactive approach to corporate social responsibility and sustainability in all parts of the organisation. A separate chapter on environment, corporate social responsibility and corporate governance for 2019 is provided in the annual report.

GC Rieber Shipping aims at strengthening its leading position within development, ownership and operation of ships for the subsea & renewables, marine seismic and ice/support markets by combining good financial results with professional business operations. To achieve this, the company sets a high standard for corporate governance, in compliance with The Norwegian Code of Practice for Corporate Governance (cf. most recent edition dated 17 October 2018). A more detailed description of the Group’s Corporate Governance is provided in a separate chapter in the annual report.

Organisation and employees

In 2019, GC Rieber Shipping continued its work to increase the level of competency and development among employees, both through extensive use of professional courses as well as management training programmes in cooperation with other companies in the GC Rieber group.

At the end of 2019, GC Rieber Shipping had a total of 32 employees (31), all employed in the land organisation. In addition, the Group had 120 contracted mariners for the Group's owned vessels, and the management company in the joint venture in Yuzhno-Sakhalinsk (Russia) had five employees.

Please refer to note 3 in the parent company's Financial Statement for details on payroll expenses and other remuneration to executive management. The note also outlines the principles for such compensation.

Health, Safety, Environment and Quality (HSEQ)

The objective for GC Rieber Shipping's operations is to prevent personal injuries, environmental spills and property damages, and to achieve client satisfaction above expectations. HSEQ is fully integrated in all operations and practices and subject to constant evaluation to push the standards to higher levels.

To achieve client satisfaction above expectations, GC Rieber Shipping's vessels must be operational and available to clients at all times. The Group has a modern fleet with high technical quality, and GC Rieber Shipping works closely with clients from the planning phase through to execution, including evaluation of a project to ensure the best possible performance. The Group's quality processes are defined in the Group's quality management system.

GC Rieber Shipping holds certification according to the International Safety Management (ISM) Code, ISO 9001 standard (quality management) and ISO 14001 standard (environmental management).

Further information regarding health, safety and environment in GC Rieber Shipping is available in the ESG report in a separate chapter of the annual report.

GENERAL MEETING

The general meeting for 2019 will be held on 16 April 2020.

SHAREHOLDER INFORMATION

In 2019, the Group's shares were traded between NOK 6.95 and NOK 10.40 per share. A total of 865,481 shares were traded, divided on 1,073 transactions.

As at 31 December 2019, GC Rieber Shipping had 508 shareholders (488), of which 94.4% was owned by the 20 largest shareholders. GC Rieber AS' stake was 76.8%.

The company had 23 foreign owners holding a total of 0.15% of the shares.

OUTLOOK

Parts of the industry has seen an uptick in activity. The seismic market improved during 2019, but the activity in the subsea and renewables market has been lower than expected. The supply/demand balance is still challenged with many vessels available in the North Sea. Furthermore, the market still appears to favour short project-specific charters rather than longer term charters. The renewables market continues to absorb a notable share of the subsea fleet in Europe, however with slightly less activity through the past winter season.

Shearwater is now the world's largest marine seismic services company following the strategic vessel transaction and long-term marine acquisition service agreement with CGG. The strategic partnership agreement increases Shearwater's scale and capabilities, and the company now has a fleet of 21 seismic acquisition vessels. Shearwater has seen a significant increase in backlog for major international oil companies and multiclient companies and is uniquely positioned for further growth. Activity and rates continue to reflect an improved marine seismic market.

GC Rieber Shipping provides ship management services for specialised vessels on behalf of third-party owners. GC Rieber Shipping operates four seismic vessels for Shearwater, two

ro-ro vessels for Statnett Transport and one cable lay vessel for Nexans. One additional newbuilding vessel for Nexans will come under management when the vessel is finalised in 2021.

The current market for ice/support is stable. All GC Rieber Shipping's ice/support vessels are fully booked for 2020. GC Rieber Shipping has a unique track record within ice operations and will allow continued pursuit of new attractive opportunities in this segment.

The coronavirus disease (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. The impact of these factors on the offshore industry and GC Rieber Shipping's business is uncertain.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2019 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations determined by the International Accounting Standards Board and adopted by the EU effective as at 31 December 2019, 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, and a fair review of the information as stated in the Norwegian Securities Trading Act, § 5-6 fourth section. We also confirm, to the best of our knowledge, that the annual report includes a fair review of important events that have occurred in the accounting period and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the coming accounting period, and major related-parties' transactions.

We emphasise the current uncertainties related to the coronavirus disease (COVID-19) outbreak and reductions in the oil price, and unclear effects on GC Rieber Shipping's business.

| | | |
|--------------------------------------------------|------------------------------------------------|---------------------------------------|
| Bergen, 9 March 2020 | | |
| The Board of Directors of GC Rieber Shipping ASA | | |
| Paul-Chr. Rieber <i>Chairman</i> | Morten Foros Krohnstad <i>Vice chairman</i> | Trygve Bruland <i>Board member</i> |
| Tove Lunde <i>Board member</i> | Bodil Valland Steinhaug <i>Board member</i> | Einar Ytredal <i>CEO</i> |

Financial Statement

GC Rieber Shipping ASA Group

CONSOLIDATED INCOME STATEMENT

THE GC RIEBER SHIPPING ASA GROUP

| NOK (1 000) | NOTE | 2019 | 2018 |
|----------------------------------------------------------------------------|---------|----------|----------|
| OPERATING INCOME | | | |
| Charter income | | 202 162 | 206 228 |
| Other shipping related operating income | | 55 176 | 25 682 |
| Total operating income | 5,6 | 257 338 | 231 910 |
| OPERATING EXPENSES | | | |
| Vessel operating expenses | | -64 331 | -62 051 |
| Crew and catering expenses | 7 | -69 542 | -74 290 |
| Administration expenses | 7,16,17 | -45 413 | -58 172 |
| Total operating expenses | | -179 287 | -194 513 |
| Non cash gain on sale of shares in joint ventures | 4 | - | 310 254 |
| Profit from joint ventures and associates | 4 | 8 824 | -92 754 |
| Earnings before interests, taxes, depreciations and amortisations (EBITDA) | | 86 876 | 254 897 |
| Depreciation | 10,16 | -117 585 | -110 003 |
| Impairment / reversal of impairment on fixed assets | 10 | -3 905 | 55 761 |
| Gains (losses) on sale of fixed assets | | 101 570 | - |
| Net operating income (EBIT) | | 66 956 | 200 655 |
| FINANCIAL INCOME AND EXPENSES | | | |
| Financial income | 18 | 2 627 | 1 998 |
| Financial expenses | 16,18 | -53 514 | -54 735 |
| Changes in market value of financial current assets | 18 | -1 927 | - |
| Realised currency gains (losses) | 18 | -1 490 | -85 |
| Unrealised currency gains (losses) | 18 | 1 477 | 199 |
| Net income before taxes | | 14 129 | 148 032 |
| Taxes | 8 | 269 | 107 |
| NET INCOME FOR THE YEAR | | 14 398 | 148 139 |
| Basic and diluted earnings per share | 9 | 0.17 | 2,68 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

THE GC RIEBER SHIPPING ASA GROUP

| NOK (1 000) | NOTE | 2019 | 2018 |
|------------------------------------------------------------------------------------|------|--------|---------|
| Net income for the year | | 14 398 | 148 139 |
| OTHER COMPREHENSIVE INCOME: | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Changes in pension estimates | | 894 | 405 |
| Tax effect changes in pension estimate | | -197 | -89 |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | | |
| Foreign currency translation subsidiaries, joint ventures and associated companies | | 16 642 | 84 064 |
| Sum comprehensive income for the year | | 31 737 | 232 519 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE GC RIEBER SHIPPING ASA GROUP

| NOK (1 000) | NOTE | 31.12.2019 | 31.12.2018 |
|----------------------------------------------|------|------------|------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Vessels | 10 | 1 689 242 | 1 770 607 |
| Machinery and equipment | 10 | 15 436 | 22 362 |
| Right-of-use asset | 16 | 6 042 | - |
| Total tangible fixed assets | | 1 710 720 | 1 792 969 |
| Investments in joint ventures and associates | 4 | 921 276 | 921 561 |
| Total financial fixed assets | | 921 276 | 921 561 |
| Total fixed assets | | 2 631 996 | 2 714 530 |
| CURRENT ASSETS | | | |
| Consumables and spare parts | | 2 689 | 2 328 |
| Total consumables and spare parts | | 2 689 | 2 328 |
| Trade receivables | 11 | 31 836 | 45 917 |
| Other current receivables | 11 | 19 458 | 10 347 |
| Total receivables | | 51 294 | 56 264 |
| Cash and cash equivalents | 12 | 211 528 | 204 164 |
| Total current assets | | 265 511 | 262 755 |
| TOTAL ASSETS | | 2 897 507 | 2 977 286 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE GC RIEBER SHIPPING ASA GROUP

| NOK (1 000) | NOTE | 31/12/2019 | 31/12/2018 |
|-----------------------------------------------------|--------|------------|------------|
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital (86,087,310 shares at NOK 1.80) | 13, 17 | 154 957 | 154 957 |
| Portfolio of own shares (54,500 shares at NOK 1.80) | 13 | -98 | -98 |
| Share premium | | 286 510 | 286 510 |
| Paid in capital | | 441 369 | 441 369 |
| Other equity | | 1 301 445 | 1 269 707 |
| Total retained earnings | | 1 301 445 | 1 269 707 |
| Total equity | | 1 742 814 | 1 711 077 |
| LIABILITIES | | | |
| Pension liabilities | 15 | 7 244 | 7 321 |
| Total provisions | | 7 244 | 7 321 |
| Long-term debt | 14,16 | 1 093 396 | 1 195 729 |
| Total long-term debt | | 1 093 396 | 1 195 729 |
| Current portion of long-term debt | 14 | 28 177 | 24 025 |
| Trade payables | | 15 169 | 21 063 |
| Public duties payable | | 3 053 | 3 098 |
| Other current liabilities | 19,16 | 7 654 | 14 974 |
| Total current liabilities | | 54 052 | 63 159 |
| Total liabilities | | 1 154 693 | 1 266 209 |
| TOTAL EQUITY AND LIABILITIES | | 2 897 507 | 2 977 286 |

Bergen, 9 March 2020
The Board of Directors of GC Rieber Shipping ASA

| | | |
|-------------------------------------|------------------------------------------------|---------------------------------------|
| Paul-Chr. Rieber <i>Chairman</i> | Morten Foros Krohnstad <i>Vice chairman</i> | Trygve Bruland <i>Board member</i> |
| Tove Lunde <i>Board member</i> | Bodil Valland Steinhaug <i>Board member</i> | Einar Ytredal <i>CEO</i> |

CONSOLIDATED CASH FLOW STATEMENT

THE GC RIEBER SHIPPING ASA GROUP

| NOK (1000) | NOTE | 2019 | 2018 |
|-------------------------------------------------------------------------------------|------|----------|----------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net income before taxes | | 14 129 | 148 032 |
| Depreciation | 10 | 117 585 | 110 003 |
| Impairment / reversal of impairment on fixed assets | 10 | 3 905 | -55 761 |
| Sale of fixed assets | 10 | -101 570 | - |
| Gain on sale of shares in joint ventures | 4 | - | -310 254 |
| Profit from joint ventures and associates | 4 | -8 824 | 92 754 |
| Currency losses (gains) | | 1 940 | -114 |
| Change in consumables and spare parts | | -361 | 4 611 |
| Change in short term receivables | | 4 969 | 14 741 |
| Change in current liabilities | | -5 939 | 3 162 |
| Change in other current assets and other liabilities | | -4 800 | -26 249 |
| Interest expense | | 51 387 | 49 806 |
| Net cash flow from operating activities | | 72 420 | 30 729 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | |
| Payments from investments in financial assets | | 15 632 | 31 321 |
| Payments for investments in financial assets | | - | -240 628 |
| Payments from sale of fixed assets | 10 | 118 382 | - |
| Payments for investments in fixed assets | 10 | -29 643 | -1 220 |
| Net cash flow from investment activities | | 104 371 | -210 528 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Cash from new long-term debts | | 2 722 | 5 579 |
| Repayment of long-term debts | | -120 523 | -85 028 |
| Interest paid | | -47 789 | -49 456 |
| Installment financial lease | 16 | -1 812 | - |
| Loan from shareholder | 4 | - | 240 000 |
| Repayment of loan from shareholder | 4 | - | -19 917 |
| Issue of new equity (in addition to remaining shareholder loan converted to equity) | 4 | - | 125 917 |
| Cost of equity issues | | - | -7 842 |
| Net cash flow from financing activities | | -167 402 | 209 253 |
| Net change cash and cash equivalents | | 9 390 | 29 454 |
| Cash and cash equivalents at 01.01. | | 204 164 | 107 749 |
| Reclassification from long term receivables to cash | | - | 63 323 |
| Currency gains (losses) on cash and cash equivalents | | -2 025 | 3 637 |
| Cash and cash equivalents at 31.12. | 12 | 211 528 | 204 164 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE GC RIEBER SHIPPING ASA GROUP

| NOK (1000) | SHARE CAPITAL | OWN SHARES | SHARE PREMIUM | FOREIGN CURRENCY TRANSLATION | OTHER EQUITY | TOTAL EQUITY |
|---------------------------------------|---------------|------------|---------------|------------------------------|--------------|--------------|
| Balance at 1 January 2018 | 78 863 | -271 | 16 604 | 272 334 | 772 104 | 1 139 636 |
| Net income for the year | | | | | 148 139 | 148 139 |
| Other comprehensive income | | | | 84 064 | 316 | 84 380 |
| Total income and expense for the year | | | | 84 064 | 148 455 | 232 519 |
| TRANSACTIONS WITH SHAREHOLDERS | | | | | | |
| Capital increase March | 24 000 | | 76 000 | | -3 682 | 96 318 |
| Capital increase December | 52 094 | | 193 906 | | -4 160 | 241 840 |
| Sale of own shares | | 173 | | | 590 | 763 |
| Dividends to the shareholders | | | | | - | - |
| Balance at 31 December 2018 | 154 957 | -98 | 286 510 | 356 398 | 913 307 | 1 711 077 |
| Balance at 1 January 2019 | 154 957 | -98 | 286 510 | 356 398 | 913 307 | 1 711 077 |
| Net income for the year | | | | | 14 398 | 14 398 |
| Other comprehensive income | | | | 16 642 | 697 | 17 339 |
| Total income and expense for the year | | | | 16 642 | 15 095 | 31 737 |
| Transactions with shareholders | | | | | | |
| Dividends to the shareholders | | | | | - | - |
| Balance at 31 December 2019 | 154 957 | -98 | 286 510 | 373 040 | 928 402 | 1 742 814 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE GC RIEBER SHIPPING GROUP

NOTE 1 – CORPORATE INFORMATION

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 specialised competence in offshore operations in harsh environments as well as design, development and maritime operation of offshore vessels.

GC Rieber Shipping currently operates 13 and has direct and indirect ownership in 29 advanced special purpose vessels for

defined markets within the subsea & renewables, ice/support and marine seismic segments.

The company has its headquarter and a ship management office in Bergen, with an additional 50% owned ship management company in Yuzhno-Sakhalinsk (Russia). The company is listed on Oslo Børs with ticker RISH.

The financial statements were authorised for issue by the Board of Directors on 9 March 2020.

NOTE 2 – ACCOUNTING POLICIES

2.1 PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements of the GC Rieber Shipping ASA group (the "Group"), including comparable figures, have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations, published by the International Accounting Standards Board and adopted by the EU, effective as at 31.12.2019.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of the following assets:

- financial assets and financial liabilities (including financial derivatives) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates (note 2.21). It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in notes.

2.2 CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Group

IFRS 16 "Leases" was issued in January 2016 and sets out the principles for the recognition, measurement and disclosure requirements for both parties to a lease contract. IFRS 16 was effective for reporting periods beginning on or after 1 January 2019 and replaces the current standard IAS 17 Leases and related interpretations. The Group adopted IFRS 16 on the effective date using a modified retrospective approach and will not restate comparative information. The cumulative effect of applying the new standard on 1 January 2019 is disclosed in note 2.9.

Under the new standard, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of a lease as either an operating lease or finance lease for lessees. Low value leases and short-term leases (a period of 12 months or less) are charged as an expense and not presented as a lease liability in the Consolidated Balance Sheet.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency NOK or USD). The consolidated financial statements are presented in NOK, which is the parent company's functional and presentation currency.

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items are translated at the current exchange rate, non-monetary items that are measured at historical cost are translated at the rate in effect on the original transaction date, and non-monetary items that are measured at fair value are translated at the exchange rate in effect at the time when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies to year-end exchange rates are recognised in the income statement.

Group companies

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates
- exchange differences are recognised in other comprehensive income and specified separately in equity

When a foreign subsidiary is disposed of the accumulated exchange, differences related to that subsidiary are recognised in the income statement.

2.4 CONSOLIDATION PRINCIPLES, JOINT VENTURES AND ASSOCIATED COMPANIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when

the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Business combinations are accounted for using the acquisition accounting method. Companies, which are acquired or sold during the period, are included in the consolidated financial statements from the point in time when the parent company acquires control or until control ceases.

Jointly controlled entities are entities over which the Group has joint control through a contractual agreement between the parties.

The Group's interests in joint ventures and associated companies are accounted for using the equity method.

When the Group's share of losses in a joint venture/associate exceeds its interests in the joint venture/associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture/associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture/associate.

The company accounts of jointly controlled entities have been prepared for the same accounting year as the parent company and with uniform accounting policies.

Intra-Group transactions and balances, including internal profits and unrealised gains and losses, are eliminated.

Unrealised gains from transactions with associated companies and jointly controlled entities are eliminated in the Group's share of the associated company/jointly controlled entity. Correspondingly, unrealised losses are eliminated, but only if there are no indications of any impairment in the value of the asset that is sold internally.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and the share of other comprehensive income is recognised in other comprehensive income and adjusts the carrying amount of the investments. When the Group's share of losses in associates equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Any loans to the associates are measured according to other financial assets of the same category.

The Group's share of unrealised gains on transactions between the Group and its associates is eliminated. Unrealised losses are also eliminated unless the transaction provides evidence

of an impairment of the asset transferred. The accounts of the associates have been changed if necessary, to align the accounting policies with those of the policies in the Group.

2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less. In some cases, the Group also enters into contracts for short-term deposits with maturity exceeding three months. Per 31.12.2019, there were no deposits with maturity exceeding three months.

2.6 TRADE RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 - 45 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs such services to a customer before the customer pays consideration for the service, a contract is recognised for earned consideration.

Trade receivables are recognised at nominal value and impairment tests are performed to measure expected credit losses.

2.7 STORES ON THE VESSELS

Stores on vessels are valued at the lower of cost and net realisable value. Costs incurred are accounted for using the FIFO (first in first out) method and include costs accrued in acquiring the stores and bringing the stores to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated sales cost.

2.8 FIXED ASSETS

Components of fixed assets that represent a substantial portion of a vessel's total cost price are separated for depreciation

purposes and are depreciated over their expected useful lives. The useful life is the period that the Group expects to use the vessel, and this period can thus be shorter than the economic life. If various components have approximately the same useful life and the same depreciation method as other components, the components are depreciated collectively.

For vessels, the straight-line method for ordinary depreciation is applied, based on an economic life of 25 years from the vessel was new. With reference to IAS 16, Property, Plant and Equipment, the Group uses estimated recoverable amount as residual value. In special circumstances the Group will consider an alternative depreciation horizon if the circumstances so indicate, such as the purchase and/or upgrading of older vessels.

Improvements and upgrading are capitalised and depreciated over the remaining economic life of the vessel. The straight-line method for ordinary depreciation based on a period of 2.5 to 5 years is applied for periodic maintenance. The straight-line method for ordinary depreciation based on a life of 3 to 10 years is applied for other depreciable assets.

The depreciation period and method are assessed annually to ensure that the method and period used are in accordance with the financial realities of the fixed asset. The same applies to the scrap value. The scrap value of the vessels is calculated by multiplying the steel weight of the vessel by the prevailing market price for steel at the balance sheet date.

Fixed assets are valued at acquisition cost less any accumulated depreciation and write-downs. When assets are sold or disposed of, the acquisition cost and accumulated depreciation are reversed in the accounts and any loss or gain on the disposal is recognised in the income statement.

Fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Each vessel together with any associated contracts is considered as a separate CGU.

Write-downs recorded in previous periods are reversed when there is information indicating that the recoverable amount is higher than the carrying amount. The reversal is limited to an amount that will bring the asset's a carrying amount back to the book value it would have had using the original depreciation method.

The Group capitalises expenses incurred at the docking of the Group's vessels and amortises these expenses over the period until the next docking ("the capitalisation method").

Vessels under construction are classified as fixed assets and are recorded at the value of the incurred expenses related to the fixed asset. Vessels under construction are not depreciated until the vessel is placed in service.

2.9 LEASES

The Group recognises all identifiable lease agreements as a lease liability and a corresponding right-of-use asset, with the following exemptions:

- short-term leases (defined as 12 months or less)
- low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

The Group presents leased assets (right-of-use assets) as other fixed assets in the balance sheet. The rental amount is taken to revenue linearly over the lease period. Initial direct costs incurred in establishing the lease are included in the carrying amount of the leased asset and expensed during the lease period.

The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciations are according to IAS 16 Property, Plant and Equipment, except that the right-of-use asset is depreciated over the earlier of the lease term and the remaining useful life of the right-of-use asset. IAS 36 Impairment of Assets applies to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The lease liability is initially measured at the present value of the lease payments for the right-to-use the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and measuring the carrying amount to reflect any reassessment of lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group presents lease liabilities as long-term debt and other current (first year instalments) in the balance sheet.

The interest effect of discounting the lease liability is presented separately from the depreciation charge for the right-of-use asset. The depreciation expense is presented with other depreciations, whereas the interest effect of discounting is presented as a financial item.

For more information, see note 16 Right-of-use asset and lease liabilities.

2.10 FINANCIAL INSTRUMENTS

Classification

The Group classifies its financial assets in the following measurement categories in accordance with IFRS 9:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the nature of the financial instrument, and the contractual cash flow characteristics of the instrument.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or as other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies any debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in financial income/- expenses. Impairment losses are presented as a part of financial expenses.*
- *Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in financial income/- expenses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.*
- *FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within financial income/- expenses in the period in which it arises.*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial

assets at FVPL are recognised in financial income/- expenses in the statement of profit or loss as applicable. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group on a forward-looking basis assesses the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Hedging

The Group has decided not to apply hedge accounting. Derivatives held for hedging purposes are measured at fair value through profit and loss in the financial statements.

In 2019, the Group has engaged in forward contracts hedging 2020 GBP cash flows against USD. The final contract matures in November 2020.

2.11 PROVISIONS

Provisions are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Provisions are recognised when, and only when, the Group has an existing liability (legal or assumed) as a consequence of events which have taken place, it is probable (more likely than not) that a financial settlement will occur, and the amount can be measured reliably. Provisions are reviewed at each balance sheet date and they reflect the best estimate of the respective liabilities. When the time factor is insignificant, the size of the provisions will be equal to the size of the expense required for redemption from the obligation. When the time factor is significant, the provisions will be the net present value of future payments to cover the obligation. Increase in the provision due to the time factor is presented as interest expenses.

2.12 EQUITY AND LIABILITIES

Equity and Liabilities

Financial instruments are classified as liabilities or equity, in accordance with the underlying financial reality. Interest, dividends, gains and losses related to a financial instrument classified as a liability are presented as an expense or income. Distributions to the financial instrument's holders, whose financial instruments are classified as equity, are charged directly to equity.

Own shares

The nominal value of the Group's own shares is presented in the balance sheet as a negative equity element. The purchase price in excess of the nominal value is recognised in other equity. Losses or gains originating from transactions with the Group's own shares are not recorded in the income statement.

Other reserves

Reserve for translation differences

Translation differences arise in connection with currency exchange differences in the consolidation of foreign entities. Currency exchange differences with respect to monetary items (liabilities or receivables) that are in reality part of the Group's net investment in a foreign unit are treated as translation differences. Upon the disposal of a foreign entity, the accumulated translation difference related to that entity is reversed and recorded in the income statement in the same period that the gain or loss on the disposal is recorded.

2.13 REVENUE RECOGNITION

IFRS 15 «Revenues from contracts with customers» deals with revenue recognition. The standard requires the customer contract to be divided into the individual performance obligations. A performance obligation can be a commodity or a service. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The Group has categorised the revenues into Bareboat revenue, Time Charter revenue and revenues from technical management activity.

Time Charter and Bareboat Contacts

The Group's main source of income is charter hire of vessels. The vessels are chartered to customers both by Bareboat and Time Charter agreements.

A Bareboat charter is a lease of the vessel. The rental amount is recognised linearly over the lease period.

A Time Charter contract contains both a lease, by a right to use the vessel, and service components which can include operation and maintenance of the vessel (including crew). The service components will be within the scope of IFRS 15. The volume of services provided are usually stable throughout the leasing period, and revenue will therefore be recognised on a linear basis over the lease term.

On Time Charter contracts, the Group only recognises Time Charter revenue when the vessels are on-hire. When the vessels are off-hire the Group does not recognise any Time Charter revenues except if the contracts can be negotiated with layup rates and for periodical maintenance days in accordance with contract, on which revenue is recognised. Revenues from Time Charter activity is classified as charter income. The contract period starts when the vessels is made available to the customer and ends on agreed return date.

Additional services for vessels on Time Charter contracts can be agreements regarding meals and accommodation onboard the vessel for extra crew onboard the vessel (charterers crew). For such revenue, the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. This income is therefore recognised in the amounts to which the Group has the right to invoice, according to the practical expedient in IFRS 15. This revenue classifies as other operating income.

Management fee

Management fee for technical management, project management, building supervision and maritime operations of vessels for external owners is considered a service that is recognised over time.

This revenue is presented as other shipping related operating income.

Reimbursables

The Group is considered agent for reimbursable income such as sale of bunkers and fuel, the revenue is therefore presented net of the cost in the income statement.

Dividend income

Dividend income is recognised when the shareholders' right to receive dividends has been determined by the general meeting.

2.14 PENSIONS

The Group accounts for its pension schemes in accordance with IAS 19, Employee Benefits.

The companies within the Group have different pension schemes. In general, the pension schemes are financed through payments to insurance companies or pension funds, as determined by periodical actuarial calculations. In 2018 the Group had both defined contribution plans and defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits related to the employee service in current and prior periods.

A pension scheme that does not meet the definition of a defined contribution plan is a defined benefit plan. The Group's obligation to the employees consists of an obligation to contribute pension payments of a certain amount. The pension plan describes how the pension is calculated. The salary at or just before retirement, as well as the employee's length of service in the Group, are factors that will normally influence the pension.

The plan assets in defined benefit plans are measured at fair value. The pension obligation and the pension costs are determined by use of a linear contribution calculation. A linear contribution calculation distributes the contribution of future pension benefits linearly over the contribution period and considers the earned pension rights of the employees during a period as the pension cost of the year.

The introduction of a new defined benefit plan or an improvement of the existing defined benefit plan will entail changes in the pension obligation. The change is recognised immediately in the comprehensive income. The introduction of new plans or changes of existing plans which take place with retroactive effect, implying that the employees have immediately earned a paid-up policy (or a change in paid-up policy), is immediately recognised in the income statement. Gains or losses related to downsizing or the termination of pension plans are recognised in the income statement when they occur. Actuarial gains or losses are recognised in the comprehensive income.

The pension obligation is calculated based on the present value of future cash flows. The discount rate is equal to the interest rate on preference bonds. The calculations have been performed by a qualified actuary.

A defined contribution plan is a pension plan under which the Group pays premiums to publicly or privately administered

insurance plans for pensions on a mandatory, contractual or voluntary basis. The Group has no obligations to pay further contributions after the premiums have been paid. The premium payments are recorded as payroll expenses as they fall due. Prepayments are recorded as an asset to the extent they can be refunded or will reduce future premium payments.

2.15 BORROWINGS

Loans are recognised at fair value, net of any transaction costs. Loans are subsequently accounted for at amortised cost through the use of the effective interest rate, where the difference between the net proceeds and redemption value is recognised in the income statement over the term of the loan.

Borrowing expenses are recognised in the income statement when they incur. General and specific borrowing costs that are directly attributable to the purchase, construction or production of a fixed asset are capitalised. Qualifying assets are assets that take a substantial period of time to finalise for their intended use or sale. The capitalisation of borrowing expenses occurs when interest expenses are incurred during the construction period of the fixed asset. Borrowing expenses are capitalised until the point in time when the fixed asset is ready for use. If the cost price exceeds the fair value of the fixed asset, an impairment loss is recognised.

2.16 TAXES

The tax expense consists of payable tax and change in deferred tax. Deferred tax /deferred tax assets are calculated based on the differences between the financial and tax values of assets and liabilities, with the exception of:

- *deferred tax that arises as a result of goodwill depreciation that is not tax deductible.*
- *temporary differences related to investments in subsidiaries, associated companies or joint ventures, where the Group determines when the temporary differences will be reversed, and this is not assumed to occur in the foreseeable future.*

Deferred tax assets are recorded in the accounts when it is probable that the Group will have sufficient taxable profit to benefit from the tax asset. On each balance sheet date, the Group will review unrecognised deferred tax assets and the carrying amount of such assets. The companies recognise prior unrecognised deferred tax assets in the accounts if it becomes probable that the Group can make use of the deferred tax asset. Correspondingly, the Group will reduce the deferred tax asset if the Group can no longer benefit from the deferred tax asset. Deferred tax and deferred tax assets are measured

based on the tax rates and tax legislation that are adopted or principally adopted on the balance sheet date for entities in the Group where temporary differences have arisen. Deferred tax and deferred tax assets are recognised in the accounts regardless of when the differences will be reversed. Deferred tax assets are presented as a non-current asset in the balance sheet.

Tax payable and deferred tax relating to actuarial deviations are recognised in the statement of comprehensive income. The tax effect of particular items is presented on a separate line in the statement of comprehensive income. Tax payable and deferred tax/deferred tax asset are measured at the tax rate which relates to earned, not distributed equity. The tax effect of dividends is considered when the Group has undertaken an obligation to distribute dividends.

2.17 CLASSIFICATION OF ASSETS AND LIABILITIES IN THE BALANCE SHEET

Assets meant for permanent ownership or use and receivables which are due later than one year after the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Liabilities which are due later than one year after the end of the accounting period are classified as long-term liabilities. Other liabilities are classified as current liabilities. Next year's instalments on long-term debt are classified as current liabilities in the balance sheet.

2.18 OPERATING SEGMENTS

The Group presents accounting figures for the business segments ice/support, subsea & renewable and joint ventures & associates. Indirect attributable costs are allocated to the operating segments when applicable. In 2019 all indirect costs have been allocated to the subsea & renewables segment. Financial information regarding the segments is presented in note 5.

2.19 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are defined as

- *possible liabilities resulting from prior events where the existence of the liability depends on future events.*
- *liabilities which have not been recognised because it is not probable that they will lead to payments.*
- *liabilities which cannot be measured with an adequate degree of reliability.*

Contingent liabilities are not recorded in the financial statements. Significant contingent liabilities are disclosed unless the probability of the liability occurring is low. A contingent asset is not recorded in the financial statements; but will be disclosed if there is a certain probability that the Group will benefit from it.

2.20 EVENTS AFTER THE BALANCE SHEET DATE

New information about the Group's position at the balance sheet date has been taken into account in the financial statements. Events occurring after the balance sheet date that do not affect the Group's position at the balance sheet date, but will affect the Group's position in the future, have been disclosed if material.

The coronavirus disease (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. The impact of these factors on the offshore industry and GC Rieber Shipping's business is uncertain.

2.21 USE OF ESTIMATES, JUDGEMENTS AND ASSUMPTIONS IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Management has used estimates and assumptions which have affected the assets, liabilities, income and expenses, as well as the disclosures regarding potential obligations. This particularly relates to deferred tax assets, provisions for liabilities and write-downs of fixed assets when there are indications of impairment. The estimates may change as a consequence of future events. The estimates and the underlying assumptions are reassessed continuously. Changes in accounting estimates are recognised in the income statement in the period the changes occur. If the changes also relate to future periods, the effect will be distributed over the present and future periods.

Vessels

As a result of the development in the offshore market and the following impairment indicators, impairment testing has been performed in order to calculate the recoverable amount for the Group’s fleet.

For the vessels in the subsea & renewable segment, management has estimated both value in use and fair value less cost of disposal. Management has used judgement in estimating both values.

Fair value less cost of disposal is based on the average of three valuations from reputable brokers, adjusted for expected sales commissions. The values in the broker valuations are quoted as a range. The mid-point in the range is used, since this is considered to best reflect all possible outcomes of a potential transaction. In the current market, the valuations from brokers only to a limited extent represents results of transactions of similar assets. This reduces the reliability of the valuation, and management has sought to substantiate the broker valuations, inter alia with value in use calculations or tests of reasonableness of implicit rates derived from the valuations. Implicit rates (including both average day-rate and utilisation) has been derived from a discounted cash flow model, making assumptions about the level of operating expenses, periodic maintenance and discount rate. Assumptions about the level of operating expenses and periodic maintenance are based on experience data and future budget. The discount rate has been set as a weighted average cost of capital (WACC), where the required rate of equity determined using capital asset pricing model (CAPM). The beta value is based on an analysis of comparable companies. Management considers that the rates derived from the analysis is consistent with management’s own market expectations. Management has considered both the current market situation, analyst reports about expected future development, and historical rates and utilisation when defining its expectation about future day rates and utilisation. Following the evaluation, management has concluded that the broker valuations can be considered reliable.

When estimating value in use, management has used the same assumption about operating expenses, periodic maintenance and discount rate as in the evaluation of the

broker valuations. For vessels with contracts, management has assumed that the contracts will be completed. Options held by the customers are assumed to be exercised if they are at or below current market rates. For periods not covered by contracts, revenue has been estimated based on the rates derived from the evaluation of the broker valuations. Management has also done sensitivity analysis simulating changes in utilisation and opex for the vessels.

Information about impairments recognised and recoverable amounts are given in note 10.

Deferred tax assets

Deferred tax assets are recognised in the balance sheet when it is probable that the Group will have sufficient future taxable profit to benefit from the tax asset. If sufficient taxable profit should not be achieved for the Group, deferred tax assets cannot be utilised and carried amount has to be recognised as expense partly or in full. Deferred tax assets are recorded at nominal value in accordance with IAS 12. Based on budgets taking into account the Group’s existing market, the Group does not expect to be able to utilise the deferred tax assets through taxable profits in the near future.

Provisions for liabilities

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that this will entail the payment or transfer of other assets to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2.22 CASH FLOW STATEMENT

The Group’s cash flow statement shows the Group’s consolidated cash flows distributed between operating activities, investment activities and financing activities. The cash flow statement shows the impact of the different activities on the Group’s cash and cash equivalents. The cash flow statement is presented based on the indirect method. The Group’s cash and cash equivalents include securities (time deposits) as these financial instruments can be converted into cash immediately.

NOTE 3 – GROUP COMPANIES

The consolidated financial statements consist of GC Rieber Shipping ASA and the following subsidiaries:

| COMPANY | BUSINESS OFFICE | PARENT COMPANY | OWNER’S SHARE |
|--------------------------|-----------------|------------------------|---------------|
| GC Rieber Shipping AS | Norway | GC Rieber Shipping ASA | 100% |
| Polar Ship Invest AS | Norway | GC Rieber Shipping ASA | 100% |
| Polar Ship Invest II AS | Norway | GC Rieber Shipping ASA | 100% |
| Polar Ship Invest III AS | Norway | GC Rieber Shipping ASA | 100% |
| Polar Shipping AS | Norway | GC Rieber Shipping ASA | 100% |
| Polar Explorer AS | Norway | GC Rieber Shipping ASA | 100% |
| Polarus AS | Norway | GC Rieber Shipping ASA | 100% |
| GC Rieber Shipping BV | Netherlands | GC Rieber Shipping ASA | 100% |
| GC Rieber Crewing AS | Norway | GC Rieber Shipping AS | 100% |
| Rieber Shipping AS | Norway | GC Rieber Shipping AS | 100% |

NOTE 4 – INVESTMENTS IN JOINT VENTURES & ASSOCIATES

As of 31.12.2019 the Group has the following investments in joint ventures & associates:

| JOINT VENTURE / ASSOCIATE | COUNTRY | BUSINESS | OWNER’S SHARE |
|-----------------------------------|---------|-----------------------------|---------------|
| Polar Pevek Ltd | Cyprus | Ice-breaker/tug | 50% |
| OOO Polarus | Russia | Ice-breaker/tug/crew vessel | 50% |
| OOO De Kastri Tugs | Russia | Ice-breaker/tug | 50% |
| Shipworth Shipping Company Ltd | Cyprus | Crew vessel | 50% |
| Shearwater GeoServices Holding AS | Norway | Geophysical services | 20% |

Joint venture – ice-breaker/tug and crew vessels

The Group has 50% ownership in the vessel Polar Pevek which operates as an ice-breaker/tug in Russia on a 15-year Time Charter from 2006 to 2021 for Exxon Neftegas Ltd. The ownership and operation of the vessel is managed through three joint venture companies. Furthermore, the Group has 50% ownership in the crew vessels Polar Piltun and Polar Baikal. The vessels entered into new Time Charter agreements in 2020, prolonging their long-term engagement with Sakhalin Energy Investment Company Ltd (SEIC). The new contracts are

for one firm season, 2020, with an option to extend for the 2021 season. The crew-boats will continue to operate in Sea of Okhotsk, Sakhalin in Russia. The ownership and operation of the vessels is managed through two joint venture companies. There are no obligations related to the Group’s investment in joint ventures.

Below is a summary of the financial information of the joint ventures (100%) in USD 1000:

| (USD 1000) | 2019 | 2018 |
|--------------------------------------------------|---------------|---------------|
| CONDENSED BALANCE SHEET | | |
| SHORT TERM ITEMS | | |
| Cash and cash equivalents | 11 310 | 6 909 |
| Other current assets | 3 369 | 3 699 |
| Total current assets | 14 679 | 10 608 |
| Financial liabilities (ex. Trade payables) | -5 420 | -5 420 |
| Other current liabilities (incl. Trade payables) | -1 304 | -1 102 |
| Total current liabilities | -6 724 | -6 522 |
| LONG-TERM ITEMS | | |
| Assets | 32 962 | 36 815 |
| Financial liabilities | -4 045 | -9 465 |
| Total non-current liabilities | -4 045 | -9 465 |
| Net assets | 36 872 | 31 436 |
| CONDENSED INCOME STATEMENT | | |
| Operating income | 18 610 | 18 197 |
| Operating expenses | -4 991 | -4 609 |
| Depreciation | -3 594 | -4 027 |
| Financial income | 80 | 62 |
| Financial expenses | -763 | -1 057 |
| Result before tax | 9 342 | 8 566 |
| Tax | -205 | -438 |
| Result | 9 137 | 8 128 |

Reconciliation between the condensed accounting information above and carrying share of joint ventures ice-breaker/tug and crew vessels:

| USD (1000) | 2019 | 2018 |
|----------------------------------------------------------------------------------|----------------|----------------|
| CONDENSED FINANCIAL INFORMATION | | |
| Net assets 1 January | 31 446 | 31 018 |
| Result for the period | 9 137 | 8 128 |
| Result not recognised in 2016 | | |
| Dividends paid | -3 700 | -7 700 |
| Net assets 31 December | 36 883 | 31 446 |
| Current exchange rate at the balance sheet date | 8.78 | 8.69 |
| Net assets 31 December at the exchange rate on the balance sheet date (NOK 1000) | 323 845 | 273 219 |
| Owner share 50% (NOK 1000) | 161 922 | 136 610 |
| Group items (NOK 1000) | -2 032 | -2 230 |
| Carrying amount (NOK 1000) | 159 891 | 134 380 |

Associated Company – Marine Seismic (Shearwater GeoServices)

As at 31.12.19 the Group had 20% ownership in the marine geophysical service company Shearwater Geoservices ("Shearwater"). Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Following the CGG-transaction 8 January 2020 described in note 22, Shearwater owns and operates a fleet of 21 seismic 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 600 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.

Following the CGG-transaction 8 January 2020, GC Rieber Shipping's ownership in Shearwater is 19%.

Below is a summary of the financial information of the associated company (100%) in USD 1000:

| (USD 1000) | 2019 | 2018 |
|--------------------------------------------------|-----------------|-----------------|
| CONSOLIDATED BALANCE SHEET | | |
| SHORT TERM ITEMS | | |
| Cash and cash equivalents | 71 424 | 82 712 |
| Other current assets | 142 184 | 91 609 |
| Total current assets | 213 608 | 174 321 |
| Financial liabilities (ex. Trade payables) | -354 696 | -32 100 |
| Other current liabilities (incl. Trade payables) | -54 749 | -43 423 |
| Total current liabilities | -409 445 | -75 523 |
| LONG-TERM ITEMS | | |
| Assets | 797 549 | 858 638 |
| Financial liabilities | -158 371 | -502 994 |
| Other liabilities | -8 639 | -290 |
| Total non-current liabilities | -167 010 | -503 284 |
| Net assets | 434 702 | 454 152 |
| CONSOLIDATED INCOME STATEMENT | | |
| Operating income | 427 895 | 145 698 |
| Operating expenses | -302 070 | -141 850 |
| Depreciation and write-down | -102 557 | -32 614 |
| Financial income | 610 | 575 |
| Financial expenses | -47 408 | -14 950 |
| Result before tax | -23 530 | -43 140 |
| Tax | -1 737 | 1 595 |
| Result | -25 267 | -41 546 |

Reconciliation between the condensed accounting information above and carrying share of associated company Shearwater:

| USD (1000) | 2019 | 2018 |
|----------------------------------------------------------------------------------|-----------|-----------|
| CONDENCED INCOME STATEMENT | | |
| Net assets 1 January | 454 152 | 79 446 |
| Result for the period | -25 267 | -41 546 |
| Result not recognised in previous years | 6 674 | 11 |
| Capital increase | 0 | 325 000 |
| Shares subscription | -856 | 90 706 |
| Sale of own shares | 0 | 521 |
| Net assets 31 December | 434 702 | 454 152 |
| | | |
| Current exchange rate at the balance sheet date | 8.78 | 8.69 |
| Net assets 31 December at the exchange rate on the balance sheet date (NOK 1000) | 3 816 818 | 3 945 903 |
| Owner share 20% (NOK 1000) | 761 455 | 787 208 |
| Group items (NOK 1000) | 0 | 0 |
| Carrying amount (NOK 1000) | 761 455 | 787 208 |

Shearwater Guarantee

Upon the establishment of Shearwater, GC Rieber Shipping provided a parent guarantee of 50% of the outstanding facility amount for the vessels Polar Duke, Polar Duchess, Polar Empress and Polar Marquis (USD 86 million as of 31.12.2019). Following the acquisition of Schlumberger’s marine seismic business in 2018, Rasmussengruppen AS provided a counter guarantee in favour of GC Rieber Shipping for 63.9% of this liability.

If the fair market value of these four Shearwater vessels is reduced below 90% of the outstanding facility amount, GC Rieber Shipping shall, within 12 months, provide a cash deposit for the difference between the market value and the 90% level, limited to USD 10 million. Rasmussengruppen AS has also provided a counter guarantee in favour of GC Rieber Shipping for 63.9% of this liability.

Sale of shares in Shearwater – calculated profit

| NOK (1000) | 2019 | 2018 |
|---------------------------------------|------|----------|
| Gross profit of reduced ownership | - | 461 466 |
| Reduced ownership - cost price shares | - | -144 863 |
| Currency effect | - | -6 349 |
| Non-cash gain reduced ownership | - | 310 254 |

Following Shearwater’s acquisition of Western Geco’s marine seismic business in 2018, a net profit of NOK 310 million (non-cash gain) was booked a result of the Group’s reduced owners

share in Shearwater from 50% to 20%; gross profit was NOK 461 million, cost price shares were NOK 145 million and there was also a negative currency effect of NOK 6 million.

Summary (2019):

| NOK (1000) | ICE/SUPPORT | MARINE SEISMIC | TOTAL |
|-----------------|-------------|----------------|---------|
| Result | 40 403 | -31 579 | 8 824 |
| Carrying amount | 159 891 | 761 454 | 921 345 |

NOTE 5 – SEGMENT INFORMATION (NOK 1000)

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 in the 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

To reflect a continued high share of work being performed within the offshore renewables market, GC Rieber Shipping has renamed its former Subsea segment as the Subsea & Renewables segment. Renaming the segment has not led to changes in any underlying assets or financial reporting. The company owns and operates three vessels within this segment; Polar King, Polar Queen and Polar Onyx. The vessels are primarily designed for inspection, maintenance and repair of subsea installations, but they have also demonstrated attractive capabilities for the mentioned offshore renewables market.

Ice/support

GC Rieber Shipping had one vessel within the reported ice/support segment in 2019, the RSS Ernest Shackleton, until the vessel was sold in May 2019 to Istituto Nazionale di Oceanografia e di Geofisica Sperimentale (OGS). There is currently no activity in the reported ice/support segment.

Joint ventures & associates

The ice/support-vessels owned through 50/50 joint ventures and operating in Russia are presented as joint ventures in the segment report.

The 20% (as at 31.12.2019) owned marine geophysical company Shearwater is presented as an associated company in the segment report.

Segment information:

| | ICE/ SUPPORT | SUBSEA & RENEWABLES ^{*)} | JOINT VENTURES & ASSOCIATES | NOT ALLOCATED | TOTAL |
|-------------------------------------------------------------------------------------------|-----------------|--------------------------------------|-----------------------------------|------------------|-----------|
| 2019 | | | | | |
| FROM THE INCOME STATEMENT | | | | | |
| Operating income | 28 878 | 228 460 | - | - | 257 338 |
| Profit sale of shares joint venture (see note 4) | - | - | - | - | - |
| Profit from joint venture (see note 4) | - | - | 40 403 | - | 40 403 |
| Loss from joint venture (see note 4) | - | - | -31 579 | - | -31 579 |
| Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets | 24 298 | 53 753 | 8 824 | - | 86 876 |
| Depreciation | -3 141 | -114 444 | - | - | -117 585 |
| Write downs | - | -3 905 | - | - | -3 905 |
| Profit from disposal of fixed assets | 101 570 | - | - | - | 101 570 |
| Net operating income | 122 728 | -64 596 | 8 824 | - | 66 956 |
| FROM THE BALANCE SHEET | | | | | |
| Vessels | - | 1 689 242 | - | - | 1 689 242 |
| Debt to credit institutions | - | 1 117 675 | - | - | 1 117 675 |
| FROM THE CASH FLOW STATEMENT | | | | | |
| Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets | 24 298 | 53 753 | 8 824 | - | 86 876 |
| Repayment of long-term loans | - | -120 523 | - | - | -120 523 |
| New long-term loans raised | - | 2 722 | - | - | 2 722 |
| Loan from shareholder | - | - | - | - | - |
| Repayment of loan from shareholder | - | - | - | - | - |
| Issue of new equity (in addition to converted shareholder loan) | - | - | - | - | - |
| Cost of equity issues | - | - | - | - | - |
| Sale of fixed assets | 118 382 | - | - | - | 118 382 |
| Investments | - | -29 643 | - | - | -29 643 |
| Other investing activities | - | - | - | - | - |
| Interest paid | - | -47 789 | - | - | -47 789 |
| Other changes | - | - | - | -6 500 | -6 500 |
| Net change in cash and cash equivalents | 142 680 | (141 479) | 8 824 | (6 500) | 3 525 |

^{*)} The Subsea & Renewables segment also includes external ship management income and corresponding costs for providing ship management services.

| | ICE/ SUPPORT | SUBSEA & RENEWABLES ^{*)} | JOINT VENTURES & ASSOCIATES | NOT ALLOCATED | TOTAL |
|-------------------------------------------------------------------------------------------|-----------------|--------------------------------------|-----------------------------------|------------------|-----------|
| 2018 | | | | | |
| FROM THE INCOME STATEMENT | | | | | |
| Operating income | 17 347 | 214 563 | - | - | 231 910 |
| Profit sale of shares joint venture (see note 4) | - | - | 310 254 | - | 310 254 |
| Profit from joint venture (see note 4) | - | - | 33 211 | - | 33 211 |
| Loss from joint venture (see note 4) | - | - | -125 965 | - | -125 965 |
| Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets | 17 080 | 20 317 | 217 500 | - | 254 897 |
| Depreciation | -7 539 | -102 464 | - | - | -110 003 |
| Write downs | - | 55 761 | - | - | 55 761 |
| Net operating income | 9 541 | -26 386 | 217 500 | - | 200 655 |
| FROM THE BALANCE SHEET | | | | | |
| Vessels | 20 510 | 1 750 096 | - | - | 1 770 606 |
| Debt to credit institutions | - | 1 219 754 | - | - | 1 219 754 |
| FROM THE CASH FLOW STATEMENT | | | | | |
| Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets | 17 080 | 20 317 | 217 500 | - | 254 897 |
| Repayment of long-term loans | - | -85 028 | - | - | -85 028 |
| New long-term loans raised | - | 5 579 | - | - | 5 579 |
| Loan from shareholder | - | - | - | 240 000 | 240 000 |
| Repayment of loan from shareholder | - | - | - | -19 917 | -19 917 |
| Issue of new equity (in addition to converted shareholder loan) | - | - | - | 125 917 | 125 917 |
| Cost of equity issues | - | - | - | -7 842 | -7 842 |
| Sale of fixed assets | - | - | - | - | - |
| Investments | - | -1 220 | - | - | -1 220 |
| Other investing activities | - | - | -209 307 | - | -209 307 |
| Interest paid | - | -49 456 | - | - | -49 456 |
| Other changes | - | - | - | -224 169 | -224 169 |
| Net change in cash and cash equivalents | 17 080 | (109 808) | 8 193 | 113 989 | 29 454 |

^{*)} The Subsea & Renewables segment also includes external ship management income and corresponding costs for providing ship management services.

NOTE 6 – OPERATING INCOME

| | ICE/SUPPORT | SUBSEA & RENEWABLES ^{*)} | IN TOTAL |
|------------------------------------|-------------|--------------------------------------|----------|
| 2019 | | | |
| TC hire | - | 196 196 | 196 196 |
| BB hire | 5 965 | - | 5 965 |
| Mangement fee | - | 11 668 | 11 668 |
| Misc revenues | 22 913 | 20 595 | 43 508 |
| Revenue from external customers | 28 878 | 228 460 | 257 338 |
| TIME OF REVENUE RECOGNITION | | | |
| At a point in time | - | - | - |
| Over time | 28 878 | 228 460 | 257 338 |
| In total | 28 878 | 228 460 | 257 338 |

| | ICE/SUPPORT | SUBSEA & RENEWABLES ^{*)} | IN TOTAL |
|------------------------------------|-------------|--------------------------------------|----------|
| 2018 | | | |
| TC hire | - | 188 881 | 188 881 |
| BB hire | 17 347 | - | 17 347 |
| Mangement fee | - | 10 294 | 10 294 |
| Misc revenues | - | 15 388 | 15 388 |
| Revenue from external customers | 17 347 | 214 563 | 231 910 |
| TIME OF REVENUE RECOGNITION | | | |
| At a point in time | - | - | - |
| Over time | 17 347 | 214 563 | 231 910 |
| In total | 17 347 | 214 563 | 231 910 |

^{*)} The Subsea & Renewables segment also includes external ship management income and corresponding costs for providing ship management services.

The Group has categorised the revenues into Time Charter revenue, Bareboat revenue and revenues from technical management activity.

The Group's main source of income is charter hire of vessels. The vessels are chartered to customers both by Bareboat and Time Charter agreements.

BB hire (Bareboat hire) is revenue for lease of a vessel. Bareboat revenue will be recognised on a linear basis over the lease term.

TC hire (Time Charter hire) is revenue 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 which is lease

of vessel and a service component which can include operation and maintenance of vessel (including crew). The service component will be within the scope of IFRS 15. The volume of services provided are usually stable throughout the leasing period, and revenue will therefore be recognised on a linear basis over the lease term.

Out of total income in 2019, the Bareboat element was approximately NOK 79 million. Remaining income qualifies as IFRS 15 income.

Technical management fee is service fee for technical support and operation of 3rd party vessels.

Miscellaneous revenues are additional services provided in connection with for example Time Charter contracts.

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

Geographical information:

| | 2019 | 2018 |
|-------------------------|---------|---------|
| Norway | 82 715 | 81 290 |
| Great Britain | 67 050 | 50 993 |
| Germany | 31 050 | 20 697 |
| Other European contries | 560 | 5 283 |
| Africa | 75 963 | 73 647 |
| In total | 257 338 | 231 910 |

The allocation of the operating income above is based on the country in which the customer is located.

With exception of the income from Great Britain, all income is related to the Subsea & Renewables segment.

Fixed assets

Book value of vessels and other equipment geographically belongs to Norwegian companies.

NOTE 7 – PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS, LOANS TO EMPLOYEES ETC. (NOK 1000)

Payroll expenses include wages to employees and hired personnel in the administration and on own vessels.

| | 2019 | 2018 |
|------------------------|---------|--------|
| WAGE COSTS | | |
| Payroll crew | 69 543 | 58 007 |
| Payroll office workers | 33 448 | 33 330 |
| Payroll tax | 4 752 | 4 974 |
| Pension costs | 1 708 | 1 825 |
| Other remunerations | 392 | 402 |
| Total payroll expenses | 109 843 | 98 538 |

The Group has employer liability for the following number of employees:

| | 2019 | 2018 |
|----------------|------|------|
| Office workers | 32 | 31 |

Marine crew is hired from a manning agent. As at 31.12.19 the Group had 120 (139) contracted mariners at disposal for the Group's owned vessels.

The wage costs are included in the following lines in the income statement:

| | 2019 | 2018 |
|----------------------------|---------|--------|
| Crew and catering expenses | 69 542 | 58 240 |
| Administration expenses | 40 301 | 40 298 |
| Total wage expenses | 109 843 | 98 538 |

| | 2019 | 2018 |
|----------------------------------------------------------------------|--------|--------|
| REMUNERATIONS TO THE GROUP MANAGEMENT | | |
| Wages | 9 954 | 10 428 |
| Other remunerations | 136 | 452 |
| Pension premium | 887 | 881 |
| Total Group management remunerations | 10 977 | 11 761 |
| REMUNERATION FOR THE BOARD OF DIRECTORS | | |
| Fees and remunerations for Board of Directors GC Rieber Shipping ASA | 1 000 | 942 |
| Total remunerations for the Board members of the Group | 1 000 | 942 |

The amounts are included in the Group's administration expenses. For further specification see note 3 in GC Rieber Shipping ASA's financial statement of 2019.

The Group's CEO is not employed in the company GC Rieber Shipping ASA, but has been contracted from the subsidiary

GC Rieber Shipping AS. No agreements have been entered into with the Chairman of the Board with regard to special payments upon the termination or change of the Board position. Further, no agreements exist that grant employees or representatives entitlement to subscribe for or purchase or sell shares in the company.

| | 2019 | 2018 |
|---------------------------------|-------|-------|
| AUDITOR'S FEE (EXCL VAT) | | |
| Audit fee | 962 | 801 |
| Other certification services | 20 | 128 |
| Tax consulting | 54 | 288 |
| Other services | 53 | 436 |
| Total auditor's fees | 1 089 | 1 653 |

NOTE 8 – TAXES (NOK 1000)

| | 2019 | 2018 |
|-----------------------------------------------------------|--------|---------|
| INCOME TAX EXPENSE | | |
| TAXES IN INCOME STATEMENT: | | |
| Tax payable in Norway | - | - |
| Change in tax from previous periods | - | - |
| Change in deferred tax | -269 | -107 |
| Income tax expense (income) | -269 | -107 |
| RECONCILIATION OF INCOME TAX EXPENSE FOR THE YEAR: | | |
| Net income before taxes | 14 129 | 148 032 |
| Nominal rate | 22% | 23% |
| Estimated tax based on nominal rate | 3 108 | 34 047 |
| Effect of tonnage tax regime/tax payable outside Norway | -4 583 | 10 706 |
| Deferred tax asset not recognised in the balance sheet | 1 537 | -38 283 |
| Permanent differences | -332 | -6 577 |
| Income tax expense (income) | -269 | -107 |

| | | |
|-----------------------------------------------------------------|----------|----------|
| DEFERRED TAX | | |
| DEFERRED TAX LIABILITIES/ASSETS: | | |
| Capital gains | 17 | 22 |
| Other differences | -11 816 | -11 414 |
| Net financial items for companies in the tonnage tax regime | -4 234 | -10 006 |
| Pension liabilities | -7 244 | -7 197 |
| Tax losses carried forward | -949 452 | -960 913 |
| Basis for calculation of deferred tax | -972 729 | -989 507 |
| Tax rate | 22% | 22% |
| Calculated deferred tax liabilities/assets in the balance sheet | -214 000 | -217 692 |
| Deferred tax assets not recognised in the balance sheet | 214 000 | 217 692 |
| Deferred tax liabilities/assets in the balance sheet | - | - |

At 31.12.2019, deferred tax assets not recognised amount to NOK 214.0 million, whereof NOK 192.0 million relates to companies that are not subject to the tonnage tax regime.

By end of 2019 the Group had tax losses carried forward of NOK 949.5 million in Norway, whereof none was basis for capitalisation.

The disclosure of deferred tax benefits on net tax reducing differences and carry forward losses, is based on estimated future earnings. From budgets based on the Group's existing market, the Group does not expect to be able to utilise the deferred tax assets through taxable profits in the near future.

NOTE 9 – EARNINGS PER SHARE

Earnings per share is calculated by dividing the net income for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the accounting period.

The Group has no convertible loans or equity instruments and the diluted earnings per share is thus equal to earnings per share.

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------------|------------|------------|
| Net income for the year (NOK 1000) | 14 398 | 148 139 |
| Time weighted average number of shares applied in the calculation of earnings per share | 86 032 810 | 55 204 824 |
| Number of outstanding shares as at 31.12. | 86 032 810 | 86 032 810 |
| Basic and diluted earnings per share (NOK) | 0.17 | 2.68 |

NOTE 10 – TANGIBLE FIXED ASSETS (NOK 1000)

| | 2019 | 2018 |
|------------------------------------------------------------------------|-----------|-----------|
| VESSELS AND MARINE EQUIPMENT | | |
| Acquisition cost as at 01.01 | 3 008 233 | 2 839 792 |
| + Additions during the year | - | - |
| + Additions during the year for periodic maintenance | 30 157 | 1 101 |
| + Additions during the year transferred from vessel under construction | - | - |
| - Disposals during the year | -127 221 | - |
| + Changes in translation differences during the year | 22 254 | 167 341 |
| = Acquisition cost as at 31.12. | 2 933 423 | 3 008 233 |
| Accumulated depreciation and impairment at 01.01. | 1 237 625 | 1 121 794 |
| + Depreciation for the year | 98 147 | 91 283 |
| + Depreciation of periodic maintenance for the year | 10 700 | 10 111 |
| + Net impairment / reversal of impairment during the year | 3 905 | -55 761 |
| - Disposals during the year | -111 060 | - |
| + Changes in translation differences during the year | 4 862 | 70 198 |
| = Accumulated depreciation and impairment at 31.12. | 1 244 180 | 1 237 625 |
| Carrying amount as at 31.12. | 1 689 242 | 1 770 606 |

In May 2019 GC Rieber Shipping completed the sale of the icebreaking research vessel Ernest Shackleton to the new owner Istituto Nazionale di Oceanografia e di Geofisica Sperimentale (OGS). The positive cash effect from the transaction was NOK 140 million and the book gain from the sale was NOK 101.6 million.

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.

Depreciation rates of 4% to 12.5% have been applied for vessels and 6.67% to 33.33% have been applied for marine equipment. Capitalised periodic maintenance per 31.12.2019 amounts to NOK 30.2 million. (2018: NOK 1.1 million).

| | POLAR ONYX | POLAR KING | POLAR QUEEN | TOTAL |
|------------------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------|
| IMPAIRMENT LOSS | | | | |
| Impairment / reversal of impairment (-) | -5 870 | 4 352 | 5 423 | 3 905 |
| Recoverable amount | 863 455 | 412 894 | 412 894 | 1 689 242 |
| Basis for recoverable amount | Fair value less cost of disposal | Fair value less cost of disposal | Fair value less cost of disposal | |
| Firm contract days | 435 | 183 | 162 | |
| WACC used in evaluation broker estimates | 9,5% | 9,5% | 9,5% | |

See note 2.21 for information about the use of judgement when determining recoverable amount.

Fair value estimates are sensitive to market conditions, especially charter rates and availability of fleet. Significant changes in market conditions would result in different fair value estimates.

| | 2019 | 2018 |
|--------------------------------------------------------|--------|--------|
| MACHINERY, INVENTORY AND EQUIPMENT | | |
| Acquisition cost 01.01. | 60 177 | 60 058 |
| + Additions during the year | - | 119 |
| = Acquisition cost as at 31.12 | 60 177 | 60 177 |
| Accumulated depreciation as at 01.01. | 37 815 | 29 206 |
| + Depreciation for the year | 6 879 | 8 609 |
| + Impairment during the year | 47 | - |
| = Accumulated depreciation and write down as at 31.12. | 44 741 | 37 815 |
| Carrying value as at 31.12. | 15 436 | 22 362 |

No initial direct costs with establishing leases have occurred in the periods presented.

NOTE 11 – TRADE RECEIVABLES AND OTHER CURRENT RECEIVABLES (NOK 1000)

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------|--------|--------|
| TRADE RECEIVABLES AND OTHER RECEIVABLES | | |
| TRADE RECEIVABLES | | |
| Trade receivables gross | 33 661 | 49 374 |
| Provision for bad debt | -1 825 | -3 457 |
| Trade receivables net | 31 836 | 45 917 |
| OTHER RECEIVABLES | | |
| Prepaid expenses | 10 381 | 5 924 |
| Insurance settlement | 2 601 | 4 211 |
| Dividend from Dolphin bankruptcy | 6 308 | - |
| Re-invoiced expenses | 167 | 212 |
| Total other receivables | 19 458 | 10 347 |
| Total current receivables | 51 294 | 56 264 |
| AGEING PROFILE TRADE RECEIVABLES, NOT IMPAIRED AT THE END OF THE REPORTING PERIOD | | |
| Receivables, not due | 23 077 | 33 303 |
| Receivables, due by 1-30 days | 5 354 | 10 790 |
| Receivables, due by 31-60 days | 565 | - |
| Receivables, due by 61-120 days | 2 840 | 1 825 |
| Total | 31 836 | 45 917 |
| PROVISION FOR BAD DEBT TRADE RECEIVABLES | | |
| Provision for bad debts 01.01 | -3 457 | - |
| Provision made during the year | -1 825 | -3 457 |
| Losses realised | 3 457 | - |
| Provision for bad debts 31.12 | -1 825 | -3 457 |

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 - 45 days and therefore are all classified as current. For more information see note 2.6 Trade receivables.

Loss on trade receivables have been classified as operating expenses vessels in the income statement.

Regarding credit risk the Group aims to have a diversified contract portfolio within the segments Subsea & Renewables and ice/support. The Group endeavours to ensure that vessel

contracts are only entered into with customers who have good payment ability and payment history, and the development in the market is closely monitored. In particular, this applies for contracts beyond a certain duration.

Of trade receivables 31.12.19, NOK 0.4 million is still outstanding receivables at the time the financial statement is signed.

Expected losses not accounted for are considered to be immaterial as at 31.12.2019. As such, the Group has not identified any material losses that should be accounted for at 31.12.2019.

NOTE 12 – CASH AND CASH EQUIVALENTS (NOK 1000)

| | 2019 | 2018 |
|--------------------------|---------|---------|
| BANK DEPOSITS AND CASH | | |
| Bank deposits and cash | 160 001 | 202 518 |
| Tax withholdings | 1 527 | 1 646 |
| Short-term bank deposits | 50 000 | - |
| Bank deposits and cash | 211 528 | 204 164 |

Bank deposits generate interest income based on the banks' prevailing terms at any given time. Short-term bank deposits are made for varying periods; from one day to three months,

depending on the Group's need for liquidity. In some cases, the Group also enters into contracts on short-term deposits with terms exceeding three months.

NOTE 13 – EQUITY (NOK 1000)

| | 31.12.2019 | 31.12.2018 |
|---------------------|------------|------------|
| ORDINARY SHARES | | |
| Par value per share | 1.80 | 1.80 |
| Number of shares | 86 087 310 | 86 087 310 |
| Share capital | 154 957 | 154 957 |

GC Rieber Shipping ASA's shares are listed on Oslo Børs with the ticker RISH. The total number of shares is 86 087 310.

OWN SHARES

The company had a holding of 54 500 own shares as at 31.12.2019, constituting 0.06% of the shares in the company.

DIVIDENDS

Following the financial restructuring of the Group in March 2018, no dividend payments or other distributions from the Group may be made without the prior consent of the lenders. However, the Group's lenders have consented to the following: 24% of potential dividends from the shares of Shearwater GeoServices Holding AS or 24% of potential proceeds from the sale of such shares in whole or in part, may be redistributed to the shareholders of the Group by way of dividends, a share capital reduction or any other manner deemed appropriate by the Group.

The Board has not proposed dividends in 2019, and the Group did not pay a dividend for the year ended 31 December 2018.

NOTE 14 – DEBT TO CREDIT INSTITUTIONS (NOK 1000)

The Group’s long-term liabilities, including first year’s instalments, are summarised as follows at year-end 2019:

| | | AVERAGE INTEREST RATE 2019 | AVERAGE MATURITY | BALANCE SHEET 2019 | BALANCE SHEET 2018 | INTEREST PAYMENT 2019 | INTEREST PAYMENT 2018 |
|--------------------------------------|---------|----------------------------------|---------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| LONG-TERM DEBT | | | | | | | |
| Mortgage debt with floating interest | Secured | USD LIBOR + 1.95% | 3 years | 554 639 | 614 538 | 22 787 | 24 096 |
| Mortgage debt with fixed interest | Secured | USD CIRR 2.43% + 1.6% | 3 years | 563 297 | 611 223 | 25 002 | 25 360 |
| Amortisation effect, mortgage debt | | | | -776 | -6 007 | - | - |
| Total | | | | 1 117 160 | 1 219 754 | 47 789 | 49 456 |

If LIBOR is not available for the interest period of the loan, the reference bank rate on quotation for USD will be used.

The Group’s vessels are pledged as collateral for the loans.

In March 2018 GC Rieber Shipping negotiated better terms and certain amendments to its two Subsea & Renewable credit facilities. The new terms and amendments include the following main elements;

- *Amortisation:*
80% reduction in amortisations until 31 December 2020 (compared to original amortisation schedule)
- *Final maturity date:*
31 December 2022
- *Cash sweep:*
Aggregate average consolidated cash in the Group 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

First cash sweep at 15 June 2019 and semi-annually thereafter

- *Interest rates:*
No amendments
- *Financial covenants:*
Minimum free liquidity of NOK 40 million until 31 December 2021, NOK 50 million thereafter
- *Loan to value:*
110% until 31 December 2020
- *Change of control:*
If GC Rieber AS controls less than 50.1% of the Shares and votes in the Group or someone other than GC Rieber AS gains negative control in the Group.

No dividend payments or other distributions from the Group may be made without the prior consent of the banks, with exceptions as mentioned in note 13.

Investments are limited to scheduled CAPEX and ordinary repairs related to the Subsea & Renewables vessels in the ordinary course of operation.

The Group was in compliance with the financial covenants throughout 2019.

The renegotiation of the two Subsea & Renewables credit facilities gave a positive profit & loss effect of NOK 3.36 million according to IFRS 9.

Taking the new terms and amendments into account, the repayment schedule for the Group’s long-term liabilities, including first year’s instalments, will be:

| | |
|-----------------------------|-----------|
| Due in 2020 | 24 278 |
| Due in 2021 | 121 392 |
| Due in 2022 | 972 266 |
| Later maturity | - |
| Total interest bearing debt | 1 117 936 |

In addition, interest on the principal amount falls due. The mortgage loan on Polar Onyx is a fixed rate. The remaining loan financing has floating interest rates, and the interest payments vary with the market interest rate level.

First year’s instalments on long-term liabilities are classified as current liabilities in the balance sheet. The Group’s long-term liabilities are exclusively denominated in USD and have been converted to NOK using the exchange rate at the balance sheet date. The average interest rate for the Group’s interest-bearing debt in 2019 was 4.2% (2018: 4.0%).

The Group’s net debt at 31.12.2019:

| | 2019 | 2 018 |
|-------------------------------------------|------------|------------|
| NET DEBT | | |
| Cash and cash equivalents | 211 528 | 204 164 |
| Mortgage debt - repayable within one year | -24 278 | -24 025 |
| Mortgage debt - repayable after one year | -1 093 658 | -1 201 736 |
| Amortisation effect, mortgage debt | 4 675 | 6 007 |
| Lease liabilities - IFRS 16 | -4 413 | - |
| Accrued interest cost | -3 899 | - |
| Net debt | -910 045 | -1 015 590 |
| | | |
| Cash and cash equivalents | 211 528 | 204 164 |
| Gross debt - fixed interest rates | -563 297 | -611 223 |
| Gross debt - variable interest rates | -554 639 | -614 538 |
| Amortisation effect, mortgage debt | 776 | 6 007 |
| Lease liabilities - IFRS 16 | -4 413 | - |
| Net debt | -910 045 | -1 015 590 |

| | CASH/CASH EQUIVALENTS | BORROW. DUE WITHIN 1 YEAR | BORROW. DUE AFTER 1 YEAR | AMORTISATION EFFECT, MORTGAGE DEBT | ACCURED INTEREST COST | TOTAL |
|-------------------------------------|--------------------------|---------------------------------|--------------------------------|------------------------------------------|-----------------------------|------------|
| Net debt as at 1 January 2019 | 204 164 | -24 025 | -1 201 736 | 6 007 | - | -1 015 590 |
| Cash flows | 9 390 | 24 025 | - | - | - | 33 415 |
| Lease liabilities IFRS 16 | - | - | -4 413 | - | - | -4 413 |
| Amortisation effect, mortgage debt | - | - | - | 2 520 | - | 2 520 |
| Cash Sweep | - | - | 93 617 | - | - | 93 617 |
| Cash from new long-term debt | - | - | -2 722 | - | - | -2 722 |
| Accrued interest | - | - | - | - | -3 899 | -3 899 |
| Reclassification to short-term debt | - | -24 278 | 24 278 | - | - | - |
| Foreign exchange adjustments | -2 025 | 251 | -12 697 | - | - | -14 471 |
| Other non-cash movements | - | -252 | 5 602 | -3 852 | - | 1 498 |
| Net debt as at 31 December 2019 | 211 528 | -24 278 | -1 098 071 | 4 675 | -3 899 | -910 045 |

NOTE 15 – PENSION COSTS AND PENSION OBLIGATIONS (NOK 1000)

All employees have changed to defined-contribution plan.

Defined-benefit plan

The Group has a company pension scheme with tax deductions for its employees in a life insurance company. The pension scheme entitles future defined benefits. The benefits depend on the number of contribution years, the wage level at retirement and the size of the benefits from the National Insurance. Full retirement pension constitutes about 63% of the pension base (limited to 12G) and the pension scheme

also includes disability and children’s pensions. The retirement age is 67 years. The Group has the right to undertake changes in the pension scheme. These pension schemes are funded obligations.

The Group has also an early retirement pension agreement with certain employees, through which the Group pays 63% of the pension base between 65 and 67 years of age, as well as pension obligations related to employees with salaries exceeding 12G. These are non-funded obligations.

Former employed mariners had a separate contractual pension scheme. This pension scheme was terminated with a settlement in 2019. The total termination cost of NOK 0,5 million was recognised as an expense.

All pension schemes have been treated in accordance with IAS 19. Changes in the pension obligations due to changes in actuarial assumptions are recognised in the comprehensive income.

The discount rate is equal to the interest rate on covered bonds (OMF). If the discount rate is reduced by 1%, it will normally result in an increase in the gross pension obligation of 15% to 20%.

The pension cost is based on the actuarial assumptions as at 01.01, whereas the pension obligations are based on the actuarial assumptions at 31.12.

| | 2019 | 2018 |
|-----------------------------------------------------------|--------|--------|
| ACTUARIAL ASSUMPTIONS | | |
| Discount rate | 2.30% | 2.60% |
| Estimated return on plan assets | 2.30% | 2.60% |
| Inflation/Increase of National Insurance Basic Amount (G) | 2.25% | 2.50% |
| Rate of salary increase | 2.25% | 2.75% |
| Rate of pension increase | 2.00% | 2.50% |
| Number of deferred members | 1 | 4 |
| Number of pensioners | 2 | 20 |
| Mortality table | K-2013 | K-2013 |

| | 2019 | 2018 |
|------------------------------------------------------|------|------|
| SPECIFICATION OF THE GROUP'S NET PENSION COST | | |
| Current service cost | 17 | 249 |
| Interest expenses on benefit obligations | 183 | 142 |
| Administration costs | - | 46 |
| Net pension cost | 200 | 437 |
| Payroll tax | 28 | 30 |
| Pension cost in the income statement | 228 | 468 |

| | 31.12.2019 | 31.12.2018 |
|-------------------------------------------------------------|------------|------------|
| SPECIFICATION OF THE GROUP'S NET PENSION OBLIGATIONS | | |
| Gross obligations, secured | - | -6 987 |
| Gross obligations, unsecured | -6 349 | -7 171 |
| Fair value of plan assets | | 7 973 |
| Payroll tax | -895 | -1 011 |
| Book value of net pension obligations | -7 244 | -7 197 |

| | | |
|----------------------------------------|--------|--------|
| Carrying value 01.01. | -7 197 | -7 401 |
| Cost in income statement | -228 | 468 |
| Contributions during the year | 311 | 304 |
| Liquidation contractual pension scheme | -986 | - |
| Recognised net actuarial (loss) / gain | 856 | -368 |
| Carrying value 31.12. | -7 244 | -7 197 |

Actual return on plan assets per 31.12.2019 was 3.4%

NOTE 16 – RIGHT-TO-USE ASSET AND LEASING LIABILITY (NOK 1000)

IFRS 16 “Leases” sets out the principles for the recognition, measurement and disclosure requirements for both parties to a lease contract. IFRS 16 is effective for reporting periods beginning on or after 1 January 2019. The Group adopted IFRS 16 on the effective date using a modified retrospective approach and will not restate comparative information.

The Group is both a lessor, as it charts vessels to customers, and a lessee. The new requirements result in significant changes to the accounting model applied by lessees and will primarily affect the Group's accounting for the operating leases as a lessee. The accounting for lessors will not significantly change.

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for the Group considered to only be the case for office leases. The Group has long term lease agreements on office premises and warehouses that will be affected by implementation of IFRS 16. For the Group, these lease commitments will result in the recognition of an asset (right-of-use) and a lease liability. The rental period is calculated based on the duration of the agreement plus any option periods if these with reasonable certainty will be exercised. Joint expenses etc. are not recognised in the lease liability for the rental contracts.

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.

The Group has used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- *Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term*
- *The Group had no lease agreements in the balance sheet as of 1 January 2019*
- *Excluded initial direct costs from measuring the right-of-use assets at the date of initial application*

The liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.0%. As of 1 January 2019, the implementation effects were as following:

- *Right-of-use assets in the statement of financial position increased by NOK 3.6 million*
- *Lease liability in the statement of financial position increased by NOK 3.6 million*
- *Effect on equity amounted to 0*

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 will not qualify as leases under IFRS 16.

| | 31.12.2019 |
|-------------------------------------------------------------------|---------------|
| RIGHT-OF-USE ASSETS | |
| Net present value of lease commitments, implementation of IFRS 16 | 3 526 |
| Initial direct cost | 0 |
| Balance at 1 January | 3 526 |
| New lease liabilities | 6 474 |
| Disposals during the year | -2 204 |
| As at 31 December | 7 796 |
| Depreciation and impairment losses | |
| Depreciation | -1 754 |
| As at 31 December | -1 754 |
| Carrying amount as at 31 December | 6 042 |
| | |
| Depreciation method | Straight-line |
| Useful life (years) | 4 |

| | |
|-------------------------------------------------------------------|------------|
| | 31.12.2019 |
| LEASE LIABILITIES | |
| Net present value of lease liabilities | 3 526 |
| Balance at 1 January | 3 526 |
| SUMMARY OF THE LEASE LIABILITY IN THE FINANCIAL STATEMENTS | |
| Lease liability, implementation of IFRS 16 | 3 526 |
| New lease liabilities | 6 474 |
| Change in lease liabilities | -2 169 |
| Paid installment (cash flow) | -1 763 |
| As at 31 December | 6 068 |
| UNDISCOUNTED LEASE LIABILITY AND MATURITY OF CASH FLOWS | |
| Less than 1 year | 1 821 |
| 1-4 years | 4 550 |
| Total undiscounted lease liability as at 31 December | 6 371 |
| Interest rate | 3.00% |

The discount rate for the rental contracts is determined by looking at observable borrowing rates in the bond market. The interest rates are adapted to the actual lease contracts duration. Payment of interest related to lease liabilities is presented as cash flow from financing activities as this is best

in accordance with the objective of the rental agreement. The Group has recognised its lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application,

| | |
|--------------------------------------------|--------|
| | 2019 |
| EFFECT ON PROFIT AND LOSS STATEMENT | |
| Administration cost - office rent | 1 812 |
| Depreciation - right-of-use asset | -1 754 |
| Interest cost - lease liabilities | 83 |
| Net effect profit and loss statement | 141 |

Operational leasing, where the group is a lessor

The Group charts 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 million in 2020. The lease payments include Bareboat contracts and Bareboat components from Time Charter contracts.

NOTE 17 – SHAREHOLDERS’ INFORMATION AND TRANSACTIONS WITH RELATED PARTIES

The 20 largest shareholders in GC Rieber Shipping ASA as at 31 December 2019 (outstanding shares):

| NAME | NUMBER OF SHARES | OWNER SHARE |
|--------------------------------------------|------------------|-------------|
| GC Rieber AS | 66 145 908 | 76.8% |
| AS Javipa | 2 003 492 | 2.3% |
| GC Rieber Fondet | 1 914 523 | 2.2% |
| Pareto Aksje Norge | 1 633 179 | 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% |
| M.R.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 AS | 208 668 | 0.2% |
| Tigo AS | 186 359 | 0.2% |
| Stian Strøm Arnesen | 170 000 | 0.2% |
| Other Shareholders | 4 804 140 | 5.6% |
| Outstanding shares | 86 087 310 | 100.0% |
| Outstanding shares (reduced by own shares) | 86 032 810 | |

The Chairman of the Board, Paul-Christian Rieber indirectly controls 3.12% of the Group through AS Javipa and Pelicahn AS, which equals 2 688 658 shares. Cosimo AS, a company owned by Board member Trygve Bruland, holds 100 000 shares in the Group. Board member Bodil Valland Steinhaug holds 10 000 shares in the Group.

CEO Einar Ytredal holds 26 985 shares in the Group. No other Board members own shares in the Group.

At 31.12.2019, GC Rieber AS owns 66 145 908 shares in GC Rieber Shipping ASA, constituting 76.8% of the outstanding shares in the Group. The Chairman of the Board, Paul-Christian Rieber, controls Odin AS, Pelicahn AS and AS Javipa who together hold 50% of the shares in GC Rieber AS.

GC Rieber Shipping ASA holds 54 500 own shares, representing 0.6% of the share capital.

Transactions with the parent company:

One of the Group's subsidiaries has entered into lease agreements for storage premises and parking lots with subsidiaries of GC Rieber AS. The same subsidiary has entered into an agreement with GC Rieber AS concerning the purchase/hiring of ICT services and equipment as well as purchase of certain administrative services.

| | | |
|---------------------------------|-------|-------|
| | 2019 | 2018 |
| ICT and administration expenses | 4 579 | 2 959 |
| Lease payments | 405 | 2 771 |

The balance sheet as at 31.12.2019 included an accrual for office premises lease to the parent company of NOK 0.8 million related to a sublet to Shearwater.

Transactions with joint ventures & associates (the equity method):

The Group has had several transactions with joint ventures & associated companies. All transactions have been carried out as part of the ordinary operations and at arm's length prices.

The most important transactions are as follows:

| | 2019 | 2018 |
|---------------------------------|--------|--------|
| Management income - OOO Polarus | 675 | 669 |
| Management income - Shearwater | 9 625 | 9 625 |
| Total | 10 300 | 10 294 |

The balance sheet includes the following amounts originating from transactions with joint ventures & associated companies:

| | 2019 | 2018 |
|------------------------|-------|-------|
| Trade receivables | 1 359 | 1 128 |
| Short term liabilities | - | - |
| Total (net) | 1 359 | 1 128 |

NOTE 18 – CAPITAL STRUCTURE AND FINANCIAL RISK MANAGEMENT (NOK 1 000)

1. CAPITAL STRUCTURE

The Group runs a capital-intensive business where the ongoing capital requirement mainly relates to investments in new vessels, reconstruction/ conversion of vessels, and repayment of debt and possible acquisitions of companies. The Group aims at securing a long-term financing of new investments from acknowledged financial institutions that are acquainted with the Group's business. The terms of such financing will normally reflect the different investments' equity ratio, which in turn is normally influenced by the risk profile of the investments. Furthermore, the public listing of GC Rieber Shipping ensures that the Group has sufficient access to equity markets if and when a need for such recapitalisation should arise.

The Group's overall strategy is to have a capital structure involving satisfactory solidity and liquidity that ensures favourable terms on long-term financing and gives the

Group the opportunity to have a stable dividend policy, combined with freedom of action and flexibility with regards to responding to new investment possibilities. Interest and instalments on the long-term financing will normally be repaid with the operating cash flows from the related investments, mainly from cash flows from operation of vessels.

Debt ratio

The debt ratio is calculated by dividing net interest-bearing debt on adjusted total capital. Net interest-bearing debt includes all debt on which interest is accrued as recorded in the balance sheet less cash and cash equivalents. Adjusted total capital is the equity recorded in the balance sheet, plus net interest-bearing debt.

The debt ratio as at 31.12.2019 and 31.12.2018 is calculated as follows:

| | 2019 | 2018 |
|-----------------------------------------------|-----------|-----------|
| Total mortgage debt incl. amortisation effect | 1 117 160 | 1 219 754 |
| Cash | -211 528 | -204 164 |
| Net mortgage debt incl. amortisation effect | 905 632 | 1 015 590 |
| Total equity | 1 742 814 | 1 711 077 |
| Total capital (adjusted) | 2 648 446 | 2 726 667 |
| Debt ratio | 34.19% | 37.25% |

The decrease in debt ratio during 2019 is mainly related to additional debt instalments connected to sale of the vessel Ernest Shackleton. See note 12 and 14 for further details.

As some subsidiaries have functional accounts in USD, changes in USD/NOK exchange rates will affect the Group's equity.

2. BALANCE SHEET INFORMATION

The Group's financial assets and liabilities are included in the balance sheet as follows:

| | 2019 | 2018 |
|--------------------------------------------------------------------------|-----------|-----------|
| FINANCIAL ASSETS AT AMORTISED COST | | |
| Trade receivables | 31 836 | 45 917 |
| Cash and cash equivalents | 211 528 | 204 164 |
| Total financial assets | 243 364 | 250 081 |
| | | |
| | 2019 | 2018 |
| LIABILITIES AT AMORTISED COST | | |
| Interest bearing long-term debt | 1 088 983 | 1 195 729 |
| Lease commitments - IFRS 16 | 4 413 | 0 |
| Interest bearing short-term debt including accrued interest | 28 177 | 24 025 |
| Trade payables | 15 169 | 21 053 |
| Other current liabilities including short term lease commitments IFRS 16 | 8 780 | 18 072 |
| Financial hedging instruments | 1 927 | 0 |
| Total financial liabilities | 1 147 449 | 1 258 879 |

The carrying values of financial assets and liabilities are assumed to be their fair values.

Security for capitalised assets

- Security has not been provided for any of the Group's trade payables.
- Parts of outstanding trade receivables have been secured through deposits.
- The Group's vessels are pledged as collateral for the interest-bearing debt of NOK 1,1179 million.
- The Group has provided certain guarantees for some of Shearwater's loans, see note 4 for further details.

In 2019, the Group has not made use of derivatives in order to manage credit risk. The Group aims at a situation where

the charterers provide parent company guarantees for their liabilities in connection with the lease agreements when this seems reasonable and commercially achievable.

The maximum risk exposure is represented by the carrying amount of the financial assets, including derivatives, in the balance sheet. As the counterparty in derivative transactions normally is a financial institution, the credit risk related to derivatives is considered limited. The Group therefore regards its maximum risk exposure to be equal to the carrying amount of trade receivables (note 11) and other current assets.

3. INCOME STATEMENT INFORMATION

The Group’s profit and loss related to financial assets and financial liabilities are presented below:

| | 2019 | 2018 |
|-----------------------------------------------------------|--------|--------|
| Currency gains/losses on bank deposits and cash | 1 609 | 3 402 |
| Currency gains receivables | | -3 168 |
| Interest income on bank deposits and cash | 2 627 | 383 |
| Total financial income in the income statement | 4 236 | 617 |
| | | |
| Interest on interest-bearing debt | 51 387 | 53 125 |
| Change in fair value of financial derivatives instruments | 1 927 | - |
| Amortisation effect, mortgage debt | 2 127 | - |
| Currency gains/losses interest-bearing debt | - | - |
| Currency losses receivables | 1 622 | - |
| Total financial expenses in the income statement | 57 063 | 53 125 |

The financial instruments have not been subject to hedge accounting, and the Group records change in fair value of financial instruments through profit or loss in accordance with IFRS 9.

4. FINANCIAL RISK MANAGEMENT

As the Group operates its business internationally, it is exposed to various risks: market risk (including foreign exchange risk and interest risk), liquidity risk and credit risk. The Group’s primary risk management plan focuses on minimising the potential negative effects that unpredictable changes in the capital markets may have on the Group’s financial results.

The Group continuously assesses the use of derivatives to reduce risk, in accordance with a strategy for hedging of interest rate and currency exposure adopted by the Board. The operative risk management is performed by the finance department and is regularly reported to the Board.

MARKET RISK

Foreign exchange risk

The Group operates internationally and is exposed to currency risk in several currencies. The Group’s income is in USD, GBP, EUR and NOK, and operating expenses are mainly in NOK, EUR and USD. In order to reduce the Group’s foreign currency exposure, the Group’s debt is mainly in USD. A continuous assessment is made regarding hedging of the expected future net cash flow in USD, GBP, EUR and other relevant currencies. In 2019, the Group has engaged in forward contracts hedging 2020 GBP cash flows against USD. The final contract matures in November 2020.

Based on the composition of the Group’s operating income and operating expenses, liabilities in USD and forward contracts entered into at 31.12.2019, a change in the exchange rate will affect the Group’s result for the coming year as follows:

- An increase in the USD/NOK exchange rate by NOK 1.00, decreases the result by NOK 15.2 million
- An increase in the EUR/NOK exchange rate by NOK 1.00, increases the result by NOK 0.8 million
- An increase in the GBP/NOK exchange rate by NOK 1.00, increases the result by NOK 4.1 million

In addition, an increase in USD against NOK by 1.00 involves an increase in the equity through the comprehensive income by NOK 170 million.

Price risk – Bunkers

As a main principle, the Group is not exposed to any change in bunkers prices for vessels as this risk stays with the charterer. Consequently, the Group has not entered into any forward contracts to hedge the risk of changes in prices of bunkers.

Interest rate risk

The Group’s interest rate risk is related to long-term loans.

The Group assesses on a continuous basis how much of its exposure to interest rate fluctuations that shall be hedged. In 2019 and 2018 no types of interest rate derivatives have been used.

At the end of 2019 approximately 50% of the long-term loan has a fixed CIRR rate. A general increase in the interest rate of 1 percentage points would negatively affect the result by NOK 6.0 million in 2019, and correspondingly, a general decrease

in the interest rate level of 1 percentage points would have a positive impact on the result by NOK 6.0 million.

The exposure of the Group’s borrowing to interest rate changes at the end of the reporting period are as follows:

| | 2019 | 2018 |
|--------------------------|---------|---------|
| Variable rate borrowings | 554 639 | 614 538 |

The variable rates will be re-priced every 3 months.

There are no contractual re-pricing dates of the fixed interest borrowings.

See note 14 for further information on long-term liabilities.

CREDIT RISK

The Group’s credit risk relates to cash and cash equivalents, trade receivables and derivative financial instruments (if any). The Group uses an “expected loss” model that focuses on the risk that a loss will incur, rather than whether a loss has been incurred.

The Group has its cash and cash equivalents placed in financial institutions with high credit worthiness. The Group aims to have a diversified contract portfolio within the segments subsea & renewables and ice/support. The Group endeavours to ensure that vessel contracts are only entered into with customers who have good payment ability and payment history, and the development in the market is closely monitored. In particular, this applies for contracts beyond a certain duration. The Group seeks to ensure that charterers provide parent company guarantees for their obligations under the contracts when commercially achievable.

The Group has not guaranteed for any third-party liabilities, except for agreements relating to joint ventures and associated companies.

The maximum risk exposure is represented by the carrying amount of the financial assets, including derivatives, in the balance sheet. As the counterparty in derivative transactions normally is a financial institution, the credit risk related to derivatives is considered to be minor. Therefore, the Group regards its maximum credit risk exposure to be equal to the carrying amount of trade receivables (note 11) and other current assets. The credit quality of outstanding trade receivables is considered to be satisfactory.

The Group’s credit risk is considered to be moderate on an overall basis. With the current portfolio of clients, the Group’s expected losses are considered to be immaterial as at 31.12.2019. As such, the Group has not identified any material losses that should be accounted for at 31.12.2019.

LIQUIDITY RISK

The Group’s lenders are acknowledged Norwegian and international shipping banks. The Group’s strategy is to have sufficient liquidity in the form of bank deposits, interest-bearing securities and credit facilities to ensure that the Group at all times can finance the operations and ongoing investments of a moderate size. The cash management policy of the Group includes investing liquidity in financial institutions with high credit worthiness and interest-bearing securities with high liquidity and low credit risk.

Undiscounted cash flows of the Group's assets and financial liabilities per 31.12.2019 are presented below:

| | REMAINING PERIOD | | | TOTAL |
|-------------------------------------------------------|------------------|-----------|-------------------|-----------|
| | 0-12 MONTHS | 1-5 YEARS | MORE THAN 5 YEARS | |
| 31.12.2019 | | | | |
| ASSETS | | | | |
| Trade receivables and other receivables | 51 294 | - | - | 51 294 |
| Bank deposits and cash | 211 528 | - | - | 211 528 |
| Total financial assets | 262 822 | - | - | 262 822 |
| | | | | |
| LIABILITIES | | | | |
| Interest-bearing long-term liabilities (Undiscounted) | 67 913 | 1 176 249 | - | 1 244 162 |
| Financial investments | 840 | 1 680 | - | 2 520 |
| Lease liabilities | 1 655 | 4 819 | - | 6 474 |
| Derivatives | 1 927 | - | - | 1 927 |
| Trade payables and other short-term liabilities | 22 294 | - | - | 22 294 |
| Total financial liabilities | 94 629 | 1 182 748 | - | 1 277 376 |

| | REMAINING PERIOD | | | TOTAL |
|-------------------------------------------------------|------------------|-----------|-------------------|-----------|
| | 0-12 MONTHS | 1-5 YEARS | MORE THAN 5 YEARS | |
| 31.12.2018 | | | | |
| ASSETS | | | | |
| Trade receivables and other receivables | 56 264 | - | - | 56 264 |
| Bank deposits and cash | 204 164 | - | - | 204 164 |
| Total financial assets | 260 428 | - | - | 260 428 |
| | | | | |
| Liabilities | | | | |
| Interest-bearing long-term liabilities (Undiscounted) | 75 809 | 1 351 900 | - | 1 427 708 |
| Trade payables and other short-term liabilities | 39 135 | - | - | 39 135 |
| Total financial liabilities | 114 944 | 1 351 900 | - | 1 466 843 |

HEDGING

The Group continuously assesses the use of derivative financial instruments to manage currency and interest rate risk. Hedge accounting is not applied, so all derivatives will be classified as trading instruments and measured at fair value thorough profit and loss.

Cash flow hedging is mainly performed by entering into forward contracts and option structures regarding the sale of relevant currency against NOK. Realised gains/losses and changes in fair value are recognised in the income statement. The Group has entered into six GBP/USD forward contracts expiring in 2020.

| | CURRENCY | AMOUNT (1000) | MATURITY | HEDGE RATE | FAIR VALUE (USD 1 000) |
|-------------------------------------|----------|---------------|----------|------------|-------------------------|
| 31.12.2019 | | | | | |
| USD/GBP FX forward contracts | GBP | 2 475 | 2020 | 1,24 | -219 |
| Total financial hedging instruments | | | | | -219 |

The Group's interest-bearing debt is denominated in USD and has a floating interest rate that varies with the development in the money market rates, except the credit facility for Polar Onyx that has a fixed interest rate. In order to increase the predictability of the Group's future interest expenses related to the interest-bearing debt, a continuous assessment is made regarding the hedging of future interest payments.

Such hedging is mainly carried out through entering into forward interest rate swap contracts. Realised gains/losses and changes in fair value are recognised in the income statement. As at 31 December 2019 the Group has no open interest rate derivatives, and the Group's portfolio of financial hedging instruments at the balance sheet was zero. The same applied for 31 December 2018.

5. FAIR VALUE ASSESSMENT

The table below shows financial instruments at fair value 31 December according to valuation method. The different levels are defined as follows:

- Quoted price in an active market for an identical asset or liability (level 1)
- Valuation based on other observable factors than quoted price (used at level 1) either directly (price) or indirectly (derived from prices) for the asset or the liability (level 2)

| | LEVEL 1 | LEVEL 2 | TOTAL |
|----------------------------------------------------------|---------|---------|--------|
| 2019 | | | |
| LIABILITIES | | | |
| Financial liabilities at fair value over profit or loss: | | | |
| Interest rate instruments | - | - | - |
| Currency instruments | - | -1 927 | -1 927 |
| Total liabilities | - | -1 927 | -1 927 |

| | | | |
|----------------------------------------------------------|---|---|---|
| 2018 | | | |
| LIABILITIES | | | |
| Financial liabilities at fair value over profit or loss: | | | |
| Interest rate instruments | - | - | - |
| Currency instruments | - | - | - |
| Total liabilities | - | - | - |

(a) Financial instruments at level 1

Fair value of financial instruments that are traded in active markets is market price at the balance sheet date. A market is active if the market rate is easily and regularly available from a stock exchange, broker, industrial classification, pricing service or regulatory authorities and these prices represent actual and regularly occurring transactions at the arm's length principle.

Market price used for financial assets is current bid price. These instruments are included at level 1. Instruments at level 1 comprise primarily quoted equity instruments classified as held for trading or available for sale.

(b) Financial instruments at level 2

Fair value of financial instruments that are not traded in an active market (for instance some OTC-derivatives) is determined by use of valuation methods. These valuation methods maximize the use of observable data when available and are to the smallest extent possible based on the Group's

own estimates. If all material data required to determine fair value of an instrument, are observable data, the instrument is included at level 2. If one or several material data are not based on observable market data, the instrument is included at level 3.

Special valuation methods used to appreciate financial instruments include:

- Quoted market price or offered price for corresponding instruments.
- Fair value of interest rate swaps is calculated as the present value of estimated future cash flow based on
- observable yield curve.
- Fair value of forward contracts in foreign currency is determined by the present value of the difference between agreed forward exchange rate and the forward exchange rate of the currency at the balance sheet date multiplied with the volume of the contract in foreign currency.

NOTE 19 OTHER SHORT-TERM LIABILITIES

| | 2019 | 2018 |
|------------------------------------|-------|--------|
| Evaluation financial instruments | 1 927 | - |
| Accrued expenses | 1 000 | 1 000 |
| Accrued interest | - | 4 122 |
| Prepayments from customers | - | 1 425 |
| IFRS 16 adjustments | 1 655 | - |
| Other | 3 073 | 4 305 |
| Total other short-term liabilities | 7 654 | 10 852 |

NOTE 20 LEGAL PROCEEDINGS

GC Rieber Crewing AS (GCRC) and GC Rieber Shipping AS (GCRS), both subsidiaries of GC Rieber Shipping ASA, have been the subject of legal proceedings instigated by a group of former employees of GCRC. Their employments were terminated when the group decided to liquidate the internal crewing company, GCRC.

The claims were determined in favour of GCRC and GCRS in both Bergen District Court and the Gulating Court of Appeal. The claimants appealed the decision to the Supreme Court, in which the Supreme Court's appeal committee decided not to process the claims. The decision from Gulating Court of Appeal, which was in favour of GCRC and GCRS, is therefore final.

NOTE 21 CONTINGENCIES

Earn-out

In December 2012 GC Rieber Shipping sold a total of 3 217 697 shares in Octio to Equinor Venture AS. The remaining owner share of 8% was sold in 2013.

In addition to the selling price, an earn-out has been agreed for the event of Equinor Venture AS selling shares or parts of Octio's assets. The earn-out amount will make 5% of a possible selling price before 31 December 2022.

NOTE 22 EVENTS AFTER BALANCE SHEET DATE

Shearwater GeoServices

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 expects to book a non-cash gain of approximately USD 5.9 million from the transaction in the first quarter of 2020.

New contract

In January 2020 GC Rieber Shipping through its 50/50 joint venture, co-owned with Russian partner Prisco entered into new one- year charter agreements with Sakhalin Energy Investment Company Ltd (SEIC) for the two crew-boats "Polar Baikal" and "Polar Piltun".

The operations under the new agreements will commence in June 2020. The crew-boats will be operating in the Sea of Okhotsk, Sakhalin in Russia.

This is the second time the charters have been renewed. The new contracts are for one firm season, 2020, with an option to extend by one year pfor the 2021 season.

Global developments

The coronavirus disease (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. The impact of these factors on the offshore industry and GC Rieber Shipping's business is uncertain.

NOTE 23 ALTERNATIVE PREFORMANCE 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 |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OPERATING PROFIT BEFORE DEPRECIATION (EBITDA) | 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 |
| OPERATING PROFIT (EBIT) | EBIT represents earnings before interest and tax. | EBIT shows operating profitability regardless of capital structure and tax situations. |
| NET INTEREST-BEARING DEBT | Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest-bearing financial assets, cash and cash equivalents. (Leasing debt is not included). | |
| | 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. | |
| EQUITY RATIO | Equity divided by assets at the reporting date. | Measure capital contributed by shareholders to fund the Group's assets. |
| EARNINGS PER SHARE | Earnings divided by number of shares outstanding. | Measures the Group's earnings on a per-share basis. |
| OTHER DEFINITIONS | | |
| MEASURE | Description | |
| MARKET VALUE | Calculated average vessel value between several independent brokers' estimates based on the principle of "willing buyer and willing seller". | |
| CAPACITY UTILISATION | 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. | |
| CONTRACT COVERAGE | 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. | |

Financial Statement

GC Rieber
Shipping ASA

INCOME STATEMENT

GC RIEBER SHIPPING ASA

| NOK (1 000) | NOTE | 2019 | 2018 |
|-----------------------------------------------------------------------------------|------|---------|---------|
| OPERATING INCOME | | | |
| Operating income | | 200 | - |
| Total operating income | | 200 | - |
| OPERATING EXPENSES | | | |
| Administration expenses | 3,4 | -10 339 | -6 291 |
| Total operating expenses | | -10 339 | -6 291 |
| Earnings before interests, taxes, depreciations and amortisations (EBITDA) | | | |
| | | -10 139 | -6 291 |
| Net operating income | | | |
| | | -10 139 | -6 291 |
| FINANCIAL INCOME AND EXPENSE | | | |
| Write-down investment in subsidiary | 5 | -5 606 | -13 426 |
| Write-down receivables in subsidiary | 12 | -6 692 | -38 416 |
| Financial income | | 10 674 | 9 093 |
| Financial expenses | | -107 | -1 739 |
| Financial expenses subsidiaries | | 129 | -336 |
| Realized currency gains (losses) | | -1 263 | -190 |
| Unrealized currency gains (losses) | | 2 844 | 14 753 |
| Net financial income and expenses | | -22 | -30 261 |
| Net income before taxes | | | |
| | | -10 161 | -36 552 |
| Taxes | | | |
| | 9 | - | - |
| NET INCOME FOR THE YEAR | | | |
| | 7 | -10 161 | -36 552 |
| ALLOCATION OF NET LOSS/PROFIT | | | |
| Allocation of Net Loss/Profit | 7 | 10 161 | 36 552 |
| Total allocation | | 10 161 | 36 552 |

STATEMENT OF FINANCIAL POSITION

GC RIEBER SHIPPING ASA

| NOK (1 000) | NOTE | 31.12.2019 | 31.12.2018 |
|-------------------------------------|-------|------------|------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Investments in subsidiaries | 5 | 106 685 | 104 292 |
| Investments in associated companies | 6, 13 | 633 329 | 633 329 |
| Total financial fixed assets | | 740 015 | 737 621 |
| Total fixed assets | | 740 015 | 737 621 |
| CURRENT ASSETS | | | |
| Receivables from subsidiaries | 12 | 196 401 | 168 640 |
| Other current assets | | 1 032 | 194 |
| Total receivables | | 197 433 | 168 834 |
| Cash and cash equivalents | 10 | 179 212 | 167 129 |
| Total current assets | | 376 646 | 335 963 |
| TOTAL ASSETS | | 1 116 660 | 1 073 584 |

STATEMENT OF FINANCIAL POSITION

GC RIEBER SHIPPING ASA

| NOK (1 000) | NOTE | 31.12.2019 | 31.12.2018 |
|-----------------------------------------------------|-------|------------|------------|
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital (86,087,310 shares at NOK 1.80) | 7, 11 | 154 957 | 154 957 |
| Portfolio of own shares (54,500 shares at NOK 1.80) | 7 | -98 | -98 |
| Share premium | 7 | 286 510 | 286 510 |
| Paid in capital | | 441 369 | 441 369 |
| Other equity | 7 | 320 870 | 331 031 |
| Total retained earnings | | 320 870 | 331 031 |
| Total equity | | 762 240 | 772 401 |
| LIABILITIES | | | |
| Trade payables | | 22 | 3 111 |
| Liabilities to subsidiaries | 12 | 353 398 | 297 071 |
| Other current liabilities | | 1 000 | 1 000 |
| Total current liabilities | | 354 420 | 301 183 |
| Total liabilities | | 354 420 | 301 183 |
| TOTAL EQUITY AND LIABILITIES | | 1 116 660 | 1 073 584 |

Bergen, 9 March 2020
The Board of Directors of GC Rieber Shipping ASA

| | | |
|-------------------------------------|------------------------------------------------|---------------------------------------|
| Paul-Chr. Rieber <i>Chairman</i> | Morten Foros Krohnstad <i>Vice chairman</i> | Trygve Bruland <i>Board member</i> |
| Tove Lunde <i>Board member</i> | Bodil Valland Steinhaug <i>Board member</i> | Einar Ytredal <i>CEO</i> |

CASH FLOW STATEMENT

GC RIEBER SHIPPING ASA

| NOK (1 000) | NOTE | 2019 | 2018 |
|-------------------------------------------------------------------------------------|------|---------|----------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net income before taxes | | -10 161 | -36 552 |
| Write-down investments in subsidiaries | 5 | 5 606 | 13 426 |
| Write-down on receivables | 12 | 6 692 | 38 416 |
| Exchange differences | | -2 844 | -14 753 |
| Profit on sale of shares in subsidiaries | | - | - |
| Change in accounts payable | | -3 090 | 2 610 |
| Change in receivables from subsidiaries | | 21 874 | -28 098 |
| Change in other current assets and other liabilities | | -839 | -48 |
| Net paid interests | | 67 | 1 464 |
| Dividends from subsidiaries | | - | - |
| Net cash flow from operating activities | | 17 306 | -23 535 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | | | |
| Payments from sale of financial fixed assets | | - | - |
| Payments for investments in financial fixed assets | | -2 395 | -262 212 |
| Net cash flow from investment activities | | -2 395 | -262 212 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Loan from shareholder | | - | 240 000 |
| Repayment of loan from shareholder | | - | -19 917 |
| Issue of new equity (in addition to remaining shareholder loan converted to equity) | | - | 125 917 |
| Cost of equity issues | | - | -7 842 |
| Sale of own shares | | - | 763 |
| Net paid interests | | -67 | -1 464 |
| Net cash flow from financing activities | | -67 | 337 458 |
| Net change cash and cash equivalents | | 14 844 | 51 711 |
| Cash and cash equivalents at 01.01. | | 167 129 | 44 128 |
| Reclassification from long term receivables to cash | | - | 63 323 |
| Currency gains (losses) on cash and cash equivalents | | -2 761 | 7 967 |
| Cash and cash equivalents at 31.12. | | 179 212 | 167 129 |

NOTES TO THE FINANCIAL STATEMENTS

GC RIEBER SHIPPING ASA

NOTE 1 – CORPORATE INFORMATION

GC Rieber Shipping ASA (the “Company”) is a listed public limited company registered in Norway. The corporate head office is located at Solheimsgaten 15, 5058 Bergen, Norway.

The financial statements were authorised for issue by the Board of Directors on 9. March 2020

NOTE 2 – ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP) as set out in the Norwegian Accounting Act of 1998. The accounting principles are described below.

Classification of assets and liabilities in the balance sheet

Assets intended for permanent ownership or use and receivables due later than one year after the balance sheet date are classified as fixed assets. Other assets are classified as current assets. Liabilities due later than one year after the balance sheet date are classified as long-term debt. Other liabilities are classified as short-term debt.

Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are valued in accordance with the cost method. If fair value is lower than cost, and the fall in value is not considered to be temporary, the investment will be valued at fair value.

Receivables and liabilities in foreign currency

Receivables and liabilities in a foreign currency are translated into NOK using the exchange rate at the balance sheet date. Realised and unrealised gains and losses are classified as financial items.

Receivables

Receivables are valued at the lower of their nominal value and fair value.

Cash and bank deposits

Cash and bank deposits, etc. include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less. In some cases, the Company also enters into contracts for short-term deposits with maturity exceeding three months. Per 31.12.2019, there are no deposits with maturity exceeding three months.

Contingencies

Contingent losses are recognised as expense if they are probable and can be reliably measured. Contingent gains that are probable and contingent losses that are less probable, are not recognised but disclosed in the annual report or in the accompanying notes.

Taxes

Tax expenses are related to profit before tax and are expensed for when they incur. The tax expense consists of tax payable (tax on taxable income for the year) and change in net deferred tax. The tax expense is allocated to ordinary profit and extra-ordinary profit in accordance with the basis for the taxes. Deferred tax liability and deferred tax assets are presented net in the balance sheet. The disclosure of deferred tax benefits on net tax reducing differences and carry forward losses, is based on estimated future earnings.

Cash flow statement

The Company’s cash flow statement shows the Company’s consolidated cash flows distributed between operating activities, investment activities and financing activities. The statement shows the impact of the different activities on the Company’s cash and cash equivalents. The cash flow statement is presented based on the indirect method.

NOTE 3 – PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS TO BOARD AND AUDITOR (NOK 1 000)

The Company has no employees, but CEO is contracted from the subsidiary GC Rieber Shipping AS. The CEO has not received any remuneration from GC Rieber Shipping ASA as the salary has been provided from the subsidiary GC Rieber Shipping AS. No agreement has been entered into with the Chairman of the Board with regards to special payments upon the termination or change of his employment. There exist no agreements that give employees or representatives entitlement to subscribe for or purchase or sell shares in the Company.

The Board of Directors presents the following statement to the general meeting for consultative voting:

"The purpose of this statement is to provide superior guidelines for the Company's adoption of salary and other remunerations to management, cf. the Public Limited Company Act §6-16 a. Management shall be offered competitive conditions such that the Company is ensured continuity in management and the

possibility to recruit qualified personnel to leading positions. By competitive conditions is meant conditions on the same level as offered by comparable companies. The remuneration shall be designed such that it promotes added value in the Company. Bonus arrangements shall depend on collective or individual performance measures. The remuneration shall not be of such character or size that it can damage the Company's reputation. The remuneration can consist both of a fixed salary and other supplementary benefits, including, but not limited to, payment in kind, bonus, severance pay and retirement and insurance schemes, company car, car allowance, telephone and broadband service. New senior executives will be included in the Company's defined contribution pension plan. The fixed salary will normally constitute the main part of the remuneration. The Company does not have options programs or other schemes as mentioned in the Public Limited Company Act § 6-16 a, 1st paragraph number 3. There are no specific limits for the different categories of remunerations or the total level of remuneration to management."

| | SALARY | OTHER BENEFITS | PENSION PREMIUM | TOTAL REMUNERATION |
|-----------------------------------------|--------|----------------|-----------------|--------------------|
| MANAGEMENT REMUNERATION 2019 | | | | |
| Einar Ytredal, CEO | 2 392 | 21 | 328 | 2 742 |
| Øystein Kvåle, CFO (from November 2018) | 1 381 | 14 | 132 | 1 526 |
| Christoffer Knudsen, CCO | 1 505 | 36 | 122 | 1 664 |
| Jan Renè Myran, COO | 1 602 | 16 | 125 | 1 743 |
| Eilert Nøttingnes, Head of QHSE | 1 104 | 19 | 63 | 1 186 |
| Benedicte Breistein, Head of Crewing | 814 | 18 | 47 | 879 |
| Bjørn Valberg, Technical Director | 1 156 | 11 | 70 | 1 236 |
| Total management remuneration | 9 954 | 136 | 887 | 10 977 |

| | | | | |
|----------------------------------------------------------------------|--------|-----|-----|--------|
| MANAGEMENT REMUNERATION 2018 | | | | |
| Einar Ytredal, CEO (from September 2018), CFO (until September 2018) | 2 084 | 21 | 238 | 2 343 |
| Christian W. Berg, CEO (until September 2018) | 2 280 | 366 | 260 | 2 905 |
| Øystein Kvåle, CFO (from November 2018) | 212 | 1 | 8 | 221 |
| Christoffer Knudsen, CCO | 1 356 | 8 | 88 | 1 452 |
| Jan Renè Myran, COO | 1 544 | 15 | 119 | 1 677 |
| Eilert Nøttingnes, Head of QHSE | 1 053 | 13 | 43 | 1 109 |
| Benedicte Breistein, Head of Crewing | 765 | 18 | 59 | 842 |
| Bjørn Valberg, Technical Director | 1 135 | 10 | 67 | 1 213 |
| Total management remuneration | 10 428 | 452 | 881 | 11 761 |

| | DIRECTORS' FEES 2019 | DIRECTORS' FEES 2018 |
|---------------------------------------------------------|----------------------|----------------------|
| BOARD REMUNERATION | | |
| Paul-Chr. Rieber, chairman (incl. audit committee) | 300 | 225 |
| Morten Foros Krohnstad, vice-chairman (from April 2018) | 200 | 150 |
| Hans Olav Lindal, vice-chairman (until April 2018) | - | 67 |
| Tove Lunde | 150 | 150 |
| Trygve Bruland (incl. audit committee) | 200 | 200 |
| Bodil Valland Steinhau | 150 | 150 |
| Total Board remuneration | 1 000 | 942 |
| | 2019 | 2018 |
| AUDITOR'S FEES | | |
| Audit services | 624 | 479 |
| Tax consulting | - | 10 |
| Other services | 20 | 529 |
| Total auditor's fees | 644 | 1 018 |

NOTE 4 – SPECIFICATION OF OPERATING EXPENSES BY CATEGORY (NOK 1 000)

| | 2019 | 2018 |
|----------------------------------------------|--------|---------|
| Board remuneration incl. social security tax | 1 074 | 1 073 |
| Auditor's fees | 644 | 1 018 |
| Management fee to GC Rieber Shipping AS | 6 000 | 6 700 |
| Legal fees *) | 790 | (4 306) |
| Consultancy fee | 1 021 | 958 |
| Return on bad debts | - | - |
| Other administration expenses | 810 | 848 |
| Total operating expenses | 10 339 | 6 291 |

*) Includes refund of legal fees in connection with the Armada Seismic trial of NOK 7.5 million in 2018

NOTE 5 – INVESTMENTS IN SUBSIDIARIES (NOK 1 000)

| COMPANY | BUSINESS OFFICE | VOTING AND OWNER SHARE | CARRYING AMOUNT 31.12.2019 | RESULT 2019 | EQUITY 31.12.2019 |
|--------------------------|-----------------|------------------------|----------------------------|-------------|-------------------|
| GC Rieber Shipping AS | Bergen | 100% | 7 757 | -11 053 | 2 729 |
| GC Rieber Shipping BV | Netherlands | 100% | 20 101 | -3 012 | 15 545 |
| Polar Explorer AS | Bergen | 100% | - | -6 692 | -291 751 |
| Polar Ship Invest AS | Bergen | 100% | 30 | - | 30 |
| Polar Ship Invest II AS | Bergen | 100% | 26 979 | 20 916 | 452 369 |
| Polar Ship Invest III AS | Bergen | 100% | 108 | -37 551 | 130 503 |
| Polarus AS | Bergen | 100% | 50 000 | 13 946 | 265 373 |
| Polar Shipping AS | Bergen | 100% | 1 710 | -86 | 3 743 |
| Total | | | 106 685 | -23 532 | 578 543 |

The investments in GC Rieber Shipping AS was written down with NOK 5.6 million in 2019. In 2018 the investments in GC Rieber Shipping AS was written down with NOK 13.4 million. For the subsidiaries with functional value in USD, an exchange rate

of USD/NOK 8,8003 has been used to convert the result for the year and a rate of USD/NOK 8,7803 has been used to convert equity as at 31.12.19.

NOTE 6 – INVESTMENTS IN ASSOCIATES (NOK 1 000)

As at 31.12.19 the Company had 20% ownership in the marine geophysical service company Shearwater Geoservices ("Shearwater"). Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Following the CGG-transaction 8 January 2020 described in note 22 to the consolidated accounts, Shearwater owns and operates a fleet of 21 seismic 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 600 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.

Following the CGG-transaction 8 January 2020, GC Rieber Shipping's ownership in Shearwater is 19%.

Shearwater Guarantee

Upon the establishment of Shearwater, GC Rieber Shipping provided a parent guarantee of 50% of the outstanding facility amount for the vessels Polar Duke, Polar Duchess, Polar Empress and Polar Marquis (USD 86 million as of 31.12.2019). Following the acquisition of Schlumberger's marine seismic business in 2018, Rasmussengruppen AS provided a counter guarantee in favour of GC Rieber Shipping for 63.9% of this liability.

If the fair market value of these four Shearwater vessels is reduced below 90% of the outstanding facility amount, GC Rieber Shipping shall, within 12 months, provide a cash deposit for the difference between the market value and the 90% level, limited to USD 10 million. Rasmussengruppen AS has also provided a counter guarantee in favour of GC Rieber Shipping for 63.9% of this liability.

| COMPANY | BUSINESS OFFICE | VOTING AND OWNER SHARE | CARRYING AMOUNT 31.12.2019 | RESULT 2019 | EQUITY 31.12.2019 |
|-----------------------------------|-----------------|------------------------|----------------------------|-------------|-------------------|
| Shearwater GeoServices Holding AS | Bergen | 20% | 633 329 | -222 357 | 3 816 814 |
| Total | | | 633 329 | | |

Figures from Shearwater is presented on a 100% basis and are based on a preliminary Balance Sheet per 31.12.19. An exchange rate of USD/NOK 8,8003 has been used to convert the result for the year and a rate of USD/NOK 8,7803 has been used to convert equity as at 31.12.19.

NOTE 7 – EQUITY

| | SHARE CAPITAL | PORTFOLIO OF OWN SHARES | SHARE PREMIUM RESERVE | OTHER EQUITY | TOTAL |
|--------------------------------|---------------|-------------------------|-----------------------|--------------|---------|
| STATEMENT OF CHANGES IN EQUITY | | | | | |
| Equity as at 01.01. | 154 957 | -98 | 286 510 | 331 031 | 772 401 |
| Net income for the year | | | | -10 161 | -10 161 |
| Equity as at 31.12. | 154 957 | -98 | 286 510 | 320 871 | 762 240 |

| | NUMBER OF SHARES | PAR VALUE | CARRYING AMOUNT |
|-----------------|------------------|-----------|-----------------|
| ORDINARY SHARES | | | |
| Share capital | 86 087 310 | 1.80 | 154 957 158 |
| Own shares | 54 500 | 1.80 | -98 100 |

The total number of shares in the Company is 86,087,310.

OWN SHARES:

In December 2018 GC Rieber Shipping ASA sold 96,300 (at the time 0.17% of outstanding shares) of its own shares to Board members and employees at a price per share of NOK 8.30. Employees received a discount of 20% on this price up to a maximum of NOK 3,000 per employee.

The Company had a holding of 54,500 own shares, i.e. 0.06% of the shares in the Company as at 31 December 2019.

DIVIDEND (NOK 1 000):

Following the restructuring of the Company in March 2018, no dividend payments or other distributions from the Company may be made without the prior consent of the lenders. However, the Company's lenders have consented to the following: 24% of potential dividends from the shares of Shearwater or 24% of potential proceeds from the sale of such shares in whole or in part, may be redistributed to the shareholders of the Company by way of dividends, a share capital reduction or any other manner deemed appropriate by the Company.

The board has not proposed dividends in 2019 and did not pay a dividend for the year ended 31 December 2018.

NOTE 8 – EARNINGS PER SHARE

Earnings per share is calculated by dividing the net income for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

The Company has no convertible loans or equity instruments and the diluted earnings per share are thus equal to earnings per share.

| | 2019 | 2018 |
|-----------------------------------------------------------------------------------------|------------|------------|
| Net income for the year (NOK 1 000) | -10 161 | -36 551 |
| Time weighted average number of shares applied in the calculation of earnings per share | 86 032 810 | 55 204 824 |
| Number of outstanding shares as at 31.12. | 86 032 810 | 86 032 810 |
| Diluted earnings per share (NOK) | -0.12 | -0.66 |

NOTE 9 – TAXES (NOK 1 000)

| | 2019 | 2018 |
|-----------------------------------------------------|---------|---------|
| INCOME TAX EXPENSE | | |
| Net income before taxes | -10 161 | -36 551 |
| PERMANENT DIFFERENCES: | | |
| Other non-deductable costs | 4 | 1 588 |
| Write-down receivable and investment in subsidiary | 12 298 | 51 841 |
| Deductable cost in connection with capital increase | - | -7 842 |
| Other non-taxable income | - | - |
| Dividend/Group contribution from subsidiary | - | - |
| TEMPORARY DIFFERENCES: | | |
| Change profit and loss account | 4 | 5 |
| Tax losses carried forward | -2 145 | -9 041 |
| Basis for taxes for the year | - | - |
| Payable income tax (22%) | - | - |

RECONCILIATION OF TAX EXPENSE FOR THE YEAR

| | | |
|--------------------------------------------------------------|---------|---------|
| Net income before taxes | -10 161 | -36 551 |
| Calculated tax, nominal rate 22% | -2 235 | -8 407 |
| Change in deferred tax asset not recognised in balance sheet | -471 | -2 139 |
| Permanent differences | 2 706 | 11 924 |
| Tax expense/-income | - | 1 438 |

DEFERRED TAX/DEFERRED TAX ASSETS

| | | |
|--------------------------------------------------------|----------|----------|
| Profit and loss account | 17 | 22 |
| Carry forward loss for tax purposes | -260 405 | -262 550 |
| Basis for calculation of deferred tax | -260 388 | -262 529 |
| Tax rate | 22% | 22% |
| Calculated deferred tax/deferred tax asset | -57 285 | -57 756 |
| Deferred tax asset not recognised in the balance sheet | 57 285 | 57 756 |
| Deferred tax/deferred tax asset in the balance sheet | - | - |

NOTE 10 – BANK DEPOSITS/SHORT-TERM LIABILITIES TO FINANCIAL INSTITUTIONS (NOK 1 000)

The Company is a part of the GC Rieber Shipping group's multi-currency cash pool system without credit. This implies that the net total of deposits and amounts drawn on the bank deposits related to all the companies in the group account system is positive. As GC Rieber Shipping ASA is the bank's counterpart, the Company is technically the group companies' bank, and has security in all the bank deposits in the cash pool system.

The Company's drawn amounts/deposits in credit institutions including the group account system as at 31.12. consist of:

| | 2019 | 2018 |
|------------------------------|---------|---------|
| Cash at banks and on hand | 179 212 | 167 129 |
| Tax withholdings | - | - |
| Total bank deposits and cash | 179 212 | 167 129 |

Bank deposits earn interest income based on the banks' prevailing terms at all times. Short-term bank deposits are placed for varying periods from one day to six months depending on the Company's need for liquidity. These deposits earn interest income based on the banks' terms related to short-term deposits.

NOTE 11 – SHAREHOLDERS’ INFORMATION AND TRANSACTIONS WITH RELATED PARTIES

The 20 largest shareholders in GC Rieber Shipping ASA as at 31 December 2019 (outstanding shares):

| NAME | NUMBER OF SHARES | OWNER SHARE |
|--------------------------------------------|------------------|-------------|
| GC Rieber AS | 66 145 908 | 76.8% |
| AS Javipa | 2 003 492 | 2.3% |
| GC Rieber Fondet | 1 914 523 | 2.2% |
| Pareto Aksje Norge | 1 633 179 | 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% |
| M.R.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 AS | 208 668 | 0.2% |
| Tigo AS | 186 359 | 0.2% |
| Stian Strøm Arnesen | 170 000 | 0.2% |
| Other Shareholders | 4 804 140 | 5.6% |
| Outstanding shares | 86 087 310 | 100.0% |
| Outstanding shares (reduced by own shares) | 86 032 810 | |

The Chairman of the Board, Paul-Christian Rieber indirectly controls 3.1 per cent of the Company through AS Javipa and Pelicahn AS, which equals 2,688,658 shares. Cosimo AS, a company owned by Board member Trygve Bruland, holds 100,000 shares in the Company. Board member Bodil Valland Steinhaug holds 10,000 shares in the Company. Of the group Management, CEO Einar Ytredal holds 26,985 shares, CFO Øystein Kvåle holds 15,000 shares, Technical Director Bjørn Valberg holds 11,000 shares, CCO Christoffer Knudsen holds 5,300 shares, COO Jan Renè Myran holds 2,000 shares and Head of QHSE Eilert Nøttingnes holds 2,000 shares in the Company.

No other Board members or members of the group management own shares in the Company.

At 31.12.2019, GC Rieber AS owns 66,145,908 shares in GC Rieber Shipping ASA, constituting 76.8% of the outstanding shares in the Company. The Chairman of the Board, Paul-Christian Rieber, controls Odin AS, Pelicahn AS and AS Javipa who together hold 50% of the shares in GC Rieber AS.

GC Rieber Shipping ASA holds 54,500 own shares, representing 0.6% of the share capital.

Transactions with related parties:

The Company has entered into an agreement with GC Rieber Shipping AS to purchase administrative services. Yearly management fee is NOK 6.0 million. Reference is made to note 12 for other transactions with related parties.

NOTE 12 – RECEIVABLES/LIABILITIES (NOK 1 000)

| | 2019 | 2018 |
|------------------------------|---------|---------|
| INTERCOMPANY TRANSACTIONS | | |
| Loan group account scheme | 196 400 | 168 589 |
| Short-term group receivables | 0 | 51 |
| Total group receivables | 196 400 | 168 640 |
| Deposit group account scheme | 345 348 | 292 072 |
| Short-term liabilities group | 8 051 | 5 600 |
| Total group liabilities | 353 398 | 297 672 |

None of the short-term receivables or liabilities to the group have maturity later than one year.

Of the main group receivables for 2019, loan group account scheme amount to NOK 152 million and group liabilities NOK 352 million. Based on an evaluation of future earnings and capital base as at 31.12.19 for the Company’s subsidiaries, the Company has found it necessary to write down receivables from Polar Explorer AS amounting to NOK 6.7 million.

Short-term liabilities to the group are ordinary trade payables

and a group contribution of NOK 8.1 million to GC Rieber Shipping AS.

Group related transactions:

In 2019 the total cost for Corporate Management services from GC Rieber Shipping AS was NOK 6.0 million.

Guarantee commission revenue on guaranteed bank loans in Polar Ship Invest II AS and Polar Ship Invest III AS amounts to NOK 2.4 million.

NOTE 13 – MORTGAGE AND GUARANTEES

GC Rieber Shipping ASA has provided guarantees for companies in the group amounting to a total of NOK 1 117.3 million. These are mortgaged liabilities in the underlying companies. The Company has also provided parent company guaranties of financial support for companies within the group that has insufficient equity.

The Company has also provided certain guarantees to Shearwater, see note 6 for further details. As at 31.12.2019 Shearwater was in compliance with the terms and covenants.

NOTE 14 – LEGAL PROCEEDINGS

GC Rieber Crewing AS (GCRC) and GC Rieber Shipping AS (GCRS), both subsidiaries of GC Rieber Shipping ASA, have been the subject of legal proceedings instigated by a group of former employees of GCRC. Their employments were terminated when the group decided to liquidate the crewing company, GCRC.

The claims were determined in favour of GCRC and GCRS in both Bergen District Court and the Gulating Court of Appeal. The claimants appealed the decision to the Supreme Court, in which the Supreme Court’s appeal committee decided not to process the claims. The decision from Gulating Court of Appeal, which was in favour of GCRC and GCRS, is therefore final.

NOTE 15 – CONTINGENCIES

Earn-out

In December 2012 GC Rieber Shipping sold a total of 3 217 697 shares in Octio to Equinor Venture AS. The remaining owner share of 8 percent was sold in 2013.

In addition to the selling price, an earn-out has been agreed for the event of Equinor Venture AS selling shares or parts of Octio's assets. The earn-out amount will make 5 percent of a possible selling price before 31 December 2022.



To the General Meeting of GC Rieber Shipping ASA

Independent auditor’s report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GC Rieber Shipping ASA, which comprise:

- The financial statements of the parent company GC Rieber Shipping ASA (the Company), which comprise the statement of financial position as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of GC Rieber Shipping ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualify as new Key audit matters. Impairment

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Auditors Report - GC Rieber Shipping ASA

assessment of vessels in the Subsea segment contain the same characteristics and risks as last year and thus continue to be in our focus.

Key Audit Matter**How our audit addressed the Key Audit Matter***Impairment assessment of vessels in the Subsea segment*

GC Rieber Shipping ASA has a fleet of three vessels within the Subsea segment with a total carrying amount of NOK 1 689million at 31 December 2019, which represented 58% of the Group's total assets.

We focused on this area because the fleet constitutes a substantial share of the total assets in the Group, and because the assessment of the recoverable amount is complex and involves significant management judgement. The uncertainty related to valuation of the Group vessels and the inherent risk of impairment due to continuing challenging market conditions is considered to be high.

Management has defined each individual vessel as a cash flow generating unit ("CGU"). Recoverable amount is based on estimated fair value less cost of disposal ("FVLCD") for all vessels. Management have obtained broker estimates from three different reputable brokers and uses the average of the three valuations, adjusted for expected sales commissions, as basis for FVLCD.

As there has been few ordinary vessel transactions recent years, it is considered to be challenging to estimate FVLCD for vessels within the Subsea segment. Thus, management has deemed it necessary to perform calculations of implicit average rates to assess the reasonableness of the broker estimates. An assessment of implicit rates include management judgement related to, among other, expected utilisation, operating expenses, capital expenditure and required rate of return (WACC).

We obtained management impairment assessment and considered whether the model contained the elements and methodology IFRS require for estimating recoverable amount. We found the model to be in accordance with our expectations.

Key assumptions in the impairment assessment was verified against underlying documentation. This included external broker valuations used by management to estimate the fair value less costs of disposal.

We interviewed the relevant shipbrokers to assess their objectivity, qualifications and the methodology on which the broker estimates were based on. We evaluated the broker estimates by comparing the range of values in the broker estimates to calculation of implicit long-term hire rates. We found that the broker estimates and management calculations of implicit rates were within a reasonable range.

In order to assess management calculations of implicit rates, we compared the estimated future income with historical achievement, existing charter-contracts and budgets approved by the Board of Directors. We challenged key assumptions in the model and discussed expected market development with management and considered whether their explanations were consistent with the knowledge we have obtained during our audit. We compared expected operating expenses and capital expenditure with historical performance and considered whether deviations from the budget had a reasonable explanation. We found that management assumptions were within a reasonable range.

We assessed the discount rate by comparing the key components used with relevant internal and external market data. We also considered the overall level of the discount rate with comparable companies. We found the discount rate to be within a reasonable range.

We lastly evaluated the adequacy of the disclosures made in note 2.21 and 10 including those regarding the key



Auditors Report - GC Rieber Shipping ASA

Based on the above, management has identified impairment indicators for the vessels in the Group, and recognised a net impairment loss for the vessels in the Group P&L amounted to NOK 4m for 2019.

assumptions and sensitivities and found that disclosures appropriately explained management's valuation process and the uncertainties inherent in some of management's assumptions.

We refer to note 2.21 and note 10 in the financial statements where management explains the impairment process.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it



Auditors Report - GC Rieber Shipping ASA

exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a



Auditors Report - GC Rieber Shipping ASA

matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 9 March 2020

PricewaterhouseCoopers AS

Jon Haugervåg

State Authorised Public Accountant

