GC Rieber Shipping ASA

Annual Report 2020

GC RIEBER

Content

Front page photo by GC Rieber Shipping

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 follows the Norwegian Shipowners' Association's (NSA) guidelines on reporting of environmental practises, corporate social responsibility and corporate governance (ESG) reporting in the shipping and offshore industries, issued February 2020. 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 2020, the Company's book equity was NOK 1,277.6 million, which is equivalent to 60.3% 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 2020 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 2019, and the Board of Directors proposes to the general meeting that no dividend will be paid for 2020. 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 31.12.2020 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 2020, 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 Company has one main shareholder, GC Rieber AS, owning 76.8% of the shares as at 31 December 2020.

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 2020 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 2021 will be held on 21 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 2020, the general meeting was held on 16 April and 88% of the total share capital was represented. A total of 31 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. Following the resignation of one of the board members in 2020, the Board of Directors currently comprises 4 members, of which 1 is female.

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 is CEO of GC Rieber AS, which is the largest shareholder in the Company with 76.8% of the 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. 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-today 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 2020, ten meetings were held, compared with eight meetings in 2019. In 2020, attendance at the board meetings was 98%, compared with 95% in 2019.

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 2020, the Company's Board received a total remuneration of NOK 1,000,000. The remuneration to each Board member in 2020 is given in note 3 of the parent company's annual accounts. Remuneration to the Board of Directors is not dependent on performance and does 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.

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 2020

GC Rieber Shipping is strongly committed to corporate social responsibility and sustainability. Throughout a year of major change, efforts to constantly develop operations, practices and investments to minimise effect on the environment and enhance social responsibilities have remained a priority.

A significant share of the Group's operating revenues has in recent years come from work with renewable energy, including offshore wind, which supports the company's desire to contribute to more sustainable development. However, the company's results and assets are still closely linked to the development within offshore oil and gas, markets which the company seeks to reduce its exposure to. GC Rieber Shipping is committed to perform its delivery towards this industry in the most efficient way, with the lowest possible environmental impact.

Following a reduction in activity in the spring of 2020, GC Rieber Shipping, transferred all technical, crew and support functions from the company's head office in Bergen to OSM Maritime Group. This included maritime operations of three own and three externally owned vessels. The transfer of business and subsequent sale of two vessels originally designed for the subsea oil and gas market, repositioned GC Rieber Shipping's towards development of profitable and sustainable maritime projects.

GC Rieber Shipping will use its extensive expertise to contribute to a sustainable development of the offshore industry.

ESG STRATEGY

GC Rieber Shipping has a steadfast commitment to good environmental practices, corporate social responsibility and corporate governance (ESG) within the entire business operation. International sustainability programs are supported by actively using know-how and competence to drive economic, environmental and social development through own initiatives and efforts. GC Rieber Shipping's culture embraces the need for constantly pushing standards further and to contribute to an even larger matter. A solid ESG strategy is also 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, 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 follows the Norwegian Shipowners' Association's (NSA) guidelines on ESG reporting in the shipping and offshore industries, issued February 2020. These guidelines have been commissioned by NSA and developed by The Governance Group in collaboration with the NSA and a reference group consisting of several member companies.

The guidelines do not point out a specific sustainability reporting initiative, amongst the more than 230 initiatives that exist, but underline the importance of sustainability independently of how it is reported. The guidelines aim for the reports to include the most relevant disclosures, in a way that ensures consistency across the shipping and offshore industries and propose a set of indicators to reflect what most companies within shipping and offshore segments are likely to find relevant. Additional key performance indicators (KPIs) tracking performance over time are also included in the report.

Specifically, GC Rieber Shipping has structured its reporting through a materiality analysis based on the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. The SDGs set out 17 goals to improve environmental sustainability, social inclusion, and economic development by 2030. Through the materiality analysis, GC Rieber Shipping has identified and prioritised a range of SDGs significant for both the Group and its stakeholders. The Group assesses its prioritised range of SDGs on a regular basis, giving an opportunity to shift priorities over time.

As of October 2020, GC Rieber Shipping no longer holds the maritime management of its fleet. Maintaining and pushing ESG standards are an essential part of the partnership and collaboration with the new ship manager and the operation of the vessels. The Group's ship manager holds certifications according to the International Safety Management (ISM) Code, ISO 9001 standard (quality management) and ISO 14001 standard (environmental management).

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."

Source: https://sdgs.un.org/

GC Rieber Shipping has evaluated and assessed the 17 SDGs along two dimensions; "Significance to the company's stakeholders" and "Significance for the company's economic, social and environmental impacts" and targeted five SDG's for the Groups main area of focus. Not, however, implying that the remaining SDGs are considered unimportant.

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

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

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

[1] An independent research and advisory firm based in Oslo, Norway, providing expertise on ESG risk and compliance

ENVIRONMENT

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. The market for offshore wind is evolving rapidly and the focus on innovation is increasing. For the past few years, a significant part of the Group's operating income has come from this industry.

In 2020 GC Rieber Shipping's vessel Polar Queen served as a flotel for technicians working on wind turbines for most of the vessel's active period, equipped with a gangway allowing service personnel to access offshore wind turbines for commissioning and service directly from the vessel. With a capacity of 119 persons, the vessel allows effective installation and operation of wind parks far off the coastline. In 2020 GC Rieber Shipping's vessels also provided 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 markets. However, the company's clear ambition is to shift its exposure towards renewable industries, and GC Rieber Shipping has a unique track record of repositioning for new markets. As part of this strategy, GC Rieber Shipping has recently sold two vessels originally designed for the subsea oil and gas market, Polar King and Polar Queen.

The Group has developed several designs aimed at the maintenance and commissioning of offshore wind turbines, and also additional concepts within the segment that go beyond the traditional solutions. Going forward the Group will continue to pursue attractive opportunities, including the development of innovative ship designs with a sustainable profile and reduced climate footprint throughout the vessel's life. GC Rieber Shipping considers these to be exciting opportunities with strong market potential.

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

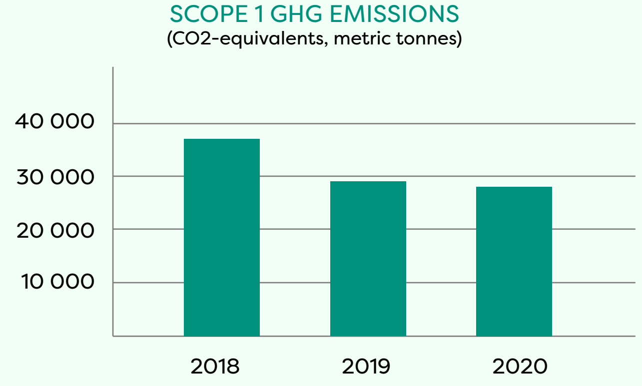
Relevant goal 13 targets for GC Rieber Shipping:

- *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*

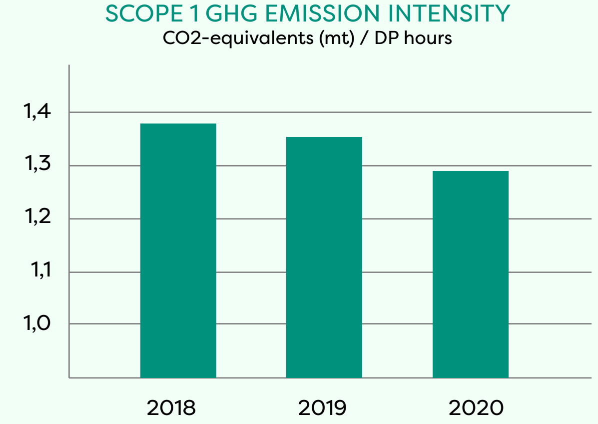
The Group's operations are conducted in accordance with international shipping standards and the Group has a proactive approach to compliance with existing and future environmental requirements.

In close collaboration with designers, shipyards, equipment suppliers and ship managers, 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 and contribute to decarbonisation of the shipping- and offshore industry. Fuel consumption is the main source of such emissions. The figure below gives the development of gross global Scope 1 GHG emissions to the atmosphere from GC Rieber Shipping's vessels[2] :



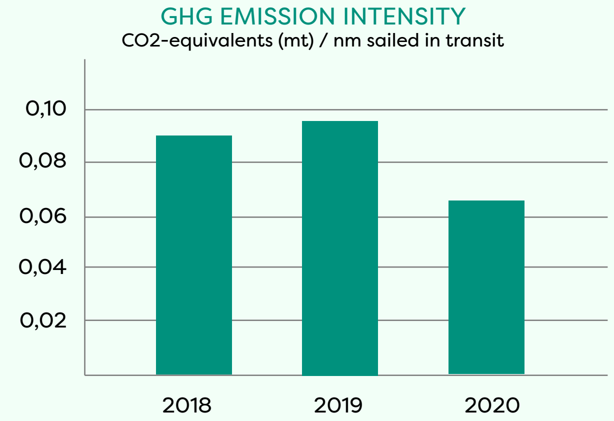
It is important to note that the operational mode of the vessels, when on charter, is determined by the clients. The number, length and speed of transits, number of thrusters in use when in DP (dynamic positioning) operation etc. all depends on the specific client's needs. Thus, for GC Rieber Shipping's business, one cannot draw conclusions solely based on gross consumption.



In DP operation the objective is to ensure safe operations by keeping the vessel absolutely still in the same position. The power consumption required to achieve this depends on weather conditions. The figure below shows GHG emissions intensity illustrated by CO2-equivalents (metric tonnes) per hours in DP operation.

In transit the vessel moves from one location to another. Energy consumption during transit is affected by client requirements, such as speed, voyage planning, and weather routing.

Scope 1 GHG emission intensity in transit, as CO2-equivalents (metric tonnes) divided by nautical miles sailed during transit, is provided in the figure below.

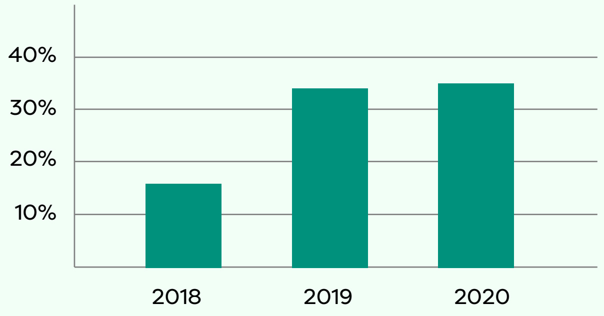


[2] Polar King (sold in Q3 2020), Polar Queen and Polar Onyx

As gross fuel consumption is highly affected by a multitude of outside variables, it is important to have measures in place to reduce GHG emissions in all aspects of the operation. In GC Rieber, these measures are collectively referred to as Green Operations.

Green Operations include various fuel efficiency measures which are defined in the Ship Energy Efficiency Management Plans (SEEMP). The SEEMPs are reviewed annually. Monitoring and statistical analyses of fuel consumption verifies best-practice for energy efficient engine operations. In 2020, all vessels were outfitted with advanced fuel consumption monitoring systems. 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. The share (% of total operating hours) of transits and DP-operations categorised as Green Operations are presented below:

GREEN OPERATIONS



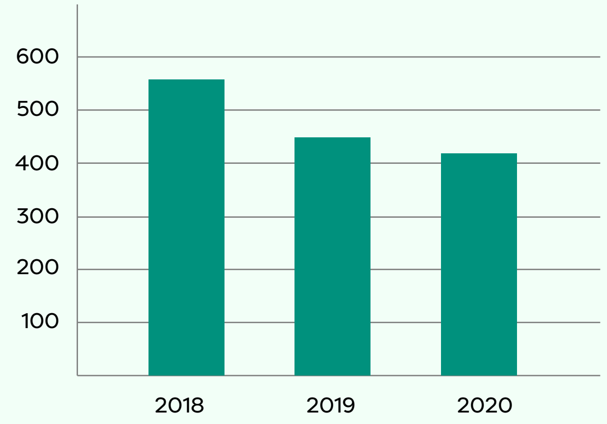
Anti-fouling paint on the hulls reduces growth of barnacles and subsequently lower fuel consumption due to less friction. Other means to reduce the energy consumption onboard the vessels have been taken such as shore power capabilities and use of LED.

GC Rieber Shipping aims to further reduce GHG emissions through improved fuel monitoring, training of key personnel, implementation of measurable targets and advising clients in efficient fuel operations such as 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%. Since 2020 all vessels are operated in compliance with sulphur regulations, including global sulphur limits and relevant emission control area (ECA) limits. Furthermore, all vessels are reporting their fuel consumption and emission in accordance with the IMO DCS directives and have obtained Statement of Compliance (SoC).

Total NOx emissions from the Groups vessels are presented below:

NOX (METRIC TONNES)



GC Rieber Shipping 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.

Climate-related risks include both risks related to the transition to a lower-carbon economy and risks related to the physical impacts of climate change. GC Rieber Shipping acknowledge 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, partners, employees and other stakeholders.

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:

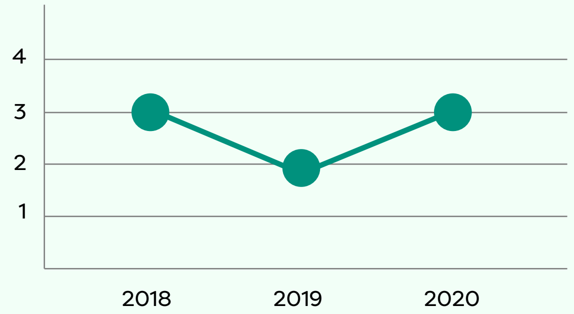
- *By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution*
- *By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans*
- *Minimise 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.

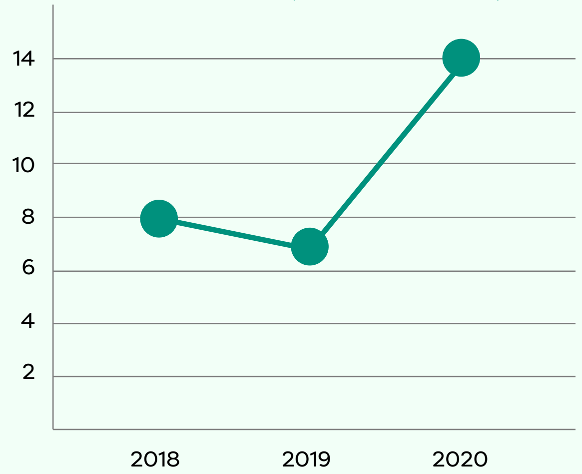
GC Rieber Shipping's has taken its owned vessels above and beyond the applicable environmental legislative worldwide standards for shipping as they are classified as "Clean Design" by DNV-GL. This is an optional classification, giving further requirements on emissions to air (fuel oil management plan,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

The Group has an objective of zero uncontrolled releases of harmful substances in the natural environment. The number of potentially harmful spills, and aggregate volume of potentially harmful spills, are presented below:

NUMBER OF POTENTIALLY HARMFUL SPILLS PER YEAR



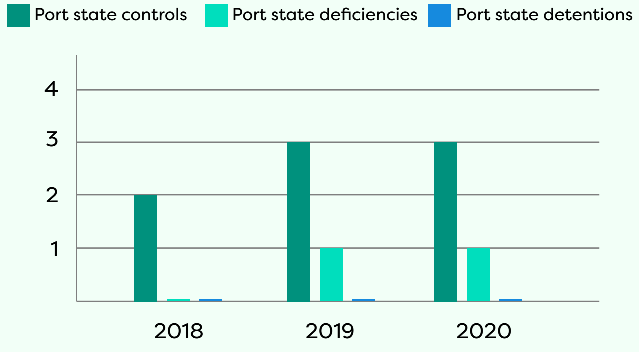
AGGREGATE VOLUME OF POTENTIALLY HARMFUL SPILLS (LITERS PER YEAR)



The Group has in 2020 certified its vessels to be in compliance with the EU Ship Recycling Regulation (EU SRR). The Group aims to have a modern fleet at all times and have not had any ships for scrapping in recent years. Responsible ship recycling clauses, however, are included whenever vessels are sold.

Port State Controls (PSC) are the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations such as SOLAS, MARPOL, etc., and that the ship is manned and operated in compliance with these rules. The number of port state controls, deficiencies and detentions for GC Rieber Shipping are presented to the right. The registered deficiencies were all minor and quickly resolved.

PORT STATE CONTROLS



SOCIAL

HEALTH AND SAFETY

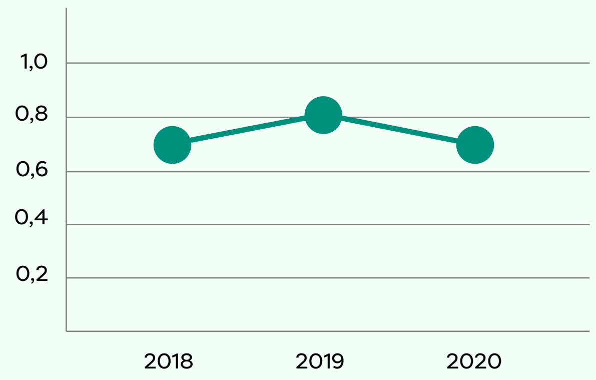
Safeguarding its people is the overall objective in everything GC Rieber Shipping does. The constant search for ways to improve safety performance is embedded in GC Rieber Shipping's culture. Each and every employee and contractor of the Group is responsible for:

- *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 and contractors. Measurable key performance indicators monitor the effect of the activities performed within the area.

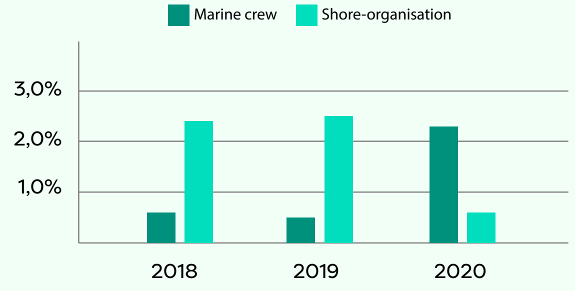
The lost time incident rate (LTIR) for work-related injuries and illness that results in absence from work, beyond the date of the shift when it occurred, is presented below.

LOST TIME INJURY RATE (LTIR)



Sick leave among marine crew and in the shore-organisation is presented below. The increase in 2020 is partially related to Covid-19 restrictions.

SICK LEAVE



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 2020, 7% (5%) among the marine crew were women.

Following the transfer of business for ship management services in October 2020, approximately 60% of the employees in the land organisation were also transferred to the new ship manager. As such, the land organisation consists of eight employees as of 31.12.2020, whereof all men (in 2019, 38% were women). The Board of Directors had 25% female representation, down from 40% as of 31.12.2019 due to the resignation of one board member in October 2020.

The industry in which the Group operates has had, and still has an overweight of male representation. However, acknowledging the situation following the transfer of business in 2020, GC Rieber Shipping is strongly committed to improving the female representation by:

- *implement gender-sensitive recruitment and retention practices and ensure equal access to all company-supported education and training programs;*
- *support women's leadership and ensure sufficient participation of women in decision making and governance bodies at all level and across all business areas;*
- *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.*

GOVERNANCE

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 anticorruption 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 works together with peers and other stakeholders to avoid bribery and corruption taking place in the supply chain.

In 2020 the Group had no port calls in countries that have the 20 lowest rankings in the Transparency International's Corruption Perception Index, and the Group received no fines or sanctions for non-compliance with laws and/or regulations.

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.

For further information about corporate governance in GC Rieber Shipping, please see separate chapter in the annual report.

Report of the board of directors for 2020

GC Rieber Shipping has left behind a year of major changes. The year started off with optimism, with rate levels and activity in the markets continuing its gradual improvement. In 2019, the number of vessels operated by the company had increased for the first time in several years, and the company believed in a persistently higher level of activity and increased profitability. Then came the Covid-19 pandemic and the world closed down.

Despite demanding surroundings, GC Rieber Shipping delivered strong operational performances in 2020. The financial results are nevertheless marked by significant impairment of vessel values throughout the year, as a result of dramatic changes in market prospects and the world economy in general. The company sold the vessel Polar King in 2020 and has also entered into a new agreement with the lenders for further instalment deferrals for its loan facilities. At the end of the year Shearwater[1] strengthened its financial platform by refinancing a majority of its outstanding debt.

To adapt to the changed surroundings, the company has set a new strategic direction as a pure ship-owner with focus on developing profitable and sustainable maritime projects. As a result, all maritime operations of vessels from the head office in Bergen were transferred to an external party in 2020.

For GC Rieber Shipping, 2020 has been about major changes and laying the foundation for developing the company in a new direction.

OPERATIONS AND STRATEGY

From a focus on oil-related activities, GC Rieber Shipping has in recent years turned its core activity in the direction of renewable energy at sea. A significant proportion of operating revenues come from work with renewable energy, including offshore wind, which supports the company's desire to contribute to more sustainable development. However, the company's results and assets are still closely linked to the development within offshore oil and gas, markets which the company seeks to reduce its exposure to.

In the spring of 2020, Shearwater terminated the ship-management agreement with GC Rieber Shipping for the maritime operation of four of their high-capacity seismic vessels. Subsequently, GC Rieber Shipping entered into an agreement with OSM Maritime Group (OSM) for the transfer of all technical, crew and support functions from the company's head office in Bergen to OSM. This included maritime operations of three own and three externally owned vessels. The transfer of business marked a clear shift in GC Rieber Shipping's profile, concluding a long history of delivering high quality maritime operations to its customers.

With this move GC Rieber Shipping pointed out a new strategic direction, focusing on owning ships and developing profitable and sustainable maritime projects. The company's project department holds extensive expertise within naval architecture engineering and newbuilding project management and has a longstanding history of turning complex projects into high-end vessel assets. Building on the Company`s strong heritage of managing complex customer requirements and technologies, also in harsh environments, GC Rieber Shipping is uniquely positioned to develop tailor-made, innovative and sustainable solutions for customers world-wide.

GC Rieber Shipping has direct and indirect ownership of 25 advanced special purpose vessels for defined markets within the Subsea & Renewables, Ice/Support and Marine Seismic segments. The company's headquarters 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 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 2020

(Figures for 2019 are given in brackets)

- *Fleet utilisation of 90% (92%)*[2]
- *Net loss of NOK 495.3 million, including impairment of NOK 459.1 million (Net profit of NOK 14.4 million, including book gain from sale of Ernest Shackleton of NOK 101.6 million)*
- *Contract backlog of NOK 216 million as of 1 January 2020 (NOK 302 million)*[3]

Contract updates in the period

- *In the first quarter of 2020, GC Rieber Shipping entered into new charter agreements with Sakhalin Energy Investment Company Ltd (SEIC) through its 50/50 joint venture OOO Polarus for the two crew-boats Polar Baikal and Polar Piltun. The new contracts were for one firm season, 2020, with an option to extend for the 2021 season, operating in the Sea of Okhotsk, Sakhalin in Russia. The option was later declared for Polar Piltun, making its charter firm through the 2021 season.*
- *GC Rieber Shipping and Nexans extended the charter of Polar King until September 2020. The vessel had been on charter with Nexans since January 2017 conducting cable lay support and trenching worldwide.*
- *Two new short-term contracts for Polar Queen for a Tier 1 client in Europe for work in an offshore wind park. The charters were completed in the autumn of 2020 and was in direct continuation of the vessel's previous five-month charter, also in the walk-to-work market.*
- *Two-year extension for the icebreaker Polar Pevek, co-owned 50/50 with Maas Capital and operated by GC Rieber Shipping's Russian co-owned ship-manager OOO Polarus. The extension follows from end of the firm period in September 2021, making the vessel firm until September 2023.*
- *Shearwater was successful in securing multiple acquisition projects and counted a total backlog of NOK 8.2 billion at the end of 2020, including CGG minimum commitment.*

Amendments to credit facilities

As a result of the current challenging market conditions, GC Rieber Shipping received further amendments to its two Subsea & Renewables credit facilities, including covenant relaxations, prolonging the 80% reduction of scheduled amortisation until the end of 2021. The amendments reduced scheduled instalments in 2021 by approximately USD 8 million. Further details are available in note 14 to the consolidated accounts.

Sale of Polar King

GC Rieber Shipping sold the IMR vessel Polar King, built at Freire Shipyard in 2011. Proceeds from the sale was used to repay the vessel's outstanding debt in full, net book gain was immaterial. The vessel was delivered to the new owner in August 2020.

Fleet management agreement between GC Rieber Shipping and OSM

GC Rieber Shipping and OSM entered into an agreement for fleet management services, including a transfer of business from GC Rieber Shipping to OSM of all technical, crewing and support functions in Bergen. The transfer included 6 vessels under GC Rieber Shipping's management in Bergen, including vessels under third party management. The partnership ensured full and seamless continuity of management for GC Rieber Shipping and clients both ashore and onboard the vessels, with the same shore staff, officers and crew.

Shearwater GeoServices ("Shearwater")

In January 2020, Shearwater completed a strategic vessel transaction with CGG S.A. ("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 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 included a minimum commitment of two vessel-years annually over the agreed five-year period. Following the transaction, GC Rieber Shipping's ownership in Shearwater was reduced from 20% to approximately 19% and GC Rieber Shipping booked a non-cash gain of NOK 52.6 million in the first quarter of 2020.

In December 2020, Shearwater signed new debt and guarantee facilities totalling USD 437 million with its lenders. The new facilities have two- and four-years maturities. They replace approximately USD 500 million of debt under the old structure, effectively refinancing all corporate facilities except for the net liabilities assumed as part of the acquisition of the CGG vessels in January 2020. As part of the refinancing, Shearwater's existing shareholders contributed with USD 25 million of new equity. GC Rieber Shipping did not participate in the share issue.

Furthermore, in December 2020 Shearwater and CGG jointly agreed to suspend the negotiations of the planned marine streamer technology partnership announced in January 2020. The parties agreed to settle a vendor note related to the transaction by issuing new Shearwater shares to CGG in accordance with the agreement signed in January 2020.

GC Rieber Shipping booked a non-cash loss of NOK 21.6 million as a result of the two share issues in December 2020, and the ownership in Shearwater was reduced from 19% to 17%.

Events after the end of the period

Sale of Polar Queen

GC Rieber Shipping has entered into an agreement to sell the IMR vessel Polar Queen, built at Freire Shipyard in 2011. The gangway onboard the vessel is excluded from the sale and will remain an asset for GC Rieber Shipping's vessels.

The sale is expected to be completed in March 2021 and will result in a positive liquidity effect of approximately NOK 22 million after repayment of the vessel`s outstanding debt.

Contract updates

- *GC Rieber Shipping has agreed with DeepOcean BV to extend the charter of the SURF vessel Polar Onyx until the end of May 2021. The extended period will be in direct continuation of the ongoing charter in Ghana, which started in January 2018.*
- *New charter for Polar Onyx in the North Sea for a Tier 1 subsea client. The charter will commence 1 July 2021 and holds a firm duration of three months, plus options.*

1) Shearwater GeoServices Holding AS, owned 17% by GC Rieber Shipping

2) Excluding marine seismic

3) Excluding marine seismic and charterers' extension options, including all contracts secured up until the reporting date for the 2020 annual report

FINANCIAL REVIEW

Profit and loss

The GC Rieber Shipping group's (the "Group") total operating income in 2020 was NOK 233.7 million (NOK 257.3 million). EBITDA amounted to NOK 100.9 million, including non-cash gain from share issues in associated company of NOK 31.1 million (NOK 86.9 million).

Net operating income (EBIT) was negative NOK 463.0 million, including impairment of fixed assets of NOK 459.1 million (NOK 67.0 million, including book gain from sale of Ernest Shackleton of NOK 101.6 million).

Ordinary depreciations amounted to NOK 104.9 million (NOK 117.6 million).

Net financial items were negative with NOK 32.1 million (negative NOK 52.8 million), including unrealised currency loss of NOK 3.7 million (gain of NOK 1.5 million).

The Group's net profit was negative NOK 495.3 million (NOK 14.4 million). Earnings and diluted earnings per share amounted to negative NOK 5.75 (NOK 0.17).

Cash flow

For 2020 the Group had a positive cash flow of NOK 40.2 million (NOK 9.4 million).

Cash flow from operating activities was positive by NOK 68.7 million (NOK 72.4 million).

Cash flow from investment activities was positive by NOK 316.5 million, including NOK 281.2 million from sale of fixed assets (positive by NOK 104.4 million, including NOK 118.4 million from the sale of fixed assets).

Cash flow from financing activities was negative by NOK 345.0 million, including payment of interests and instalments of NOK 344.6 million on the Group's existing loans (negative NOK 167.4 million, including payment of interests and instalments of NOK 168.3 million on the Group's existing loans).

As at 31 December 2020, the Group's holding of liquid assets was NOK 240.4 million (NOK 211.5 million).

Balance sheet

The Group's total assets as at 31 December 2020 amounted to NOK 2,120.2 million (NOK 2,897.5 million), while total assets in GC Rieber Shipping ASA amounted to NOK 1,001.8 million (NOK 1,116.7 million).

At the end of 2020, the book value of the Group's vessels was estimated at NOK 899.2 million (NOK 1,689.2 million). The decrease from 2019 is mainly explained by impairment of vessel values and the sale of Polar King in 2020.

The Group's book equity as at 31 December 2020 was NOK 1,277.6 million (NOK 1,742.8 million), corresponding to an equity ratio of 60.3% (60.1%). Book equity for GC Rieber Shipping ASA was NOK 640.7 million (NOK 762.2 million).

Financing

In 2020, the Group's average interest-bearing liabilities amounted to NOK 1,095.0 million (NOK 1,203.1 million), with an average duration of 2 years as at 31 December. Average interest rate on the loan portfolio was 3.6% including margin (4.2%). 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 2020 in total, the Group paid NOK 15.0 million in ordinary loan instalments in addition to NOK 286.9 million related to sale of fixed assets (NOK 26.9 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 2020 amounted to NOK 240.4 million (NOK 211.5 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 567.5 million (NOK 910.0 million) as at 31 December 2020. At the same time the parent company, GC Rieber Shipping ASA, had net interest-bearing assets of NOK 219.4 million (NOK 179.2 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, and further amendments from September 2020. GC Rieber Shipping complied with the amended financial covenants throughout 2020 and at 31 December 2020. 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 renewable energy, and the level of activity within all business segments is closely linked to the development in the energy markets.

The employment of offshore vessels is still characterised by overcapacity due to lower investments within offshore oil and gas. The oil price, which have been characterised by high volatility in recent years, is the most important driver for the oil companies' exploration and production budgets and thus affect the demand and rates for offshore vessels. At the beginning of 2020, increasing activity was observed within marine seismic, a market segment that is historically at the forefront of the oil and gas cycle. However, the Covid-19 pandemic and the related fall in oil prices reversed this trend from March 2020 onwards. GC Rieber Shipping did not lose any contracts as a result of the pandemic, but it led to operational challenges and increased costs.

The market for offshore wind is developing rapidly. Subsea vessels, that traditionally have worked within oil and gas, are increasingly utilized within renewable energy, especially offshore wind.

With challenging offshore market conditions, GC Rieber Shipping still managed to secure high utilisation for the fleet in 2020.

As part of GC Rieber Shipping's strategy, the company has developed several designs aimed at the maintenance and commissioning of offshore wind turbines. The company has also developed additional concepts within the segment that go beyond the traditional solutions. GC Rieber Shipping considers these to be exciting opportunities with good market potential. Specifically, GC Rieber Shipping seeks to develop innovative, profitable vessel solutions with a sustainable profile, with the aim of significantly reducing the climate footprint throughout the vessel's lifetime.

Subsea & Renewables

Following the sale of Polar King in August 2020 the company owned two vessels within the Subsea & Renewables segment as at 31 December 2020. Polar Queen was originally designed for construction and IMR work (Inspection, Maintenance and Repair), but has in recent years mainly performed work related to cabling and commissioning of wind turbines. Polar Onyx operates in construction and SURF (Subsea Umbilicals, Risers & Flowlines).

Polar Queen was on a five-month contract from April 2020, and two shorter contracts in the autumn of 2020. The vessel operated as an accommodation vessel for technicians working on wind turbines and offshore platforms. In February 2021, GC Rieber Shipping entered into an agreement to sell the vessel, with expected delivery in March 2021.

Polar Onyx has been on a long-term contract with DeepOcean since early 2018, where the tasks include maintenance and installation of subsea structures on the Jubilee and TEN fields in Ghana for Tullow Oil. The contract was recently extended until the end of May 2021. Polar Onyx will commence a new three-months contract 1 July 2021 in the North Sea for a Tier 1 subsea client.

Polar King was chartered to Nexans Skagerrak AS from early 2017, with several extensions, until she was sold in the third quarter of 2020. The vessel conducted survey, trenching and cable lay support in Norway, the North Sea, the Mediterranean and Canada.

For 2020, GC Rieber Shipping's Subsea & Renewables fleet achieved a vessel utilisation of 84% (85%).

Ice/Support

There are currently no 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 2023 and operates out of the DeKastri oil terminal, assisting tankers carrying oil from the Sakhalin I offshore field outside eastern Russia. Polar Piltun is chartered to SEIC through 2021 operating on the Sakhalin II field, while Polar Baikal is currently idle.

GC Rieber Shipping's share of profit in 2020 amounted to NOK 48.4 million (NOK 40.4 million)

Associated Company - Marine Seismic (Shearwater)

GC Rieber Shipping's 17%[4] stake in Shearwater is reported in the profit and loss statement under «Profit from joint ventures and associates».

Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Shearwater owns and operates a fleet of 20 seismic acquisition vessels, offering a full range of acquisition services including 3D, 4D and ocean bottom seismic. The company also has a portfolio of proprietary streamer technology and processing software enabling effective execution of geophysical surveys and delivery of high-quality data. The company has approximately 800 employees and operates in all major offshore basins across the world. This combination makes Shearwater a leading global and technology-driven full-service provider of marine geophysical services, able to deliver exceptional customer solutions.

Shearwater secured several new contracts in 2020, counting a year-end contract backlog of NOK 8.3 billion. Covid-19 has had a significant impact on the markets for marine seismic, but following the strategic agreement with CGG in January 2020 for the purchase of five high-capacity seismic vessels, including a five-year agreement for the purchase of seismic services, as well as refinancing of the majority of the company's outstanding debt in the fourth quarter of 2020, Shearwater is well positioned to participate in an expected recurring market.

GC Rieber Shipping`s share of profit in 2020 was negative NOK 33.9 million, including a non-cash financial income of NOK 51.7 million from the conversion of a vendor note related to the CGG transaction in January 2020 (negative NOK 31.6 million).

[4] 20% until 8 January 2020, 19% until 22 December 2020

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 2020 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 net loss of NOK 121.6 million in 2020, including a write-down of receivables from a subsidiary of NOK 104.4 million (net loss of NOK 10.2 million). The parent company's equity as at 31 December 2020 amounted to NOK 640.7 million (NOK 762.2 million).

The Board of Directors proposes no dividend payment for 2020.

The loss for the year is proposed allocated as follows:

Transferred from other equity:	NOK 121.6 million
Total allocated:	NOK 121.6 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.

In the beginning of 2020 Covid-19 stirred market fundamentals. With the simultaneous dramatic fall in the oil price, the offshore industry and GC Rieber Shipping's business faced significant uncertainty world-wide through 2020. While GC Rieber Shipping did not lose any business as a result of these events, the Group faced higher costs keeping the vessels operational through the challenging times, and continued uncertainty entering 2021.

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.

In 2020, parts of the Group's income in GBP were 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 2020, approximately 70% 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 this annual report, contract backlog was NOK 216 million as of 1 January 2021 (NOK 302 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, in close collaboration with its ship managers, 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. Separate reports on environment, corporate social responsibility and corporate governance for 2020 is provided in the annual report.

GC Rieber Shipping aims at strengthening its leading position within development and ownership 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

Following the transfer of business to OSM, GC Rieber Shipping had a total of eight employees at the end of 2020 (32), all employed in the land organisation. In addition, the Group had 72 (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 both the ship manager and the clients from the planning phase through to execution, including evaluation of a project to ensure the best possible performance. The Group's ship manager 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 2020 will be held on 21 April 2021.

SHAREHOLDER INFORMATION

In 2020, the Group's shares were traded between NOK 4.50 and NOK 11.50 per share. A total of 3,073,954 shares were traded, divided on 4,170 transactions.

As at 31 December 2020, GC Rieber Shipping had 728 shareholders (508). Of total shares, 94.4% was owned by the 20 largest shareholders. GC Rieber AS' stake was 76.8%.

The company had 32 foreign owners holding a total of 0.20% of the shares.

OUTLOOK

GC Rieber Shipping's operations are exposed to developments in the markets for oil, gas and renewables. The COVID-19 outbreak and volatile oil price have stirred market fundamentals, with significant uncertainty across industries world-wide. Conditions for GC Rieber Shipping's markets are volatile in the short to medium term.

Within the Subsea & Renewables segment, Polar Onyx is utilised through September 2021 plus options. Polar Queen is agreed sold, with expected delivery to the new owners in March 2021. While GC Rieber Shipping is fully booked through September 2021, the tender activity for 2021 is expected above 2020 with several key tenders awaited in the renewables walk-to-work segment. The market shows favourable tendencies for the summer season of 2021 with limited availability of both renewables walk-to-work vessels and larger offshore construction vessels.

On the back of continued strong developments in the renewables segment, GC Rieber Shipping's inhouse project department proceeds with developing tailor-made and innovative vessel solutions for this market.

GC Rieber Shipping expects the seismic market to be better in 2021 compared to 2020.

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

Main focus in 2021 is to secure further utilisation for Polar Onyx,

and to develop new profitable and sustainable maritime projects in line with the company's new strategic direction.

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 2020 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 2020, 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.

Bergen, 16 March 2021

The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Morten Foros Krohnstad
Vice chairman

Trygve Bruland
Board member

Bodil Valland Steinhaug
Board member

Einar Ytredal
CEO

Financial Statement

GC Rieber Shipping ASA Group

CONSOLIDATED INCOME STATEMENT

THE GC RIEBER SHIPPING ASA GROUP

NOK (1 000)	NOTE	2020	2019
OPERATING INCOME			
Charter income		201 699	202 162
Other shipping related operating income		31 981	55 176
Total operating income	5,6	233 679	257 338
OPERATING EXPENSES			
Vessel operating expenses		-55 974	-64 331
Crew and catering expenses	7	-74 431	-69 542
Administration expenses	7,16,17	-47 977	-45 413
Total operating expenses		-178 381	-179 287
Gain (loss) from share issues in associated company	4	31 068	-
Profit from joint ventures and associates	4	14 522	8 824
Earnings before interests, taxes, depreciations and amortisations (EBITDA)		100 889	86 876
Depreciation	10,16	-104 852	-117 585
Impairment / reversal of impairment on fixed assets	10	-459 085	-3 905
Gains (losses) on sale of fixed assets		-	101 570
Net operating income (EBIT)		-463 048	66 956
FINANCIAL INCOME AND EXPENSES			
Financial income	18	978	2 627
Financial expenses	16,18	-37 423	-53 514
Changes in market value of financial current assets	18	0	-1 927
Realised currency gains (losses)	18	8 015	-1 490
Unrealised currency gains (losses)	18	-3 700	1 477
Net income before taxes		-495 178	14 129
Taxes	8	-161	269
NET INCOME FOR THE YEAR		-495 339	14 398
Basic and diluted earnings per share	9	-5.75	0.17

STATEMENT OF COMPREHENSIVE INCOME

THE GC RIEBER SHIPPING ASA GROUP

NOK (1 000)	NOTE	2020	2019
Net income for the year		-495 339	14 398
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss			
Changes in pension estimates		644	894
Tax effect changes in pension estimate		-142	-197
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation subsidiaries, joint ventures and associated companies		29 628	16 642
Sum comprehensive income for the year		-465 209	31 737

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE GC RIEBER SHIPPING ASA GROUP

NOK (1 000)	NOTE	31.12.2020	31.12.2019
ASSETS			
FIXED ASSETS			
Vessels	10	899 240	1 689 242
Machinery and equipment	10	8 583	15 436
Right-of-use asset	16	4 316	6 042
Total tangible fixed assets		912 139	1 710 720
Investments in joint ventures and associates	4	910 252	921 276
Other long-term receivables		8 539	-
Total financial fixed assets		918 791	921 276
Total fixed assets		1 830 931	2 631 996
CURRENT ASSETS			
Consumables and spare parts		-	2 689
Total consumables and spare parts		-	2 689
Trade receivables	11	29 942	31 836
Other current receivables	11	18 856	19 458
Total receivables		48 798	51 294
Cash and cash equivalents	12	240 430	211 528
Total current assets		289 228	265 511
TOTAL ASSETS		2 120 159	2 897 507

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

THE GC RIEBER SHIPPING ASA GROUP

NOK (1 000)	NOTE	31.12.2020	31.12.2019
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		836 236	1 301 445
Total retained earnings		836 236	1 301 445
Total equity		1 277 605	1 742 814
LIABILITIES			
Pension liabilities	15	6 607	7 244
Total provisions		6 607	7 244
Long-term debt	14,16	787 673	1 093 396
Total long-term debt		787 673	1 093 396
Current portion of long-term debt	14	20 212	28 177
Trade payables		20 742	15 169
Public duties payable		1 862	3 053
Other current liabilities	19,16	5 458	7 654
Total current liabilities		48 273	54 052
Total liabilities		842 553	1 154 693
TOTAL EQUITY AND LIABILITIES		2 120 159	2 897 507

Bergen, 16 March 2021

The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Morten Foros Krohnstad
Vice chairman

Trygve Bruland
Board member

Bodil Valland Steinhaug
Board member

Einar Ytredal
CEO

CONSOLIDATED CASH FLOW STATEMENT

THE GC RIEBER SHIPPING ASA GROUP

NOK (1 000)	NOTE	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Net income before taxes		-495 178	14 129
Depreciation	10	104 852	117 585
Impairment / reversal of impairment on fixed assets	10	459 085	3 905
Sale of fixed assets	10	-321	-101 570
Gain on sale of shares in joint ventures	4	-31 068	-
Profit from joint ventures and associates	4	-14 522	-8 824
Currency losses (gains)		-4 315	1 940
Change in consumables and spare parts		2 689	-361
Change in short term receivables		2 496	4 969
Change in current liabilities		4 382	-5 939
Change in other current assets and other liabilities		-6 295	-4 800
Interest expense		46 866	51 387
Net cash flow from operating activities		68 671	72 420
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments from investments in financial assets		35 298	15 632
Payments from sale of fixed assets	10	281 195	118 382
Payments for investments in fixed assets	10	-17	-29 643
Net cash flow from investment activities		316 476	104 371
CASH FLOW FROM FINANCING ACTIVITIES			
Cash from new long-term debts		1 518	2 722
Repayment of long-term debts		-301 889	-120 523
Interest paid		-42 722	-47 789
Installment financial lease	16	-1 851	-1 812
Net cash flow from financing activities		-344 944	-167 402
Net change cash and cash equivalents		40 203	9 390
Cash and cash equivalents at 01.01.		211 528	204 164
Reclassification from cash to long term receivables		-8 531	-
Currency gains (losses) on cash and cash equivalents		-2 770	-2 025
Cash and cash equivalents at 31.12.	12	240 430	211 528

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE GC RIEBER SHIPPING ASA GROUP

NOK (1 000)	SHARE CAPITAL	OWN SHARES	SHARE PREMIUM	FOREIGN CURRENCY TRANSLATION	OTHER EQUITY	TOTAL EQUITY
2019						
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
2020						
Balance at 1 January 2020	154 957	-98	286 510	373 040	928 402	1 742 814
Net income for the year					-495 340	-495 340
Other comprehensive income				29 628	502	30 130
Total income and expense for the year				29 628	-494 838	-465 210
TRANSACTIONS WITH SHAREHOLDERS						
Dividends to the shareholders					-	-
Balance at 31 December 2020	154 957	-98	286 510	402 668	433 564	1 277 605

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

THE GC RIEBER SHIPPING GROUP

NOTE 1 – CORPORATE INFORMATION

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

GC Rieber Shipping has direct and indirect ownership in 25 advanced special purpose vessels for defined markets within the Subsea & Renewables, Ice/Support and Marine Seismic segments.

The company has its headquarter 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 16 March 2021.

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

There were no changes in accounting principles in 2020.

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:

a. *assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet*
b. *income and expenses for each income statement are translated at average exchange rates*
c. *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. As at 31.12.2020, the Group had a deposit of USD 1.0 million related to debt instalments. See note 14 for further details.

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 noncancellable 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 2020, the Group engaged in forward contracts hedging 2020 GBP cash flows against USD. The final contract matured in November 2020. As of 31.12.2020 the Group had no forward contracts.

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 Contracts

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.

In 2020 the Group had both defined contribution plans and defined benefit plans.

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 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. 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.

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.

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

From 2020 the Group presents accounting figures for the business segments Subsea & Renewables and Joint Ventures & Associates. Indirect attributable costs are allocated to the operating segments when applicable. In 2020 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.

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 & Renewables 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%
Rieber Shipping AS	Norway	GC Rieber Shipping AS	100%

NOTE 4 – INVESTMENTS IN JOINT VENTURES & ASSOCIATES

As of 31.12.2020 the Group has the following investments in joint ventures & associates:

JOINT VENTURE	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	17%

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. The vessels 15-year Time Charter for Exxon Neftegas Ltd. which started in 2006, was in 2020 extended with two years until September 2023. 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. Both vessels have been on a long-term engagement with Sakhalin Energy Investment Company Ltd (SEIC) operating in Sea of Okhotsk, Sakhalin in Russia. While Polar Baikal finished its charter in late 2020 and is currently idle, Polar Piltun's charter have been extended through 2021. The ownership and operation of the two 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 1 000)	2020	2019
CONSOLIDATED BALANCE SHEET		
SHORT TERM ITEMS		
Cash and cash equivalents	10 350	11 310
Other current assets	4 415	3 369
Total current assets	14 765	14 679
Financial liabilities (ex. Trade payables)	-4 045	-5 420
Other current liabilities (incl. Trade payables)	-985	-1 304
Total current liabilities	-5 030	-6 724
LONG-TERM ITEMS		
Assets	29 862	32 962
Financial liabilities	-	-4 045
Other liabilities	-	-
Total non-current liabilities	-	-4 045
Net assets	39 597	36 872

(USD 1 000)	2020	2019
CONSOLIDATED INCOME STATEMENT		
Operating income	17 885	18 610
Operating expenses	-3 885	-4 991
Depreciation	-3 144	-3 594
Financial income	8	80
Financial expenses	-437	-763
Result before tax	10 426	9 342
Tax	-189	-205
Result	10 238	9 137

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

USD (1 000)	2020	2019
CONDENSED FINANCIAL INFORMATION		
Net assets 1 January	36 883	31 446
Result for the period	10 238	9 137
Dividends paid	-7 350	-3 700
Net assets 31 December	39 771	36 883
Current exchange rate at the balance sheet date	8.53	8.78
Net assets 31 December at the exchange rate on the balance sheet date (NOK 1000)	339 347	323 845
Owner share 50% (NOK 1000)	169 674	161 922
Group items (NOK 1000)	-24	-2 032
Carrying amount (NOK 1000)	169 650	159 891

Associated Company – Marine Seismic (Shearwater)

As at 31.12.2020 the Group had 17% (20% as at 31.12.2019) ownership in the marine geophysical service company Shearwater GeoServices Holding AS ("Shearwater"). Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Shearwater owns and operates a fleet of 20 seismic acquisition vessels, offering a full range of acquisition services including 3D, 4D and ocean bottom seismic. The company also has a portfolio of proprietary streamer technology and processing software enabling effective execution of geophysical surveys and delivery of high-quality data. The company has approximately 800 employees and operates in all major offshore basins across the world. This combination makes Shearwater a leading global and technology-driven full-service provider of marine geophysical services, able to deliver exceptional customer solutions.

In January 2020, Shearwater completed a strategic vessel transaction with CGG S.A. ("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 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 included a minimum commitment of two vessel-years annually over the agreed five-year period. Following the transaction, GC Rieber Shipping's ownership in Shearwater was reduced from 20% to approximately 19% and GC Rieber Shipping booked a non-cash gain of NOK 52.6 million in the first quarter of 2020.

In December 2020, Shearwater signed new debt and guarantee facilities totalling USD 437 million with its lenders. The new facilities have two- and four-years maturities. They replace approximately USD 500 million of debt under the old structure, effectively refinancing all corporate facilities except for the net liabilities assumed as part of the acquisition of

the CGG vessels in January 2020. As part of the refinancing, Shearwater's existing shareholders contributed with USD 25 million of new equity. GC Rieber Shipping did not participate in the share issue.

Furthermore, in December 2020 Shearwater and CGG jointly agreed to suspend the negotiations of the planned marine streamer technology partnership announced in January 2020. The parties jointly agreed to settle a vendor note related to the transaction by issuing new Shearwater shares to CGG in accordance with the agreement signed in January 2020.

GC Rieber Shipping booked a non-cash loss of NOK 21.6 million as a result of the two share issues in December 2020, and the ownership in Shearwater was reduced from 19% to 17%.

Due to rights in the shareholder agreement, GC Rieber Shipping continues to treat the investment in Shearwater as an associated company booked according to the equity method. Based on the latest transaction in the Shearwater shares, GC Rieber Shipping performed impairment testing of the investment as at 31.12.2020. The test did not result in an impairment.

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

(USD 1 000)	2020	2019
CONSOLIDATED BALANCE SHEET		
SHORT TERM ITEMS		
Cash and cash equivalents	95 332	71 424
Other current assets	108 035	142 184
Total current assets	203 367	213 608
Financial liabilities (ex. Trade payables)	-54 478	-354 696
Other current liabilities (incl. Trade payables)	-54 167	-54 749
Total current liabilities	-108 645	-409 445
LONG-TERM ITEMS		
Assets	1 033 951	797 549
Financial liabilities	-610 195	-158 371
Other liabilities	-8 889	-8 639
Total non-current liabilities	-619 084	-167 010
Net assets	509 589	434 702
CONSOLIDATED INCOME STATEMENT		
Operating income	589 725	427 895
Operating expenses	-429 050	-302 070
Depreciation and write-down	-155 519	-102 557
Financial income	44 842	610
Financial expenses	-60 508	-47 408
Result before tax	-10 510	-23 530
Tax	-1 167	-1 737
Result	-11 677	-25 267

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

USD (1 000)	2020	2019
CONDENSED FINANCIAL INFORMATION		
Net assets 1 January	434 702	454 152
Result for the period	-11 677	-25 267
Result not recognised in previous years	-2 622	6 674
Capital increase	89 185	-
Shares subscription	-	-856
Net assets 31 December	509 588	434 702
Current exchange rate at the balance sheet date	8.53	8.78
Net assets 31 December at the exchange rate on the balance sheet date (NOK 1000)	4 348 111	3 816 818
Owner share 17% (NOK 1000)	740 602	761 455
Group items (NOK 1000)	-	-
Carrying amount (NOK 1000)	740 602	761 455

Following the events described above, the Group's owners share in Shearwater was reduced from 20% to 17%, resulting in a net profit (non-cash) of NOK 31.1 million for GC Rieber Shipping in 2020; gross profit was NOK 52.1 million, cost price shares were NOK 21.6 million and there was also a positive currency effect of NOK 0.6 million.

NOK (1 000)	ICE/SUPPORT	MARINE SEISMIC	TOTAL
Gain (loss) from share issues	-	31 068	31 068
Result	48 391	-33 869	14 522
Carrying amount	169 650	740 602	910 252

Shearwater Guarantees

Following the refinancing of Shearwater in December 2020, GC Rieber Shipping was released from all guarantees provided upon the establishment of Shearwater.

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 Goup operates within three market segments; subsea & renewables, ice/support and marine seismic. As the Group's activities within marine seismic in its entirety is held through the stake in Shearwater and accounted for by the equity method, marine seismic is not reported as a separate segment. Instead, investments in joint ventures and associated companies are presented as a separate segment in management and financial reporting. As such, the management team has defined three segments in management and financial reporting; Subsea & Renewables, Ice/Support and Joint Ventures & Associates.

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

Following the sale of Polar King in August 2020 the company owned two vessels within this segment; Polar Queen and Polar Onyx. The vessels are primarily designed for inspection, maintenance and repair of subsea installations, but have also demonstrated attractive capabilities for the mentioned offshore renewables market. Polar Queen has been agreed sold in 2021, see note 22.

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. 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 17% (as at 31.12.2020) 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
2020					
FROM THE INCOME STATEMENT					
Operating income	-	233 680	-	-	233 680
Gain (loss) from share issues in associated company (see note 4)	-	-	31 068	-	31 068
Loss from associated company (see note 4)	-	-	-33 869	-	-33 869
Profit from joint venture (see note 4)	-	-	48 391	-	48 391
Operating profit before depreciation, write-down and gain (loss) on sale of fixed assets	-	55 299	45 590	-	100 889
Depreciation	-	-104 852	-	-	-104 852
Write downs	-	-459 085	-	-	-459 085
Profit from disposal of fixed assets	-	-	-	-	-
Net operating income	-	-508 638	45 590	-	-463 048
FROM THE BALANCE SHEET					
Vessels	-	899 240	-	-	899 240
Debt to credit institutions	-	807 885	-	-	807 885
FROM THE CASH FLOW STATEMENT					
Operating profit before depreciation, write-down, and gain (loss) on sale of fixed assets	-	55 299	45 590	-	100 889
Repayment of long-term loans	-	-301 889	-	-	-301 889
Sale of fixed assets	-	281 195	-	-	281 195
Investments	-	-17	-	-	-17
Other investing activities	-	-		-	-
Interest paid	-	-42 722	-	-	-42 722
Other changes	-	-	-	5 921	5 921
Net change in cash and cash equivalents	-	(8 134)	45 590	5 921	43 377

*) Up until October 2020, the Subsea & Renewables segment also included external ship management income and corresponding costs for providing ship management services

	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 & associates (see note 4)			40 403	-	40 403
Loss from joint venture & associates (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	122 727	-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	-	86 875
Repayment of long-term loans	-	-120 523	-	-	-120 523
New long-term loans raised	-	2 722	-	-	2 722
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

*) Up until October 2020, the Subsea & Renewables segment also included external ship management income and corresponding costs for providing ship management services

NOTE 6 – OPERATING INCOME (NOK 1000)

	ICE/SUPPORT	SUBSEA & RENEWABLES*	IN TOTAL
2020			
TC hire	-	201 699	201 699
BB hire	-	-	-
Mangement fee	-	9 819	9 819
Misc revenues	-	22 161	22 161
Revenue from external customers	-	233 679	233 679
TIME OF REVENUE RECOGNITION			
At a point in time	-	-	-
Over time	-	233 679	233 679
In total	-	233 679	233 679
2019			
TC hire	-	196 196	196 196
BB hire	5 965	-	5 965
Mangement fee	-	11 668	11 668
Misc revenues	-	20 595	43 508
Revenue from external customers	5 965	228 460	257 338
TIME OF REVENUE RECOGNITION			
At a point in time	-	-	-
Over time	5 965	228 460	257 338
In total	5 965	228 460	257 338

*) Up until October 2020, the Subsea & Renewables segment also included 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 up until October 2020 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 2020, the Bareboat element was approximately NOK 52 million. Remaining income qualifies as IFRS 15 income.

Technical management fee was 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:

	2020	2019
Norway	66 879	82 715
Great Britain	65 279	67 050
Germany	-	31 050
Netherlands	11 056	-
Other European contries	813	560
Africa	89 652	75 963
In total	233 679	257 338

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

In 2020 all income is related to the Subsea & Renewables segment. In 2019 all income with exception of the income from Great Britain 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 ETC. (NOK 1000)

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

	2020	2019
Payroll crew	74 431	69 543
Payroll office workers	28 065	33 448
Payroll tax	3 671	4 752
Pension costs	1 460	1 708
Other remunerations	258	392
Total payroll expenses	107 885	109 843

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

	2020	2019
Office workers	8	32

From October 2020 GC Rieber Shipping and OSM entered into an agreement for fleet management services, including a transfer of business from GC Rieber Shipping to OSM of all technical, crewing and support functions in Bergen.

Marine crew is hired from a manning agent. As at 31.12.2020 the Group had 72 (120) contracted mariners at disposal for the Group's owned vessels.

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

	2020	2019
Crew and catering expenses	74 431	69 543
Administration expenses	33 454	40 300
Total wage expenses	107 885	109 843

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 2020.

	2020	2019
REMUNERATIONS TO THE GROUP MANAGEMENT		
Wages	9 704	9 954
Other remunerations	108	136
Pension premium	792	887
Total Group management remunerations	10 604	10 977
REMUNERATION FOR THE BOARD OF DIRECTORS		
Fees and remunerations for Board of Directors GC Rieber Shipping ASA	1 000	1 000
Total remunerations for the Board members of the Group	1 000	1 000

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.

	2020	2019
AUDITOR'S FEE (EXCL. VAT)		
Audit fee	700	962
Other certification services	-	20
Tax consulting	749	54
Other services	6	53
Total auditor's fees	1 455	1 089

NOTE 8 – TAXES (NOK 1000)

	2020	2019
INCOME TAX EXPENSE		
TAXES IN INCOME STATEMENT		
Tax payable in Norway	161	-
Change in tax from previous periods	-	-
Change in deferred tax	-	-269
Income tax expense (income)	161	-269
RECONCILIATION OF INCOME TAX EXPENSE FOR THE YEAR		
Net income before taxes	-495 178	14 129
Nominal rate	22%	22%
Estimated tax based on nominal rate	-108 939	3 108
Effect of tonnage tax regime/tax payable outside Norway	109 663	-4 583
Deferred tax asset not recognised in the balance sheet	77	1 537
Permanent differences	-640	-332
Income tax expense (income)	161	-269

DEFERRED TAX		
DEFERRED TAX LIABILITIES/ASSETS		
Capital gains	14	17
Other differences	-11 961	-11 816
Net financial items for companies in the tonnage tax regime	-5 974	-4 234
Pension liabilities	-6 606	-7 244
Tax losses carried forward	-981 651	-949 452
Basis for calculation of deferred tax	-1 006 178	-972 729
Tax rate	22%	22%
Calculated deferred tax liabilities/assets in the balance sheet	-221 359	-214 000
Deferred tax assets not recognised in the balance sheet	221 359	214 000
Deferred tax liabilities/assets in the balance sheet	-	-

At 31.12.2020, deferred tax assets not recognised amount to NOK 219.2 million, whereof NOK 236.9 million relates to companies that are not subject to the tonnage tax regime.

By end of 2020 the Group had tax losses carried forward of NOK 981.7 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.

	2020	2019
Net income for the year (NOK 1000)	-495 339	14 398
Time weighted average number of shares applied in the calculation of earnings per share	86 032 810	86 032 810
Number of outstanding shares as at 31.12.	86 032 810	86 032 810
Basic and diluted earnings per share (NOK)	-5.76	0.17

NOTE 10 – TANGIBLE FIXED ASSETS (NOK 1000)

	2020	2019
VESSEL AND MARINE EQUIPMENT		
Acquisition cost as at 01.01	2 716 165	3 008 233
+ Additions during the year	-	-
+ Additions during the year for periodic maintenance	-	30 157
- Disposals during the year	-744 824	-344 479
+ Changes in translation differences during the year	-41 268	22 254
= Acquisition cost as at 31.12.	1 930 073	2 716 165
Accumulated depreciation and impairment at 01.01.	1 026 924	1 237 625
+ Depreciation for the year	87 149	98 147
+ Depreciation of periodic maintenance for the year	9 105	10 700
+ Net impairment / reversal of impairment during the year	459 086	3 905
- Disposals during the year	-463 387	-328 316
+ Changes in translation differences during the year	-88 045	4 862
= Accumulated depreciation and impairment at 31.12.	1 030 832	1 026 924
Carrying amount as at 31.12.	899 240	1 689 240

In August 2020 GC Rieber Shipping completed the sale of IMR vessel Polar King, built at Freire Shipyard in 2011. Proceeds from the sale were used to repay the vessel's outstanding debt in full. The transaction gave a net book gain of NOK 0.4 million.

Both the remaining 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 31.12.2020 amounts to NOK 13.5 million. (2019: NOK 30.2 million).

VESSELS (NOK 1 000)	POLAR ONYX	POLAR KING	POLAR QUEEN	TOTAL
VESSELS IN THE SUBSEA				
Impairment / reversal of impairment (-)	178 963	140 365	139 758	459 086
Recoverable amount	637 241	-	261 998	899 240
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	236	-	-	
WACC used in evaluation broker estimates	9,2%	9,2%	9,2%	

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

The company obtained market values from three reputable brokers at 31.12.2020 for the vessels in the Subsea & Renewables segment and performed impairment testing of the assets in the balance sheet. Based on these assessments, and as a result of the current challenging market conditions, the fair value for Polar Onyx was set at the average of the two brokers with the lowest market values. The assessment did not indicate further impairment of Polar Queen where the book value as at 31.12.2020 reflects the negotiated selling price of the sister vessel Polar King in August 2020.

For 2020, total impairment of Subsea & Renewables asset values was NOK 459.1 million, representing the significant industry uncertainties due to the Covid-19 outbreak and volatile oil price. The company emphasises that there are significant uncertainties regarding the fair value estimates under the current market conditions.

	2020	2019
MACHINERY, INVENTORY AND EQUIPMENT:		
Acquisition cost 01.01.	60 177	60 177
+ Additions during the year	17	-
= Acquisition cost as at 31.12	60 194	60 177
Accumulated depreciation as at 01.01.	44 741	37 815
+ Depreciation for the year	6 870	6 879
+ Impairment during the year	-	47
= Accumulated depreciation and write down as at 31.12.	51 611	44 741
Carrying value as at 31.12.	8 582	15 436

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

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

	2020	2019
TRADE RECEIVABLES AND OTHER RECEIVABLES		
TRADE RECEIVABLES		
Trade receivables gross	40 866	33 661
Provision for bad debt	-10 924	-1 825
Trade receivables net	29 942	31 836
OTHER RECEIVABLES		
Prepaid expenses	9 920	10 381
Prepayment to Ship Manager	8 485	-
Insurance settlement	-	2 601
Dividend from Dolphin bankruptcy	-	6 308
Re-invoiced expenses	451	167
Total other receivables	18 856	19 458
Total current receivables	48 798	51 294
AGEING PROFILE TRADE RECEIVABLES, NOT IMPAIRED AT THE END OF THE REPORTING PERIOD		
Receivables, not due	22 351	23 077
Receivables, due by 1-30 days	3 584	5 354
Receivables, due by 31-60 days	4 028	565
Receivables, due by 61-120 days	7 575	2 840
Receivables, due by > 120 days	3 329	-
Total	40 866	31 836
PROVISON FOR BAD DEBT TRADE RECEIVABLES		
Provision for bad debts 01.01	-1 825	-3 457
Provision made during the year	-10 924	-1 825
Losses realised	1 825	3 457
Provision for bad debts 31.12	-10 924	-1 825

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. 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 31.12.2020, NOK 18.7 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 31.12.2020. As such, the Group has not identified any further material losses that should be accounted for at 31.12.2020.

NOTE 12 – CASH AND CASH EQUIVALENTS (NOK 1000)

	2020	2019
BANK DEPOSITS AND CASH		
Bank deposits and cash	239 546	160 001
Tax withholdings	884	1 527
Short-term bank deposits	-	50 000
Bank deposits and cash	240 430	211 528

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)

	31.12.2020	31.12.2019
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 31.12.2020, 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 2020, and the Group did not pay a dividend for the year ended 31.12.19.

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 2020:

		AVERAGE INTEREST RATE 2020	AVERAGE MATURITY	BALANCE SHEET 2020	BALANCE SHEET 2019	INTEREST PAYMENT 2020	INTEREST PAYMENT 2019
LONG-TERM DEBT							
Mortgage debt with floating interest	Secured	USD LIBOR + 1.95%	2 years	264 307	554 639	23 604	22 787
Mortgage debt with fixed interest	Secured	USD CIRR 2.43% + 1.6%	2 years	542 094	563 297	19 118	25 002
Amortisation effect, mortgage debt				-1 198	-776		
Total				805 203	1 117 160	42 722	47 789

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 & Renewables credit facilities. The new terms and amendments included 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.

As a result of the challenging market conditions in 2020 with Covid-19 and highly volatile oil price, GC Rieber Shipping received further amendments to the two credit facilities in September 2020. The new amendments included the following main changes with effect through 2021;

- *Prolonging the 80% reduction of scheduled amortisation*
- *Reducing the minimum equity ratio from 30% to 25%*
- *Suspending the minimum vessel value clauses*

Payment of the third- and fourth quarter instalments for 2020 was suspended until the final maturity date, provided that the same amounts were deposited to an escrow account. As of 31 December 2020, the amount was USD 1.0 million.

The lenders also granted waiver for the cash sweep mechanism in the second half of 2020. The next cash sweep is in June 2021.

The Group was in compliance with the financial covenants throughout 2020.

The renegotiation of the two Subsea & Renewables credit facilities gave a positive profit & loss effect of NOK 4.1 million in 2020 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 2021	17 061
Due in 2022	789 339
Later maturity	-
Total interest bearing debt	806 401

In addition, interest on the principal amount falls due. The Group has one mortgage loan with 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 2020 was 3.6% (2019: 4.2%).

The Group's net debt at 31.12.2020:

	2020	2019
NET DEBT		
Cash and cash equivalents	240 430	211 528
Mortgage debt - repayable within one year	-17 061	-24 278
Mortgage debt - repayable after one year	-789 339	-1 093 658
Amortisation effect, mortgage debt	4 348	4 675
Lease liabilities - IFRS 16	-2 682	-4 413
Accrued interest cost	-3 150	-3 899
Net debt	-567 455	-910 045

	2020	2019
Cash and cash equivalents	240 430	211 528
Gross debt - fixed interest rates	-542 094	-563 297
Gross debt - variable interest rates	-264 307	-554 639
Amortisation effect, mortgage debt	1 198	776
Lease liabilities - IFRS 16	-2 682	-4 413
Net debt	-567 455	-910 045

	CASH/CASH EQUIVALENTS	BORROW. DUE WITHIN 1 YEAR	BORROW. DUE AFTER 1 YEAR	AMORTISATION EFFECT, MORTAGE DEBT	ACCURED INTEREST COST	TOTAL
Net debt as at 1 January 2020	211 528	-24 278	-1 098 071	4 675	-3 899	-910 045
Cash flows	43 377	15 747	-	-	-	59 124
Lease liabilities IFRS 16	-	-	-2 682	-	-	-2 682
Amortisation effect, mortgage debt		-	-	-327	-	-327
Cash Sweep	-	-	-	-	-	-
Repayment following sale of fixed assets	-	-	278 486	-	-	278 486
Cash from new long-term debt	-	-	-2 228	-	-	-2 228
Accrued interest	-	-	-	-	749	749
Reclassification to short-term debt	-	-8 530	8 530	-	-	-
Reclassification from cash to long-term receivables	-8 531	-	-	-	-	-8 531
Foreign exchange adjustments	-5 944	-	13 036	-	-	7 092
Other non-cash movements	-	-	10 908	-	-	10 908
Net debt as at 31 December 2020	240 430	-17 061	-792 021	4 348	-3 150	-567 455

Following the sale of Polar Queen in 2021 (see note 22), the vessel's debt will be repaid in full. Including this repayment, the repayment schedule for the Group's long-term liabilities, including first year's instalments, will be:

Due in 2021	274 931
Due in 2022	531 470
Later maturity	-
Total interest bearing debt	806 401

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.

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

	2020	2019
ACTUARIAL ASSUMPTIONS		
Discount rate	1.70%	2.30%
Estimated return on plan assets	1.70%	2.30%
Inflation/Increase of National Insurance Basic Amount (G)	2.25%	2.25%
Rate of salary increase	2.25%	2.25%
Rate of pension increase	2.00%	2.00%
Number of deferred members	-	1
Number of pensioners	2	2
Mortality table	K-2013	K-2013

	2020	2019
SPECIFICATION OF THE GROUP'S NET PENSION COST		
Current service cost	9	17
Interest expenses on benefit obligations	137	183
Administration costs	-22	-
Net pension cost	124	200
Payroll tax	17	28
Pension cost in the income statement	141	228

	31.12.2020	31.12.2019
SPECIFICATION OF THE GROUP'S NET PENSION OBLIGATIONS		
Gross obligations, secured	-	-
Gross obligations, unsecured	-5 790	-6 349
Fair value of plan assets		
Payroll tax	-816	-895
Book value of net pension obligations	-6 607	-7 244
Carrying value 01.01.	-7 244	-7 197
Cost in income statement	-141	-228
Contributions during the year	315	311
Liquidation contractual pension scheme	-	-986
Recognised net actuarial (loss) / gain	463	856
Carrying value 31.12.	-6 607	-7 244

Actual return on plan assets per 31.12.2020 was 3.0%.

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 was effective for reporting periods beginning on or after 1 January 2019 and the Group adopted IFRS 16 on the effective date using a modified retrospective approach.

The Group is both a lessor, as it charters vessels to customers, and a lessee. The new requirements resulted in significant changes to the accounting model applied by lessees and primarily affected the Group's accounting for the operating leases as a lessee. The accounting for lessors was 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 was affected by implementation of IFRS 16. For the Group, these lease commitments resulted 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 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 are no significant changes to the Group's profit but the cash flow statement for leases are affected with lease payments being presented as financing activities as opposed to operating activities. Some of the Groups commitments relates to arrangements that will not qualify as leases under IFRS 16.

	2020	2019
RIGHT-OF-USE ASSETS		
Net present value of lease commitments, implementations of IFRS 16	6 042	3 526
Initial direct cost	-	-
Balance at 1 January	6 042	3 526
New lease liabilities	-	6 474
Disposals during the year	-	-2 204
As at 31 December	6 042	7 796
DEPRECIATION AND IMPAIRMENT LOSSES		
Depreciation	-1 726	-1 754
As at 31 December	-1 726	-1 754
Carrying amount as at 31 December	4 316	6 042
Depreciation method	Straight-line	Straight-line
Useful life (years)	4	4

	2020	2019
LEASE LIABILITIES		
Net present value of lease liabilities	6 068	3 526
Balance at 1 January	6 068	3 526
SUMMARY OF THE LEASE LIABILITY IN THE FINANCIAL STATEMENTS		
Lease liablility implementation of IFRS 16	-	3 526
New lease liabilites	-	6 474
Change in lease liabilities	-	-2 169
Paid installment (cash flow)	-1 655	-1 763
As at 31 December	4 413	6 068
UNDISCONTED LEASE LIABILITY AND MATURITY OF CASH FLOWS		
Less than 1 year	1 820	1 821
1-4 years	2 730	4 550
Total discounted lease liability as at 31 December	4 550	6 371
Interst rate	3%	3%

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.

	2020	2019
EFFECT ON PROFIT AND LOSS STATEMENT		
Administration cost - office rent	1 851	1 812
Depreciation - right-of-use asset	-1 726	-1 754
Interes cost - lease liabilities	163	83
Net effect profit and loss statement	288	141

Operational leasing, where the group is a lessor

The Group charters its owned vessels under charter parties of varying duration to different charterers, both Bareboat and Time Charter. Lease income from lease of vessels is reported to the profit and loss account on a straight-line basis for the duration of the lease period. The lease period starts from the time the vessel is put at the disposal of the lessee and terminates on the agreed date for return of the vessel. Future minimum nominal lease payments arising from contracts as at 31 December 2020, amounts to NOK 5 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 2020 (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	1 839 420	2.1%
Pareto Aksje Norge	1 622 749	1.9%
Viben AS	1 334 435	1.6%
Celsius AS	1 328 768	1.5%
Trioship Invest AS	1 190 000	1.4%
Tannlege Randi Arnesen AS	850 000	1.0%
Delta A/S	824 000	1.0%
Johanne Marie Rieber Martens Allm. Fond	786 654	0.9%
Storkleiven AS	709 170	0.8%
Pelicahn AS	685 166	0.8%
Benedicte Martens Nes	386 250	0.4%
Middelboe AS	278 142	0.3%
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%
Other Shareholders	4 781 531	5.6%
Outstanding shares	86 087 310	100.0%
Outstanding shares (reduced by own shares)	86 032 810	

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 31.12.2020, GC Rieber AS owns 66 145 908 shares in GC Rieber Shipping ASA, constituting 76.8% of the outstanding shares in the Group

GC Rieber Shipping ASA holds 54 500 own shares, representing 0.06% 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.

	2020	2019
ICT and administration expenses	6 548	4 579
Lease payments	453	405

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:

	2020	2019
Management income - OOO Polarus	813	675
Management income - Shearwater	5 615	9 625
Total	6 427	10 300

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

	2020	2019
Trade receivables	598	1 359
Short term liabilities	-	-
Total (net)	598	1 359

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 31.12.2020 and 31.12.2019 is calculated as follows:

	2020	2019
Total mortgage debt incl. amortisation effect	805 203	1 117 160
Cash	-240 430	-211 528
Net mortgage debt incl. amortisation effect	564 773	905 632
Total equity	1 277 605	1 742 814
Total capital (adjusted)	1 842 378	2 648 446
Debt ratio	30.65%	34.19%

The decrease in debt ratio during 2020 is mainly related to repayment of debt following the sale of Polar King in August 2020. 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:

	2020	2019
FINANCIAL ASSETS AT AMORTISED COST		
Trade receivables	29 942	31 836
Cash and cash equivalents	240 430	211 528
Total financial assets	270 372	243 364

	2020	2019
LIABILITIES AT AMORTISED COST		
Interest bearing long-term debt	784 991	1 088 983
Lease commitments - IFRS 16	2 682	4 413
Interest bearing short-term debt including accrued interest	20 212	28 177
Trade payables	20 742	15 169
Other current liabilities including short term lease commitments IFRS 16	7 320	8 780
Financial hedging instruments	-	1 927
Total financial liabilities	835 947	1 147 449

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 guarantees.*
- *The Group's vessels are pledged as collateral for the interest-bearing debt of NOK 806.4 million.*

In 2020, 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:

	2020	2019
Currency gains/losses on bank deposits and cash	-	1 609
Currency gains receivables	7 085	-
Interest income on bank deposits and cash	978	2 627
Amortisation effect, mortgage debt	961	-
Total financial income in the income statement	9 024	4 236
Interest on interest-bearing debt	38 384	51 387
Change in fair value of financial derivatives instruments	-	1 927
Amortisation effect, mortgage debt	-	2 127
Currency gains/losses on bank deposits and cash	2 770	-
Currency gains/losses interest-bearing debt	-	-
Currency losses receivables	-	1 622
Total financial expenses in the income statement	41 154	57 063

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.

In the beginning of 2020, Covid-19 stirred market fundamentals in a short amount of time. With the simultaneous dramatic fall in the oil price, the offshore industry and GC Rieber Shipping's business faced significant uncertainty world-wide through 2020. While GC Rieber Shipping did not loose any business as a result of these events, the Group faced higher costs keeping the vessels operational through the challenging times.

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 engaged in forward contracts hedging 2020 GBP cash flows against USD. The final contract matured in November 2020, hence the Group had no forward contracts as at 31.12.2020. Based on the budgeted composition of the Group's operating income and operating expenses and liabilities for the coming year, an increase in the USD/NOK exchange rate by NOK 1.00 decreases the result by NOK 9.4 million. An increase in the EUR/NOK and GBP/NOK exchange rate by NOK 1.00 will have immaterial effect on the result.

In addition, an increase in USD against NOK by 1.00 involves an increase in the equity through the comprehensive income by NOK 119 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 2020 and 2019 no types of interest rate derivatives were used.

At the end of 2020, 67% of the long-term loan has a fixed CIRR rate. A general increase in the interest rate of 1 percentage point would negatively affect the result by NOK 2.9 million in 2020, and correspondingly, a general decrease in the interest rate level of 1 percentage point would have a positive impact on the result by NOK 2.9 million.

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

	2020	2019
Variable rate borrowings	264 307	554 639

The variable rates are re-priced every 3 months. Following the sale of Polar Queen announced in February 2021, the Group will have no variable rate borrowings.

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.

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. The Group has accounted for expected losses of approximately NOK 10 million as at 31.12.2020.

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 31.12.2020 are presented below:

	REMAINING PERIOD			
	0-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	TOTAL
AT 31.12.2020				
ASSETS				
Restricted cash	-	8 539	-	8 539
Trade receivables and other receivables	48 798	-	-	48 798
Bank deposits and cash	240 430	-	-	240 430
Total financial assets	289 228	8 539	-	297 767
LIABILITIES				
Interest-bearing long-term liabilities (Undiscounted)	43 562	816 463	-	860 024
Financial investments	2 776	2 776	-	5 552
Lease liabilities	1 820	2 730	-	4 550
Trade payables and other short-term liabilities	26 242	-	-	26 242
Total financial liabilities	74 400	821 969	-	896 369

	REMAINING PERIOD			
	0-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	TOTAL
AT 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

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. In 2019 the Group entered into six GBP/USD forward contracts expiring in 2020. As at 31.12.2020 there were no active forward contracts.

	CURRENCY	AMOUNT (1000)	MATURITY	HEDGE RATE	FAIR VALUE (USD 1 000)
31.12.2020					
USD/GBP FX forward contracts	GBP	-			-
Total financial hedging instruments					-
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. The Group has two interest-bearing debt facilities; one with a floating interest rate that varies with the development in the money market rates and one with a fixed interest rate. See note 14 for further details. 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 31.12.2020 the Group had no open interest rate derivatives, and the Group's portfolio of financial hedging instruments at the balance sheet was zero. The same applied for 31.12.2019.

5. FAIR VALUE ASSESSMENT

The table below shows financial instruments at fair value 31.12 according to the 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
2020			
LIABILITIES Financial liabilities at fair value over profit or loss:			
Interest rate instruments	-	-	-
Currency instruments	-	-	-
Total liabilities	-	-	-
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

(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 maximise 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 (NOK 1000)

	2020	2019
Evaluation financial instruments	-	1 927
Accrued expenses	1 141	1 000
IFRS 16 adjustments	1 705	1 655
Other	2 611	3 073
Total other short-term liabilities	5 458	7 654

NOTE 20 – 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 21 – COVID-19

In the beginning of 2020 Covid-19 stirred market fundamentals. With the simultaneous dramatic fall in the oil price, the offshore industry and GC Rieber Shipping's business faced significant uncertainty world-wide through 2020. While GC Rieber Shipping did not lose any business as a result of these events, the Group faced higher costs keeping the vessels operational through the challenging times.

GC Rieber Shipping does no longer provide ship management services and has reduced its fleet with the recent sales of two vessels. As such, the extent of operational challenges for the Group due to Covid-19 restrictions is reduced in 2021 compared to 2020. Market risk in 2021 in essence relates to further utilisation of the fleet after the end of firm charters.

NOTE 22 –EVENTS AFTER BALANCE SHEET DATE

Sale Polar Queen

GC Rieber Shipping has entered into an agreement to sell the IMR vessel Polar Queen, built at Freire Shipyard in 2011. The gangway onboard the vessel is excluded from the sale and will remain an asset for GC Rieber Shipping's vessels.

The sale is expected to be completed in March 2021 and will result in a positive liquidity effect of approximately NOK 22 million after repayment of the vessel`s outstanding debt.

The sale to the undisclosed buyer will see the vessel leave the offshore industry.

Contract updates

- *GC Rieber Shipping has agreed with DeepOcean BV to extend the charter of the SURF vessel Polar Onyx until the end of May 2021. The extended period will be in direct continuation of the ongoing charter in Ghana, which started in January 2018.*
- *New charter for Polar Onyx in the North Sea for a Tier 1 subsea client. The charter will commence 1 July 2021 and holds a firm duration of three months, plus options.*

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:

Alternative performance measurements

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

MEASURE	DESCRIPTION	REASON FOR INCLUDING
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.	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 average number of shares outstanding.	Measures the Group's earnings on a per-share basis.

Other definition

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	2020	2019
OPERTING INCOME			
Operating income		-	200
Total operating income		-	200
OPERATING EXPENSES			
Administration expenses	3,4	-8 639	-10 339
Total operating expenses		-8 639	-10 339
Earnings before interests, taxes, depreciations and amortisations (EBITDA)		-8 639	-10 139
Net operating income		-8 639	-10 139
FINANCIAL INCOME AND EXPENSE			
Write-down investment in subsidiary	5	-7 865	-5 606
Write-down receivables in subsidiary	12	-104 376	-6 692
Financial income		6 035	10 674
Financial expenses		-43	-107
Financial expenses subsidiaries		-	129
Realized currency gains (losses)		4 222	-1 263
Unrealized currency gains (losses)		-10 920	2 844
Net financial income and expenses		-112 946	-22
Net income before taxes		-121 585	-10 161
Taxes	9	-	-
NET INCOME FOR THE YEAR	7	-121 585	-10 161
ALLOCATION OF NET LOSS/PROFIT			
Allocation of Net Loss/Profit	7	121 585	10 161
Total allocation		121 585	10 161

STATEMENT OF FINANCIAL POSITION

GC RIEBER SHIPPING ASA

NOK (1 000)	NOTE	31.12.2020	31.12.2019
ASSETS			
FIXED ASSETS			
Investments in subsidiaries	5	98 820	106 685
Investments in associated companies	6, 13	633 329	633 329
Total financial fixed assets		732 149	740 015
Total fixed assets		732 149	740 015
CURRENT ASSETS			
Receivables from subsidiaries	12	50 079	196 401
Other current assets		178	1 032
Total receivables		50 257	197 433
Cash and cash equivalents	10	219 430	179 212
Total current assets		269 687	376 646
TOTAL ASSETS		1 001 836	1 116 660

STATEMENT OF FINANCIAL POSITION

GC RIEBER SHIPPING ASA

NOK (1 000)	NOTE	31.12.2020	31.12.2019
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	199 286	320 870
Total retained earnings		199 286	320 870
Total equity		640 655	762 240
LIABILITIES			
Trade payables		113	22
Liabilities to subsidiaries	12	359 927	353 398
Other current liabilities		1 141	1 000
Total current liabilities		361 181	354 420
Total liabilities		361 181	354 420
TOTAL EQUITY AND LIABILITIES		1 001 836	1 116 660

Bergen, 16 March 2021

The Board of Directors of GC Rieber Shipping ASA

Paul-Chr. Rieber
Chairman

Morten Foros Krohnstad
Vice chairman

Trygve Bruland
Board member

Bodil Valland Steinhaug
Board member

Einar Ytredal
CEO

CASH FLOW STATEMENT

GC RIEBER SHIPPING ASA

NOK (1 000)	NOTE	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Net income before taxes		-121 585	-10 161
Write-down investments in subsidiaries	5	7 865	5 606
Write-down on receivables	12	104 376	6 692
Exchange differences		10 920	-2 844
Profit on sale of shares in subsidiaries		-	-
Change in accounts payable		91	-3 090
Change in receivables from subsidiaries		48 475	21 874
Change in other current assets and other liabilities		995	-839
Net paid interests		13	67
Net cash flow from operating activities		51 150	17 306
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments for investments in financial fixed assets		-	-2 395
Net cash flow from investment activities		-	-2 395
CASH FLOW FROM FINANCING ACTIVITES			
Net paid interests		-13	-67
Net cash flow from financing activities		-13	-67
Net change cash and cash equivalents		51 137	14 844
Cash and cash equivalents at 01.01.		179 212	167 129
Currency gains (losses) on cash and cash equivalents		-10 920	-2 761
Cash and cash equivalents at 31.12.		219 430	179 212

The accompanying notes are an integral part of these financial statements

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 16. March 2021

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 31.12.2020, 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 2020				
Einar Ytredal, CEO	2 479	20	317	2 816
Øystein Kvåle, CFO	1 526	17	111	1 653
Christoffer Knudsen, CCO	1 782	22	111	1 914
Bjørn Valberg, Technical Director	1 168	12	62	1 242
Jan Renè Myran, COO (until October 2020)	1 258	11	100	1 370
Eilert Nøttingnes, Head of QHSE (until October 2020)	872	12	52	936
Benedicte Breistein, Head of Crewing (until October 2020)	619	14	39	672
Total management remuneration	9 704	108	792	10 603
MANAGEMENT REMUNERATION 2019				
Einar Ytredal, CEO	2 392	21	328	2 742
Øystein Kvåle, CFO	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

	DIRECTORS' FEES 2020	DIRECTORS' FEES 2019
BOARD REMUNERATION		
Paul-Chr. Rieber, chairman (incl. audit committee)	300	300
Morten Foros Krohnstad, vice-chairman	200	200
Tove Lunde	150	150
Trygve Bruland (incl. audit committee)	200	200
Bodil Valland Steinhaug	150	150
Total Board remuneration	1 000	1 000

	2020	2019
AUDITOR'S FEES		
Audit services	368	624
Tax consulting	-	-
Other services	-	20
Total auditor's fees	368	644

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

	2020	2019
Board remuneration incl. social security tax	1 282	1 074
Auditor's fees	368	644
Management fee to GC Rieber Shipping AS	5 750	6 000
Legal fees	563	790
Consultancy fee	710	1 021
Return on bad debts	(659)	-
Other administration expenses	626	810
Total operating expenses	8 639	10 339

NOTE 5 – INVESTMENTS IN SUBSIDIARIES (NOK 1 000)

SUBSIDIARY:	BUSINESS OFFICE	VOTING AND OWNER SHARE	CARRYING AMOUNT 31.12.2020	RESULT 2020	EQUITY 31.12.2020
GC Rieber Shipping AS	Bergen	100%	-	-5 935	-2 704
GC Rieber Shipping BV	Netherlands	100%	20 101	7 653	20 895
Polar Explorer AS	Bergen	100%	-	7 885	-283 866
Polar Ship Invest AS	Bergen	100%	30	-	29
Polar Ship Invest II AS	Bergen	100%	26 979	-225 731	235 024
Polar Ship Invest III AS	Bergen	100%	-	-279 370	-126 376
Polarus AS	Bergen	100%	50 000	30 530	285 341
Polar Shipping AS	Bergen	100%	1 710	-96	3 647
Total			98 820	-465 064	131 990

The investments in GC Rieber Shipping AS was written down with NOK 7.8 million in 2020. The investments in Polar Ship Invest III AS was written down with NOK 0.1 million in 2020. For the subsidiaries with functional value in USD, an exchange rate of USD/NOK 9.4146 has been used to convert the result for the year and a rate of USD/NOK 8.5326 has been used to convert equity as at 31.12.2020.

NOTE 6 – INVESTMENTS IN ASSOCIATES

In December 2016 the Company entered into an agreement with Rasmussengruppen AS to establish Shearwater GeoServices ("Shearwater") as a 50/50 owned marine geophysical company.

As at 31.12.2020 the Group had 17% (20% as at 31.12.19) ownership in the marine geophysical service company Shearwater GeoServices Holding AS ("Shearwater"). Shearwater operates as a global, customer-focused and technology-driven provider of marine geophysical services. Shearwater owns and operates a fleet of 20 seismic acquisition vessels, offering a full range of acquisition services including 3D, 4D and ocean bottom seismic. The company also has a portfolio of proprietary streamer technology and processing software enabling effective execution of geophysical surveys and delivery of high-quality data. The company has approximately 800 employees and operates in all major offshore basins across the world. This combination makes Shearwater a leading global and technology-driven full-service provider of marine geophysical services, able to deliver exceptional customer solutions.

In January 2020, Shearwater completed a strategic vessel transaction with CGG S.A. ("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 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 included a minimum commitment of two vessel-years annually over the agreed five-year period. Following the transaction, GC Rieber Shipping's ownership in Shearwater was reduced from 20% to approximately 19% and GC Rieber Shipping booked a non-cash gain of NOK 52.6 million in the first quarter of 2020.

In December 2020, Shearwater signed new debt and guarantee facilities totaling USD 437 million with its lenders. The new facilities have two- and four-years maturities. They replace approximately USD 500 million of debt under the old structure, effectively refinancing all corporate facilities except for the net liabilities assumed as part of the acquisition of the CGG vessels in January 2020. As part of the refinancing, Shearwater's existing shareholders contributed with USD 25 million of new equity. GC Rieber Shipping did not participate in the share issue. Following the refinancing of Shearwater in December 2020, GC Rieber Shipping was released from all

guarantees provided upon the establishment of Shearwater.

Furthermore, in December 2020 Shearwater and CGG jointly agreed to suspend the negotiations of the planned marine streamer technology partnership announced in January 2020. The parties jointly agreed to settle a vendor note related to the transaction by issuing new Shearwater shares to CGG in accordance with the agreement signed in January 2020.

GC Rieber Shipping booked a non-cash loss of NOK 21.6 million as a result of the two share issues in December 2020, and the ownership in Shearwater was reduced from 19% to 17%.

Figures in NOK 1 000

COMPANY	BUSINESS OFFICE	VOTING AND OWNER SHARE	CARRYING AMOUNT 31.12.2020	RESULT 2020	EQUITY 31.12.2020
Shearwater GeoServices Holding AS	Bergen	17%	633 329	-109 934	4 348 111
Total			633 329		

Figures from Shearwater is presented on a 100% basis and are based on a preliminary Balance Sheet per 31.12.2020. An exchange rate of USD/NOK 9.4146 has been used to convert the result for the year and a rate of USD/NOK 8.5326 has been used to convert equity as at 31.12.2020.

NOTE 7 – EQUITY (NOK 1 000)

	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	320 870	762 239
Net income for the year				-121 585	-121 585
Equity as at 31.12.	154 957	-98	286 510	199 285	640 655

	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

OWN SHARES:

The company had a holding of 54,500 own shares, i.e. 0.06% of the shares in the company as at 31 December 2020.

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 2020 and did not pay a dividend for the year ended 31 December 2019.

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.

	2020	2019
Net income for the year (NOK 1 000)	-121 585	-10 161
Time weighted average number of shares applied in the calculation of earnings per share	86 032 810	86 032 810
Number of outstanding shares as at 31.12.	86 032 810	86 032 810
Diluted earnings per share (NOK)	-1.41	-0.12

NOTE 9 - TAXES (NOK 1 000)

	2020	2019
INCOME TAX EXPENSE		
Net income before taxes	-121 585	-10 161
PERMANENT DIFFERENCES:		
Other non-deductable costs	-	4
Write-down receivable and investment in subsidiary	112 241	12 298
TEMPORARY DIFFERENCES:		
Change profit and loss account	3	4
Tax losses carried forward	9 340	-2 145
Basis for taxes for the year	-	-
Payable income tax (22%)	-	-
RECONCILIATION OF TAX EXPENSE FOR THE YEAR		
Net income before taxes	-121 585	-10 161
Calculated tax, nominal rate 22%	-26 749	-2 235
Change in deferred tax asset not recognised in balance sheet	2 056	-471
Permanent differences	24 693	2 706
Tax expense/-income	-	-
DEFERRED TAX/DEFERRED TAX ASSETS		
Profit and loss accont	14	17
Carry forward loss for tax purposes	-269 745	-260 405
Basis for calculation of deferred tax	-269 731	-260 388
Tax rate	22%	22%
Calculated deferred tax/deferred tax asset	-59 341	-57 285
Deferred tax asset not recognised in the balance sheet	59 341	57 285
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:

	2020	2019
Cash at banks and on hand	219 430	179 212
Tax withholdings	-	-
Total bank deposits and cash	219 430	179 212

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 2020 (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	1 839 420	2.1%
Pareto Aksje Norge	1 622 749	1.9%
Viben AS	1 334 435	1.6%
Celsius AS	1 328 768	1.5%
Trioship Invest AS	1 190 000	1.4%
Tannlege Randi Arnesen AS	850 000	1.0%
Delta A/S	824 000	1.0%
Johanne Marie Rieber Martens Allm. Fond	786 654	0.9%
Storkleiven AS	709 170	0.8%
Pelicahn AS	685 166	0.8%
Benedicte Martens Nes	386 250	0.4%
Middelboe AS	278 142	0.3%
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%
Other Shareholders	4 781 531	5.6%
Outstanding shares	86 087 310	100.0%
Outstanding shares (reduced by own shares)	86 032 810	

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 and CCO Christoffer Knudsen holds 5,300 shares in the Group.

No other Board members or members of the Group Management own shares in the Group.

At 31.12.2020, GC Rieber AS owns 66,145,908 shares in GC Rieber Shipping ASA, constituting 76.8% of the outstanding shares in the Company.

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 5.8 million. Reference is made to note 12 for other transactions with related parties.

NOTE 12 – RECEIVABLES/LIABILITIES (NOK 1 000)

	2020	2019
INTERCOMPANY TRANSACTIONS		
Loan group account scheme	49 671	196 400
Short-term group receivables	408	-
Total group receivables	50 079	196 400
Deposit group account scheme	359 927	345 348
Short-term liabilities group	-	8 051
Total group liabilities	359 927	353 398

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

Of the main group receivables for 2020, loan group account scheme amount to NOK 49.7 million and group liabilities NOK 360 million. Based on an evaluation of future earnings and capital base as of 31.12.2020 for the Company's subsidiaries, the Company has found it necessary to write down receivables from Polar Ship Invest III AS amounting to NOK 104.4 million.

Group related transactions:

In 2020 the total cost for Corporate Management services from GC Rieber Shipping AS was NOK 5.8 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 805.2 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.

NOTE 14 – 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 2020, 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 2020, 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 2020, 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 2020, 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

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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. Impairment assessment of vessels in the Subsea segment contain the same characteristics and risks as last year and thus continue to be in our focus. Impairment assessment of investment in Shearwater Geoservices Holding AS is added as a focus area due to transactions in the share.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of vessels in the Subsea segment	
GC Rieber Shipping ASA had a fleet of two vessels within the Subsea segment with a total carrying amount of NOK 899m at 31 December 2020, which represented 42% 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 (Polar Onyx and Polar Queen) as cash flow generating units ("CGU"). For Polar Onyx, recoverable amount is based on estimated fair value less cost to sell ("FVLCS"). Management has obtained broker estimates from three different reputable brokers and uses the average of the two lowest valuations, adjusted for expected sales commissions, as a basis for FVLCS. For Polar Queen, the recoverable amount is based on the selling price of its sister vessel Polar King, that was sold in 2020. Polar Queen was impaired to the selling	We obtained management's impairment assessment and considered whether the models contained the elements and methodology expected for estimating recoverable amount. We found the models to be in accordance with our expectations. Key assumptions in the impairment assessments were verified against underlying documentation. This included external broker valuations used by management to estimate the fair value less costs of disposal and the contract for the sale of Polar King. 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 to consider 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.

price at the date of the sale, and has been depreciated for the rest of the year, with no further impairment or reversal of impairment.

As there has been few ordinary vessel transactions in recent years, it is generally considered to be challenging to estimate FVLCS 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 includes management judgements related to, among other, expected utilisation, operating expenses, capital expenditure and required rate of return (WACC).

Based on the above, management has identified impairment indicators for the vessels in the Group, and and recognised an impairment loss for the two vessels in the Group P&L amounting to NOK 319m for 2020. In addition to this an impairment amounting to NOK 140m was recognised for Polar King before the vessel was sold, for a total impairment in the 2020 Group P&L of NOK 459m.

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

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

Impairment assessment of investment in Shearwater Geoservices Holding AS

GC Rieber Shipping ASA has an investment in 17 % of the shares in Shearwater Geoservices Holding AS ("Shearwater"), with a total carrying amount of NOK 741m at 31 December 2020, which represented 35% of the Group's total assets.

The investment is accounted for using the equity method. For GC Rieber Shipping ASA, the book value of the investment equals their share of the book value of the equity in Shearwater (no surplus values).

We focused on this area because the investment constitutes a substantial share of the total assets in the Group, and because there have been transactions in the shares of Shearwater during 2020 and 2021. The uncertainty related to valuation of Shearwater and the inherent risk of impairment due to a continued challenging seismic market is considered to be high.

We refer to note 4 in the financial statements for further information on the investment in Shearwater and managements valuation process.

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

The most recent transaction in the Shearwater shares was an impairment indicator.

GC Rieber Shipping ASA has concluded that the valuation implied by this transaction does not lead to an impairment of the investment in Shearwater under the Equity method. This assessment is based on an evaluation of the value of Shearwater. Conditions that was assessed included the adequacy of Shearwaters impairment assessment of their own assets as at 31.12.2020 and whether the level of the minority discount was within a reasonable range. GC Rieber Shipping ASA has, through a shareholder agreement, influence which exceeds its ownership share.

Management concluded that no impairment should be recognised in 2020, and that the investment in Shearwater should be booked at a value representing GC Rieber Shipping ASA' share of book equity in Shearwater.

We challenged managements assumptions through discussions and the understanding we obtained about the impairment testing performed by Shearwater. Assumptions made by management is consistent with our understanding of the impairment testing performed by Shearwater.

We lastly evaluated the adequacy of the disclosures made in note 4 and found that disclosures appropriately explained management's valuation 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 a true and fair view 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 true and fair view 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 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 a true and fair view.

- 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 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.

Independent Auditor's Report - GC Rieber Shipping ASA

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, 16 March 2021
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

(This document is signed electronically)

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