



GRAM CAR  
CARRIERS

# Q3 2023 Interim report

## Gram Car Carriers ASA

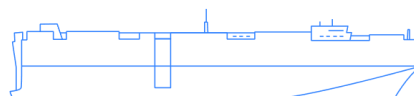
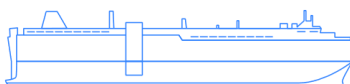
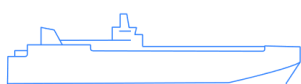


## Gram Car Carriers in brief

GCC is the world's third-largest tonnage provider within the Pure Car Truck Carriers (PCTCs) segment with 19 vessels, across the Distribution, Mid-size and Panamax segments. The Company serves as a trusted provider of high-quality vessels and logistics solutions ensuring safe, efficient and punctual shipment of vehicles for a network of clients comprising of major global and regional PCTC operators.

### Investment highlights

- Unique investment opportunity in leading PCTC tonnage provider
- Attractive market fundamentals with long-term upcycle unfolding
- Successfully capturing the historically strong market
- Policy of returning 75% of net profit to shareholders in quarterly dividends

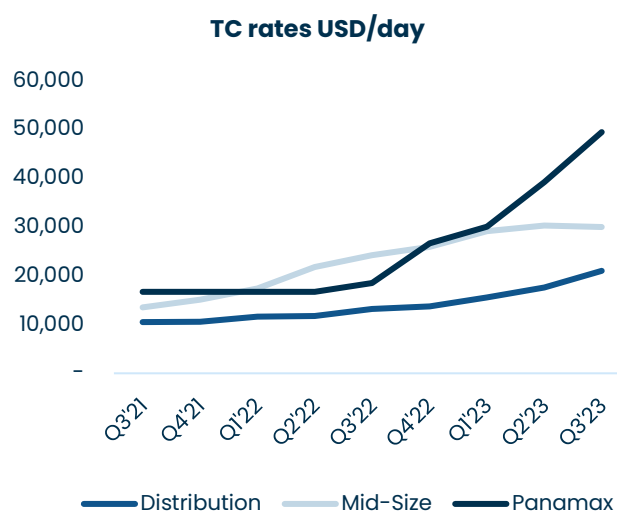
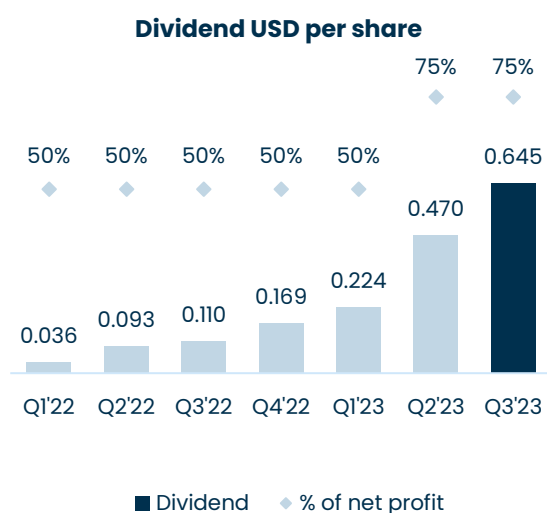


## Q3 2023 highlights

- Board of Directors approved dividend of USD 0.645 per share for Q3 2023, equal to 75% of the net profit of USD 24.9 million
- Seventh consecutive quarter with increased dividend, up 37% from Q2 2023
- Q3 2023 revenue of USD 54.9 million and EBITDA of USD 40.5 million
- Q3 2023 average TCE rate per day: Panamax USD 49,410, Mid-size USD 29,970 and Distribution USD 20,990
- Signed five-year contract for Viking Queen
- Total revenue backlog of USD 908 million at end Q3 2023
- Creating additional value through asset transactions
- Well positioned in historically strong market with 4%/11%/37% open days in 2024/25/26
- Favourable market outlook with high charter rates and long contract durations

### Georg A. Whist, CEO of Gram Car Carriers ASA:

“We listed in early 2022 with the clear strategy of rechartering the fleet on long-term contracts reflecting the strong market fundamentals to drive value creation and shareholder distributions. Since then, we have signed over USD 1 billion worth of new contracts with leading operators at attractive dayrates and built a record revenue backlog providing long-term visibility on earnings and attractive quarterly dividends.”



## Key figures

### Q3 2023 (Q2 2023)



Revenue  
**USD 54.9 million**  
(USD 48.4 million)

EBITDA  
**USD 40.5 million**  
(USD 32.9 million)

Net profit  
**USD 24.9 million**  
(USD 18.1 million)

Dividend proposed  
**USD 18.70 million**  
(USD 13.61 million)



Average TC rate<sup>1</sup>  
**USD 31,370**  
(USD 28,770)

Utilisation  
**98%**  
(99%)

Planned/unplanned off-hire  
**27/8 days**  
(12/8 days)

Average cash break-even<sup>3</sup>  
**USD 16,950**  
(USD 16,950)



Revenue backlog added  
**USD 132 million**  
(-)

Revenue backlog<sup>1/2</sup>  
**USD 908 million**  
(USD 826 million)

Open revenue days 2024<sup>2</sup>  
**4%**  
(20%)

Average renewal duration<sup>4</sup>  
**4.5 years**






<sup>1</sup> On straight-line basis in accordance with IFRS.

<sup>2</sup> As per end of reporting period, assuming mid-point charter party redelivery date.

<sup>3</sup> Current cash break-even comprise of budgeted vessel running expenses, insurance, administrative expenses and debt servicing based on prevailing implied 3m SOFR forward rates and next 12 months' debt amortisation schedule. Capex not included.

<sup>4</sup> Average duration of all new charters concluded after listing in January 2022.

## Review of operations

<b>Q3'23</b> (Q2'23)	<b>Distribution</b>	<b>Mid-size</b>	<b>Panamax</b>	<b>Fleet total</b>
				
Average TC rate <sup>1</sup>	<b>USD 20,990</b> (USD 17,600)	<b>USD 29,970</b> (USD 30,270)	<b>US 49,410</b> (USD 39,130)	<b>USD 31,370</b> (USD 28,770)
Utilisation	<b>99%</b> (99%)	<b>100%</b> (99%)	<b>93%</b> (98%)	<b>98%</b> (99%)
Planned/unplanned off-hire days	<b>-/6 days</b> (-/3 days)	<b>-/1 days</b> (7/4 days)	<b>27/1 days</b> (5/1 days)	<b>27/8 days</b> (12/8 days)

The Viking Bravery completed its scrubber installation on budget and ahead of schedule in late July before commencing a five-year time charter.

In late July, the Hoegh Caribia made contact with another vessel when exiting port. There were no reported injuries, water ingress or pollution. The vessel resumed its voyage on 1 August after temporary repairs. Full repairs are planned to commence at the end of the year with an estimated net financial impact of approximately USD 1 million after insurance, reflecting a 30-day off-hire period and incident related costs.

The average fleet TCE was USD 31,370 per day in the third quarter, an increase from USD 28,770 in the second quarter of 2023. The higher TCE was a function of higher dayrates for the Distribution and Panamax vessels, supported by the Viking Bravery commencing its new five-year charter during the period and the two distribution vessels Viking Odessa and City of Oslo having their first full quarter on new charters with higher earnings. The recent fixing of the Viking Queen, the last open Panamax vessel, is expected to impact positively on earnings from February 2024.

### Contract overview

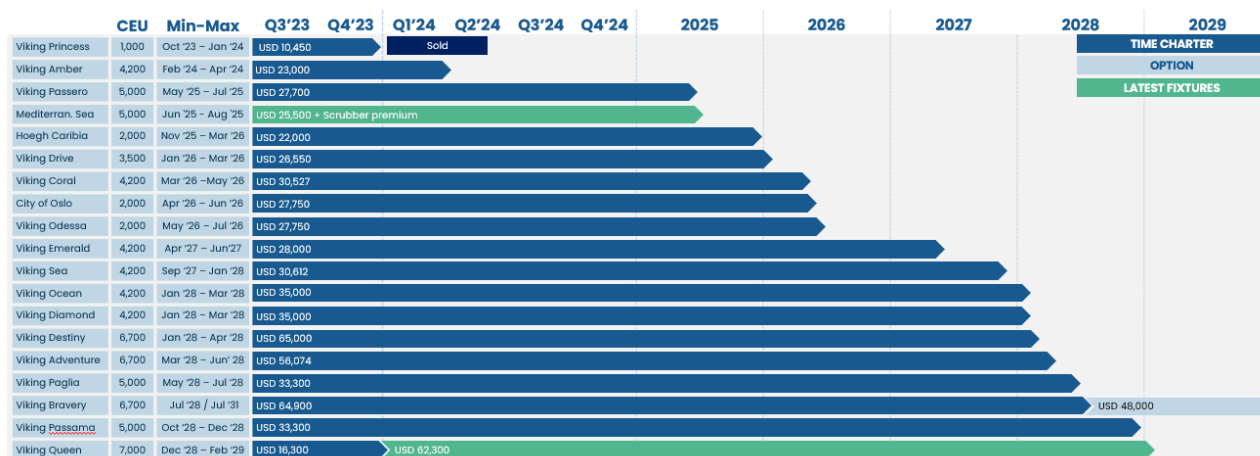
GCC's revenue backlog amounted to USD 908 million at 30 September 2023. The increase from USD 826 million at the end the second quarter of 2023 reflects USD 18 million of acquired backlog for the Mediterranean Sea and USD 114 million of backlog from the new five-year timecharter for the Viking Queen, less contract revenue in the period. The Viking Queen charter has an average TC rate of USD 62,300 per day, structured with a tapered dayrate profile, starting at USD 80,000 per day for year one, before declining stepwise to USD 40,000 per day for year five.

Effectively, there are no open revenue days in 2023 when considering the announced sale of the Viking Constanza and the Viking Princess. Discussions are ongoing with potential charterers for the Viking Amber, the next vessel coming open in Q2 2024.

<sup>1</sup> On straight-line basis in accordance with IFRS



Since the listing in early 2022, the average contract duration for new recharterers has been 4.5 years. The average contract duration in the revenue backlog at 30 September 2023 was 3.5 years for the full fleet, and 3.2 and 4.8 years for the Mid-size and Panamax vessels, respectively.



## Cash-flow break-even

The Company estimates an average cash flow breakeven rate of USD 16,950 per day per vessel going forward, unchanged from the previous quarter.

## Corporate and financing

On 5 July, the Company signed an agreement to sell two Distribution vessels, the Viking Constanza (2,000 CEU, built 2010) and the Viking Princess (1,000 CEU, built 1996), for a total cash consideration of USD 43.5 million to modernise the fleet and capitalise on historically high second-hand vessel values. GCC expects to recognise a total book gain of USD 19 million upon completion of the sale of the two vessels. The realised book gain for each of the vessels will upon completion be recognised in the relevant quarterly net income and planned 75% dividend distribution. The Viking Constanza was delivered to the new owner on 30 October with book gain of USD 13 million, and the Viking Princess is expected to be delivered in the first quarter of 2024 upon redelivery from the current charterer. The buyer of the two vessels is an undisclosed European-based vehicle logistics company.

During the quarter, GCC acquired a combined 99% equity stake in Gram Car AS, a single purpose company owning the Pure Car Truck Carrier the Mediterranean Sea (5,000 CEU, built 2010) in a series of transactions with an implied vessel valuation of USD 34.2 million. The acquisition is expected to support increased dividend distributions. GCC is the commercial manager of Gram Car AS, holding 1% of the shares before the acquisitions. The vessel is on a contract at USD 25,500 per day plus scrubber premium until the third quarter of 2025, adding approximately USD 18 million of revenue backlog. Gram Car AS was consolidated into the Group from 1 August 2023.

The two sale and purchase transactions enable GCC to replace two smaller Distribution vessels, including one older asset at the tail-end of its operating life, with a larger Mid-size vessel with higher long-term earnings and dividend capacity.

As previously announced, GCC has transitioned from a fixed interest margin on the main credit facility to pricing based on a net interest-bearing debt (NIBD)/EBITDA grid. NIBD/EBITDA at 30 September 2023 was 2.1, resulting in a margin of SOFR + 2.40%. The margin will remain at this level until NIBD/EBITDA decreases below 1.5, when the margin will reduce further to SOFR + 2.25%.

The Company continues to pursue attractive refinancing opportunities, mainly focused on the two Panamax vessels currently under lease financing.

## Subsequent events

The Distribution vessel Viking Constanza was delivered to the new owner on 30 October. GCC has realised a book gain of USD 13.0 million from the divestment, which will be recognised in the fourth quarter 2023 accounts.

# Market update

## Macro and auto trends

Development in global car sales has historically been correlated with economic activity and global GDP growth. In the October 2023 economic outlook, the IMF's forecasts a GDP growth of 3.0% in 2023, compared with 3.5% growth in 2022.

At the end of the third quarter of 2023, LMC Automotive increased its 2023 forecast for global light vehicles sales to 87.9 million units, up from 86.3 million units at the end of the previous quarter. This indicates an 8.4% increase in car sales in 2023 compared to 2022. LMC forecasts that global car sales will exceed pre-Covid levels from 2024 onwards. Improved availability of semiconductors is a key driver for the raised sales projections. Supply limitations have in recent years led to reduced global car production.

Chinese auto exports in the first nine months of 2023 totalled 3.6 million vehicles, with monthly exports exceeding 400,000 units in five months. This compares to total Korean exports of 2.6 million units and Japanese exports of 4.2 million units in the same period. This confirms China's position as the second largest exporter out of Asia. Electric vehicles' share of Chinese exports has been stable at 31% year to date.

The combination of rapid Chinese export growth, strong Korean volumes and the Japanese auto industry trending towards a full recovery is expected to yield a 43% growth in total Far East vehicle exports in 2023 when compared to pre-covid levels of 2019. The forecast is based on the current export run-rate for the three countries after nine months. Long-haul Far East exports have for some time been the main demand driver for the car carrier market with significant growth in seaborne transport volumes coming at a time with limited available capacity and the planned supply of new tonnage is yet to get to the market.

Governments around the world are incentivising consumers and producers to support the continued electrification of the global car fleet. Currently, China represents around 50% of the global sales of electric vehicles. This forms a highly competitive base for increased market share in the traditionally strong European and North American consumer markets. Recently, EV manufacturers have lowered prices to further induce demand. Traditional incumbents such as Toyota have increased their targets for EV sales, which may fuel further competition throughout the industry. In Germany, the recent expiry of government support structures for the EV market was followed by an immediate drop in EV sales.

Supply disruptions for car manufacturers are easing, while they are still producing for backlog orders in major markets. AutoForecast Solutions projects that around 2.4 million vehicles, will be removed from the planned production in 2023, primarily due to reduced output in Japan and South Korea. This is down from 10.5 million vehicles removed in 2021 and 4.4 million vehicles removed in 2022.

While vehicle volumes continue to grow, open PCTC capacity remains low. To date in 2023, seven new vessels have been delivered. This is not sufficient to meet demand even as external factors restricting capacity such as waiting time due to land-based bottlenecks have eased somewhat. As a result, an increasing number of vehicles are transported on less efficient container, drybulk and multi-purpose vessels.

The strong volume growth from the Far East into the main consumer markets have led to a gradual firming up of the short sea car market in Europe due to increased intra-regional requirements. As tonnage has been moving out of short sea trades into the more profitable long-haul trades since late 2021, supply of suitable tonnage remains scarce. This has resulted in a significant increase in long-term TC rates for Midsize and Distribution vessels.

## **Fleet development**

The current strong car shipping market has led to an increase in ordering activity for new tonnage following almost ten years of a flat to slightly decreasing global PCTC fleet. Currently, 106 vessels are scheduled to be delivered from yard before end-2025. The total order book comprises 165 vessels with planned deliveries up until 2028. These will lead to a gradual increase in the PCTC fleet which is expected to be absorbed in the market over the coming years. Of the current PCTC fleet, 147 of the vessels are older than 20 years and candidates for re-cycling.

The global car carrier fleet amounted to 761 vessels at 30 September, according to Clarksons. The global order book was 31% of the current capacity. This is up from the historical average of 17%. The delivery schedule of the current PCTC order book is still expected to be insufficient to meet the estimated demand, at least through 2025.

The global fleet controlled by PCTC tonnage providers amounted to 181 vessels at end of the third quarter 2023, up one vessel since 2021 and 2022. Currently there are no vessels controlled by tonnage providers left open for contract renewal in 2023 and 24 vessels open in 2024. This compares to 65 vessels fixed during the entire 2022 and 34 to date in 2023. Further, three newbuilds controlled by tonnage providers are seen open for charters from the second half of 2024.

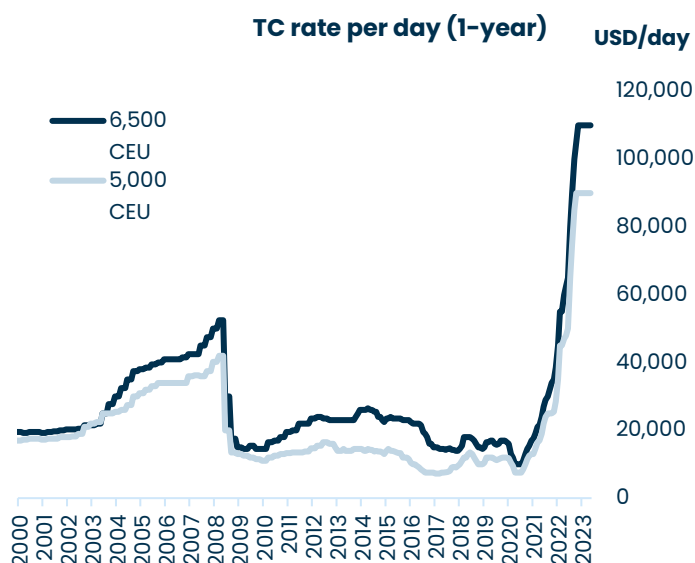


## Time charter rates

TC rates remain stable at record levels due to the combination of strong demand and limited near term open vessel supply. The 12-month TCE contract rates for Panamax vessels were estimated at USD 110,000 per day at the end of September 2023, unchanged from the start of the year, and up from USD 90,000 in September 2022, according to data from Clarksons.

The 12-month TCE rates for Mid-size vessel were stable year-to-date at USD 90,000 per day and up from USD 75,000 in September 2022.

The Company estimates the current 12-month TCE for Distribution vessels at USD 30,000 per day, unchanged from the first quarter of 2023 and an increase from USD 25,000 in September 2022.



## Financial review

### Key figures

In USD thousands	Q3 2023	Q2 2023	Q1 2023	2022
Operating revenue	54,910	48,448	41,146	120,976
EBITDA	40,489	32,898	27,702	70,596
EBIT	32,345	25,139	20,060	43,126
Profit for the period	24,933	18,143	13,121	23,877
Cash flow from operating activities	45,377	37,987	25,378	79,617

In USD thousands	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Cash and cash equivalents	28,615	30,000	23,701	30,287
Interest-bearing debt	320,169	308,314	319,213	339,470
Equity ratio	43%	43%	42%	40%

**Financial performance**

Third quarter 2023 operating revenue of USD 54.9 million reflected improved average time charter rates for the Distribution and Panamax segments compared to the prior quarter.

Vessel operating expenses amounted to USD 11.9 million. Administrative expenses were USD 2.5 million and included non-cash expenses of USD 0.7 million relating to long-term employee incentive programs.

EBITDA was USD 40.5 million, an increase from USD 32.9 million in the second quarter of 2023, and EBIT amounted to USD 32.3 million. Net financial expenses of USD 7.4 million reflected mainly interest expense on vessel loans and leases. Net profit for the quarter was USD 24.9 million, equal to earnings of USD 0.86 per share.

**Financial position**

On 30 September 2023, GCC had a cash position of USD 28.6 million and in addition USD 15 million in available undrawn credit lines. Interest-bearing debt, including lease liabilities amounted to USD 320.2 million. Total assets and book equity were USD 626.2 million and USD 271.9 million respectively, equivalent to a book equity ratio of 43%.

**Cash flow**

Cash flow from operating activities was USD 45.4 million. The difference from EBITDA in the quarter was due to a net increase in working capital and deferred income. Cash used in investing activities of USD 25.7 million reflected mainly the expenditure relating to the acquisition of the stake in Gram Car AS (Mediterranean Sea) and Viking Bravery scrubber installation. Cash flow from financing activities was negative with USD 21.1 million and comprises interest payments and scheduled repayment instalments under the Group's debt facilities and leases and the quarterly dividend paid to shareholders in August. Net change in cash and cash equivalents was negative with USD 1.4 million for the quarter.

**Dividend**

GCC has built a significant revenue backlog providing good visibility on future cash flow. The Company's dividend pay-out ratio was increased from 50% to 75% of net profit effective from the second quarter of 2023.

The Board of Directors has approved a cash dividend of USD 0.645 per share for the third quarter of 2023, in line with policy. This represents the seventh consecutive quarterly distribution from the Company to shareholders. The distribution shall constitute a repayment of the Company's paid in capital. In August, GCC paid a dividend of USD 0.470 per share for the second quarter of 2023.

## Outlook

GCC is well positioned in a historically strong market with long-term favourable supply demand dynamics. The Company has rechartered its vessels on contracts setting new industry standards in terms of dayrates and duration. This is reflected in a record revenue backlog and expectations for increased earnings and cashflow going forward. Combined with an 75% dividend pay-out ratio, this provides the foundation for continued attractive direct shareholder returns.

Oslo, 2 November 2023

Board of Directors and Chief Executive Officer, Gram Car Carriers ASA

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Ivar Hansson Myklebust  
Chair

/sign/

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Hans Nikolaus Schües  
Deputy Chair

/sign/

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Alasdair James Dougall Locke

/sign/

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Christine Rødsæther

/sign/

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Nils Kristoffer Gram

/sign/

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Gaby Bornheim

/sign/

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Clivia Catharina Breuel

/sign/

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Georg Alexander Whist  
Chief Executive Officer

# Condensed interim financial statements

## Consolidated statement of income (unaudited)

In USD thousands	Notes	Q3 2023	Q3 2022	Sep 2023 YTD	Sep 2022 YTD	2022
Operating revenue	6	54,910	31,451	144,503	82,726	120,976
Vessel operating expenses		(11,923)	(10,561)	(35,907)	(29,424)	(41,385)
Administrative expenses		(2,498)	(2,103)	(7,508)	(5,658)	(8,995)
<b>Operating profit before depreciation (EBITDA)</b>		<b>40,489</b>	<b>18,788</b>	<b>101,088</b>	<b>47,644</b>	<b>70,596</b>
Depreciation	7	(8,143)	(6,901)	(23,544)	(20,556)	(27,470)
<b>Operating result (EBIT)</b>		<b>32,345</b>	<b>11,887</b>	<b>77,544</b>	<b>27,088</b>	<b>43,126</b>
Financial income		351	15	1,060	420	1,113
Financial expenses		(7,763)	(5,380)	(22,408)	(13,558)	(20,362)
<b>Profit before tax (EBT)</b>		<b>24,933</b>	<b>6,521</b>	<b>56,197</b>	<b>13,950</b>	<b>23,877</b>
Income tax expense		-	-	-	-	-
<b>Profit for the period</b>		<b>24,933</b>	<b>6,521</b>	<b>56,197</b>	<b>13,950</b>	<b>23,877</b>
Attributable to:						
Equity holders of the parent company		24,933	6,521	56,197	13,950	23,877
Non-controlling interests		-	-	-	-	-
		24,933	6,521	56,197	13,950	23,877
Earnings per share (USD):						
Basic earnings per share		0.86	0.23	1.93	0.49	0.83
Diluted earnings per share		0.83	0.23	1.85	0.49	0.82

## Consolidated statement of comprehensive income (unaudited)

In USD thousands	Notes	Q3 2023	Q3 2022	Sep 2023 YTD	Sep 2022 YTD	2022
Profit for the period		24,933	6,521	56,197	13,950	23,877
Exchange differences on translation of foreign operations		154	(71)	151	(23)	(23)
<b>Total comprehensive income</b>		<b>25,087</b>	<b>6,450</b>	<b>56,348</b>	<b>13,927</b>	<b>23,854</b>
Attributable to:						
Equity holders of the parent company		25,087	6,450	56,348	13,927	23,854
Non-controlling interests		-	-	-	-	-

## Consolidated statement of financial position (unaudited)

In USD thousands	Notes	30 Sep 2023	31 Dec 2022
<b>Assets</b>		<b>626,168</b>	<b>609,741</b>
Non-current assets		588,519	568,858
Vessels and other tangible assets	7	586,362	568,211
Right-of-use assets		1,648	141
Other non-current assets		509	506
Current assets		37,649	40,883
Inventories		2,154	2,088
Trade and other receivables		2,756	4,498
Cash and cash equivalents		28,615	30,287
Other current assets		4,124	4,010
<b>Equity and liabilities</b>		<b>626,168</b>	<b>609,741</b>
Equity	9	271,919	243,481
Non-current liabilities		274,630	297,045
Interest-bearing debt - non-current	8	273,285	297,045
Lease liabilities – non-current		1,345	–
Current liabilities		79,619	69,215
Interest-bearing debt – current	8	45,203	42,271
Lease liabilities – current		336	154
Trade and other payables		9,954	10,593
Deferred income		24,126	16,197

## Consolidated statement of changes in equity (unaudited)

In USD thousands	Share capital	Share premium	Treasury share	Retained earnings / (acc. losses)	Other equity	Share-based payments reserve	Non-controlling interests	Total
Equity at 1 January 2023	9,822	173,051	-	(142,818)	202,522	902	-	243,481
Share-based payments	-	-	-	-	-	1,466	-	1,466
Treasury shares	-	-	(4,632)	-	-	-	-	(4,632)
Total comprehensive income for the period	-	-	-	56,197	151	-	-	56,348
Transaction costs	-	-	-	-	(6)	-	-	(6)
Effect of liquidation Old Group	-	-	-	-	163	-	-	163
Dividend paid	-	(24,900)	-	-	-	-	-	(24,900)
<b>Equity at 30 September 2023</b>	<b>9,822</b>	<b>148,151</b>	<b>(4,632)</b>	<b>(86,620)</b>	<b>202,831</b>	<b>2,368</b>	<b>-</b>	<b>271,919</b>
Equity at 1 January 2022	230,791	-	-	(166,695)	964	-	14,178	79,239
Conversion of convertible loans Old Group shareholders	27,669	-	-	-	-	-	-	27,669
Conversion of redeemable preference shares	1,042	-	-	-	(1,042)	-	-	-
Capital increase – private placement (cash)	3,623	62,259	-	-	-	-	-	65,882
Capital increase – private placement (contribution in kind)	2,736	47,010	-	-	-	-	-	49,746
Capital increase – contribution in kind (Old Group equity holders and non-controlling interests)	(256,204)	61,190	-	-	209,192	-	(14,178)	-
Capital increase – vessel acquisition (contribution in kind)	166	9,634	-	-	-	-	-	9,800
Transaction costs	-	-	-	-	(7,060)	-	-	(7,060)
Estimated effect of liquidation Old Group	-	-	-	-	491	-	-	491
Share-based payments	-	-	-	-	-	902	-	902
Total comprehensive income for the period	-	-	-	23,877	(23)	-	-	23,854
Dividend paid	-	(7,042)	-	-	-	-	-	(7,042)
<b>Equity at 31 December 2022</b>	<b>9,822</b>	<b>173,051</b>	<b>-</b>	<b>(142,818)</b>	<b>202,522</b>	<b>902</b>	<b>-</b>	<b>243,481</b>



## Consolidated statement of cash flows (unaudited)

In USD thousands	Note	Q3 2023	Q3 2022	Sep 2023 YTD	Sep 2022 YTD	2022
Profit/ (loss) for the period		24,933	6,521	56,197	13,950	23,877
Financial (income)/ expenses		7,446	5,302	21,570	13,205	19,633
Depreciation	7	8,143	6,901	23,544	20,556	27,470
Share-based expenses		416	268	1,466	268	902
Income tax expense		-	-	-	-	-
Cash flow from operating activities before changes in working capital		40,938	18,992	102,777	47,979	71,882
Changes in working capital:						
Trade and other receivables		498	(1,613)	1,752	(1,365)	(2,659)
Inventories		667	(4)	57	(170)	(350)
Other current assets		1,000	524	139	(1,249)	(2,987)
Other non-current assets		-	(829)	-	-	-
Trade and other payables		(621)	(1,388)	(3,913)	(2,422)	663
Deferred income		2,895	1,122	7,929	2,146	13,068
<b>Cash flow (used in)/ from operating activities</b>		<b>45,377</b>	<b>16,804</b>	<b>108,741</b>	<b>44,919</b>	<b>79,617</b>
Investment in vessels and other tangible fixed assets		(3,468)	(2,634)	(7,899)	(19,907)	(61,940)
Investment in right-of-use assets		-	(92)	-	(1,120)	(1,080)
Investment in affiliated company		(22,199)	(171)	(22,202)	(171)	(347)
<b>Cash flow used in investing activities</b>		<b>(25,666)</b>	<b>(2,896)</b>	<b>(30,101)</b>	<b>(21,199)</b>	<b>(63,368)</b>
Dividend paid		(13,468)	(2,605)	(24,900)	(3,662)	(7,042)
Proceeds from issue of shares		-	(9)	-	58,890	58,822
Purchase of treasury shares		-	-	(4,632)	-	-
Proceeds from issue of debt		10,000	39,610	10,000	271,856	311,164
Proceeds from sale-lease-back financing		-	-	-	68,313	68,313
Repayment of debt		(11,369)	(7,300)	(43,447)	(340,110)	(368,116)
Repayment of lease liability		(37)	(32,879)	(214)	(50,888)	(47,226)
Interest paid on interest-bearing debt		(6,495)	(2,319)	(17,391)	(6,214)	(18,760)
Interest paid on lease liabilities		(38)	(1,874)	(36)	(4,810)	(27)
Other financial items		311	98	308	71	949
<b>Cash flow (used in)/ from financing activities</b>		<b>(21,096)</b>	<b>(7,278)</b>	<b>(80,312)</b>	<b>(6,554)</b>	<b>(1,923)</b>
Net change in cash and cash equivalents		(1,385)	6,630	(1,672)	17,166	14,327
Cash and cash equivalents at beginning of period		30,000	26,496	30,287	15,960	15,960
<b>Cash and cash equivalents at end of period</b>		<b>28,615</b>	<b>33,126</b>	<b>28,615</b>	<b>33,126</b>	<b>30,287</b>

## Notes to the condensed interim consolidated financial statements (unaudited)

### **Note 1** General information

Gram Car Carriers ASA (the 'Company') is a public limited liability company (Norwegian: allmennaksjeselskap) incorporated and domiciled in Norway, with registered address at Bryggegate 9, 0250 Oslo, Norway. The Company was incorporated on 3 August 2021. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Group is to invest in and to operate maritime assets in the pure car and truck carrier ('PCTC') shipping segment.

The shares of the Company are listed on Oslo Børs under the ticker 'GCC' and also traded on OTCQX Best Market under the ticker 'GCCRF'.

As per 30 September 2023 the Group operates 20 PCTC vessels, of which 18 are owned vessels and 2 are leased vessels.

### **Note 2** Basis for preparation

The condensed interim consolidated financial statements for the period 1 January 2023 – 30 September 2023 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union.

The financial statements have not been subject to audit and do not include all information and disclosures required in the annual financial statements.

The financial statements are based on historical cost except as disclosed in the accounting.

The financial statements are presented in US Dollar (USD), which is the functional currency of the Company and the Group. Amounts are rounded to the nearest thousand, unless otherwise stated.

The interim consolidated financial statements are prepared based on the assumption of going concern.

Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes in its financial statements. The Group will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. No new standards were effective 1 January 2023, with significant impact on the Group.

### **Note 3** Significant accounting policies

The accounting policies adopted in preparing the condensed interim consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the 12-month period ended 31 December 2022.

### **Note 4** Critical accounting judgements and key sources of estimation uncertainty

The preparation of the condensed interim consolidated financial statements for the Group and application of the accounting policies requires judgements, estimates and assumptions to be made about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual outcomes may differ from these estimates

and assumptions and could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an on-going basis.

#### *Judgements*

Management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimations, which are disclosed below.

#### *Assumptions and estimation uncertainties*

The following assumptions and estimation uncertainties can have a significant risk of resulting in a material adjustment to the carrying amounts of assets:

#### *Depreciation, useful lives and residual values of vessels*

Depreciation is based on estimates of the vessels' useful lives, residual values, scrapping costs and depreciation method, which are reviewed at each balance sheet date. Useful lives may change due to technological developments, market conditions and changes in regulations. The Group is committed to recycling its vessels in compliance with the Hong Kong convention and Norwegian Shipowners Association guidelines. In the assessment of residual value there is a considerable degree of uncertainty in estimating prevailing market prices for green recycling. Any changes in estimated useful lives and/or residual values impact the depreciation of the vessels prospectively.

## **Note 5 Segment information**

All the Group's vessels can be categorised in the pure car and truck carrier (PCTC) shipping segment and exhibit similar technical, trading, economic and financial characteristics.

The top four customers of the Group represent 25.8%, 13.1%, 11.0% and 10.7% of the Group's total time charter revenue during the three months' period ended 30 September 2023 (2022: 14.7%, 14.3%, 9.2% and 9.1%). No other customers represent more than 10% of total time charter revenue.

Charter parties entered into with customers are typically for global operation of the vessels. Time charter revenue originate from customers geographically located as follows:

In USD thousands	Q3 2023	Q3 2022	Sep 2023 YTD	Sep 2022 YTD	2022
Asia	30,412	21,279	87,482	55,321	81,656
Europe	19,206	7,100	38,935	20,358	26,874
Other	6,134	2,904	20,462	7,386	11,951
<b>Total time charter revenue</b>	<b>55,753</b>	<b>31,283</b>	<b>146,880</b>	<b>83,065</b>	<b>120,481</b>

## **Note 6 Operating revenue**

In USD thousands	Q3 2023	Q3 2022	Sep 2023 YTD	Sep 2022 YTD	2022
Time charter revenue	55,753	31,283	146,880	83,065	120,481
Time charter hire commissions	(898)	(565)	(2,446)	(1,499)	(2,271)
Management fees and time charter hire commissions	53	103	174	430	1,336
Other income	3	630	(105)	730	1,430
<b>Total operating revenue</b>	<b>54,910</b>	<b>31,451</b>	<b>144,503</b>	<b>82,726</b>	<b>120,976</b>

The Group's vessels earn revenue from time charter parties entered into with operators providing services related to the seaborne transportation of vehicles and equipment.

## Note 7 Vessels and other tangible assets

Details of the Group's vessels and other tangible assets at 30 September 2023 are as follows:

In USD thousands	Vessels	Equipment	Total
Acquisition cost at 1 January 2023	857,279	39	857,318
Additions – Drydocking	1,306	–	1,306
Additions – Technical upgrade	6,534	–	6,534
Additions – vessel through acquisition	39,250	–	39,250
Additions	–	59	59
Acquisition cost 30 September 2023	904,369	98	904,467
Acc. depreciation at 1 January 2023	(226,397)	(15)	(226,412)
Acc. impairment at 1 January 2023	(62,695)	–	(62,695)
Acc. Depreciation – vessel through acquisition (continuity)	(5,687)	–	(5,687)
Depreciation for the period	(23,307)	(4)	(23,311)
Acc. depreciation and impairment at 30 September 2023	(318,085)	(20)	(318,105)
<b>Carrying amount at 30 September 2023</b>	<b>586,283</b>	<b>79</b>	<b>586,362</b>
Acquisition cost at 1 January 2022	685,214	27	685,241
Additions – Acquisition of vessels	171,343	–	171,343
Additions – Drydocking	6,972	–	6,972
Additions – Technical upgrade	4,560	–	4,560
Additions	–	12	12
Disposals of vessels	(10,812)	–	(10,812)
Acquisition cost 31 December 2022	857,279	39	857,318
Acc. depreciation at 1 January 2022	(211,935)	(6)	(211,941)
Acc. impairment at 1 January 2022	(62,695)	–	(62,695)
Depreciation for the period	(25,273)	(9)	(25,282)
Disposals	10,812	–	10,812
Acc. depreciation and impairment at 31 December 2022	(289,092)	(15)	(289,107)
<b>Carrying amount at 31 December 2022</b>	<b>568,187</b>	<b>24</b>	<b>568,211</b>

As at 30 September 2023, the Group operated 20 PCTC vessels.

Vessels include dry-docking and technical upgrades. The carrying amount for dry-docking was USD 11,804,000 at 30 September 2023 (31 December 2022: USD 13,177,000).

Vessels with carrying value of USD 586,283,000 at 30 September 2023 have been pledged to secure the various credit facilities (31 December 2022: USD 568,187,000), ref note 8.

At each reporting date, the Group evaluates whether there is an indication that an asset may be impaired. An assessment of the recoverable amount is made when an impairment indicator exists. At 30 September 2023 no such indicators have been identified.

## Note 8 Interest-bearing debt

Details of the Group's interest-bearing debt at 30 September 2023 are as follows:

USD thousands	Currency	Facility amount	Margin	Maturity	Out-standing
USD 302 million senior secured credit facility	USD	302,000	SOFR +2.40%	Jan 2027	244,283
USD 15 million senior secured credit facility (Viking Drive/Viking Princess)	USD	15,000	SOFR +4.20%	Apr 2025	8,918
USD 15 million senior secured credit facility (Mediterranean Sea)	USD	15,000	SOFR +3.20%	Mar 2026	10,783
Lease (Viking Adventure/Viking Bravery)	USD	70,000	SOFR +4.26%	Jan 2030	60,800
					<b>324,784</b>
Amortised debt issuance costs					(6,295)
<b>Total interest-bearing debt at 30 September 2023</b>					<b>318,488</b>

The USD 302 million senior secured credit facility include revolving credit facilities of USD 100 million. As at 30 September 2023 USD 15 million of the revolving credit facility was undrawn (31 December 2022: USD 15 million).

As per 30 September 2023, the Group is in compliance with all financial covenants and value maintenance tests, including value adjusted equity of minimum 35% and at all times USD 50 million; minimum cash of no less than the greater of 5% of total interest-bearing debt outstanding and USD 10 million; and fair market value of at least 130% of interest-bearing debt outstanding (125% for Viking Adventure and Viking Bravery).

Details of the Group's contractual maturities of interest-bearing debt on a non-discounted basis as at 30 September 2023 are as follows:

USD thousands	Due within 12 months	1-3 years	4-5 years	>5 years	Total
Interest-bearing debt	45,203	66,259	187,411	25,910	324,784

Details of the Group's interest-bearing debt at 31 December 2022 are as follows:

USD thousands	Currency	Facility amount	Margin	Maturity	Out-standing
USD 302 million senior secured credit facility	USD	262,000	LIBOR +2.95%	Jan 2027	228,183
USD 302 million senior secured credit facility (Viking Paglia)	USD	40,000	SOFR +2.40%	Jan 2027	40,000
USD 15 million senior secured credit facility	USD	15,000	LIBOR +4.70%	Apr 2025	12,500
Lease (Viking Adventure/Viking Bravery)	USD	70,000	LIBOR +4.00%	Jan 2030	64,960
					<b>345,643</b>
Amortised debt issuance costs					(6,327)
<b>Total interest-bearing debt at 31 December 2022</b>					<b>339,316</b>

Details of the Group's contractual maturities of interest-bearing debt on a non-discounted basis as at 31 December 2022 are as follows:

USD thousands	Due within 12 months	1-3 years	4-5 years	>5 years	Total
Interest-bearing debt	42,271	83,990	187,768	31,615	345,643

Reconciliation of movements in Group's interest-bearing debt for the nine-months' period ending 30 September 2023 and 12-months' period ending 31 December 2022:

USD thousands	Sep 2023 YTD	2022
Interest-bearing debt (current and non-current) at beginning of period	339,316	326,760
Repayment of debt	(42,360)	(368,116)
Issuance of new debt	21,500	387,000
Debt issuance costs	(1,087)	(7,523)
Non-cash amortisation of debt issuance costs	1,119	1,196
<b>Interest-bearing debt (current and non-current) at end of period</b>	<b>318,488</b>	<b>339,316</b>

## Note 9 Share capital

In USD thousands	No. of shares	Share capital
1 January 2023	29,285,022	9,822
<b>30 September 2023</b>	<b>29,285,022</b>	<b>9,822</b>
1 January 2022	10,000,000	125
Reverse split (26.497:1)	(9,622,605)	-
Share capital increase 17 January 2022	10,774,182	3,623
Share capital increase 17 January 2022	17,570,227	5,909
Share capital increase 28 November 2022	563,218	166
<b>31 December 2022</b>	<b>29,285,022</b>	<b>9,822</b>

At 30 September 2023 the share capital of the Company consists of 29,285,022 shares with par value per share of NOK 2.9147. All issued shares are of equal rights and are fully paid up.

At 30 September 2023 the Company held 300,000 treasury shares, all of which had been acquired during 2023.

## Note 10 Subsequent events

On 30 October, the sale of the Distribution vessel Viking Constanza was completed, and the vessel was delivered to the new owner. GCC has realised a book gain of USD 13.0 million from the divestment, which will be recognised in the fourth quarter 2023 accounts.



## Alternative performance measures and glossary

The Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Group presents certain financial measures using alternative performance measures (APMs) not defined in the IFRS reporting framework. The Group believes these APMs provide meaningful information about operational and financial performance. Relevant APMs include the following and are defined below.

**Time charter (TC):** A contract for the hire of a vessel for a specific period; the owner supplies the vessel and crew, the charterer selects the ports, route and vessel speed. The charterer pays for all fuel the vessel consumes, port charges, commissions, and a daily hire (TC-rate) to the owner of the vessel.

**Average time charter (TC) rate per day/ time charter equivalent (TCE):** Average TC rate per day or TCE represents charter revenue divided by the number of trading days for the Group's vessels or a selection of the Group's vessels during a given reporting period. Trading days include all days whilst the vessel is under the Group's ownership except days when the vessel is idle or off-hire and not generating revenue.

**Average operating expense ('OPEX') per day:** Average OPEX per day is calculated as total operating expenses for the Group's vessels or a selection of the Group's vessels during a given reporting period (including vessel running expenses and insurance premiums) divided by days during the period.

**Break-even TC rate per day:** Break-even TC rate per day represents average OPEX per day (including insurance) with the addition of debt servicing costs, including interest and principal repayments applicable for the relevant vessels and an allocation of administrative expenses.

**Utilisation:** Represents total vessel trading days (idle and off-hire days not included) divided by total days during the relevant period.

**Planned/unplanned off-hire:** Planned off-hire includes planned off-hire days in connection with dry docking and also three days off-hire per vessel per year to carry out repairs and maintenance that cannot be carried out during normal trading of the vessels.

**Contract backlog:** The aggregate value of firm contracts with agreed time charter rate, terms and/or conditions and where revenue is yet to be recognised.

**EBITDA:** Profit/(loss) for the period before net financial items, income tax expense, depreciation and amortization.

**Firm contract:** Customer commits to a fixed long-term contract at a specified time charter rate

**PCC/PCTC:** Pure car carrier/Pure car and truck carrier

**CEU:** Car Equivalent Units

**Panamax:** Capacity 6,000+, serving east-west trade-lanes crossing the canals and major oceans

**Mid-size:** Capacity 3,500-5,999 CEU, serving north-south trade-lanes intra continents

**Distribution ships:** Capacity up to 3,500 CEU, serving regional markets like Northern Europe and Caribbean

## Forward looking statement

This report contains certain forward-looking statements that involve risks and uncertainties. In some cases, the Company uses words such as "ambition", "continue", "could", "estimate", "expect", "believe", "focus", "likely", "may", "outlook", "plan", "strategy", "will", "guidance" and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding plans and expectations with respect to Gram Car Carrier's development and returns, balance sheet and long-term underlying earnings growth; market outlook and future economic projections and assumptions; capital expenditure guidance; cost guidance; development and construction activities; accounting decisions and policy judgments; expected dividend payments; estimated provisions and liabilities; planned acquisitions and divestments; and the projected impact or timing of administrative or governmental rules, standards, decisions or laws, including with respect to and future impact of legal proceedings are forward-looking statements.

You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including levels of industry product supply, demand and pricing; price and availability of alternative fuels; currency exchange rate and interest rate fluctuations; the political and economic policies of operating countries; general economic conditions; political and social stability and economic growth in relevant areas of the world; global political events and actions; economic sanctions, security breaches; changes or uncertainty in or non-compliance with laws and governmental regulations; an inability to exploit growth or investment opportunities; ineffectiveness of crisis management systems; adverse changes in tax regimes; the development and use of new technology; technical difficulties; operational problems; operator error; inadequate insurance coverage; the lack of necessary transportation infrastructure and other transportation problems; the actions of competitors; the actions of partners; the actions of governments; counterparty defaults; natural disasters and adverse weather conditions, climate change, and other changes to business conditions; an inability to attract and retain personnel; relevant governmental approvals; industrial actions by workers and other factors discussed elsewhere in this report. For additional information on risk factors see the most recent annual report and the prospectus dated 30 November 2022 available at [www.gramcar.com](http://www.gramcar.com).

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot assure that its future results, level of activity, performance or achievements will meet these expectations. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any of these statements after the date of this report, whether to make them either conform to actual results or changes in our expectations or otherwise.

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