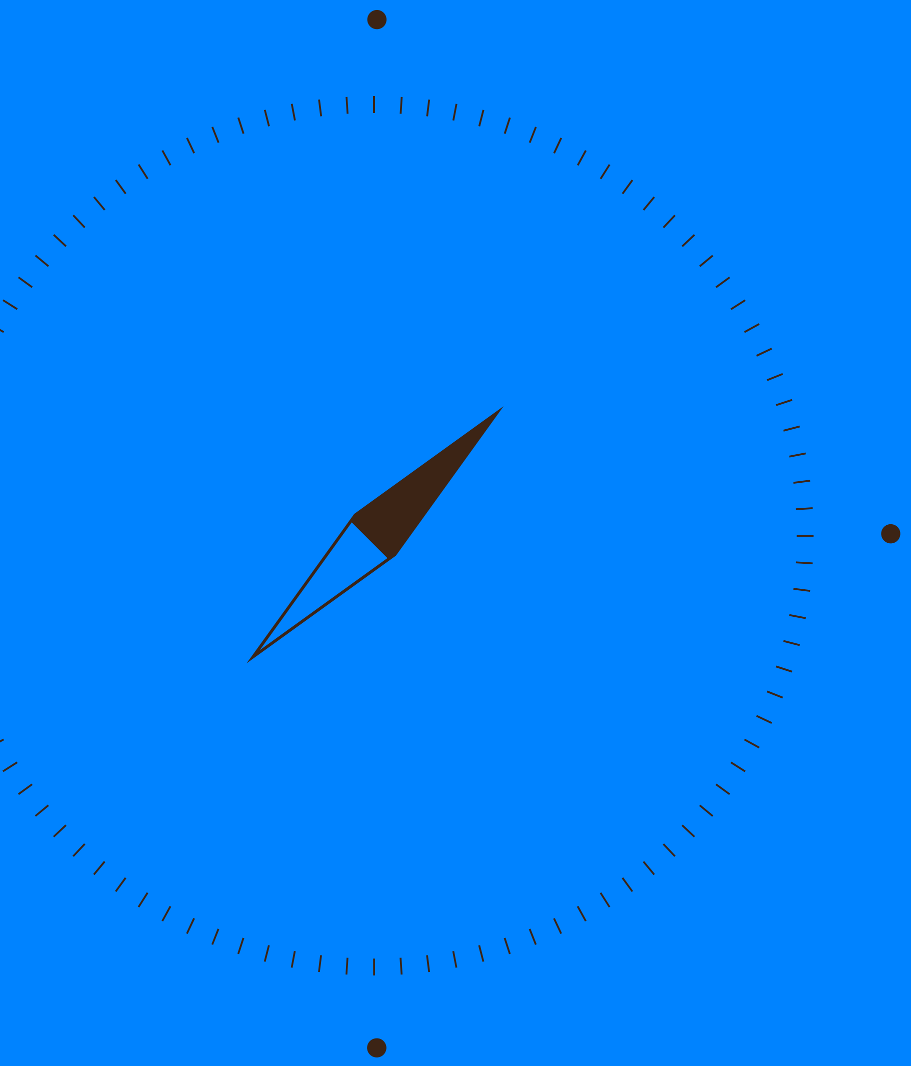
GRAM CAR CARRIERS

Gram Car Carriers Annual report 2023



Year in brief 3

GCC in brief 3
2023 highlights 4
Key figures 5
Letter from the CEO 6

About GCC 8

Vision, mission and values 9
History, structure and presence 10
Strategy 11
Vessels and operations 12
Market and outlook 15
Executive Management 21
Board of Directors 22

ESG report 25

Introduction 26
Environment 33
Social 38
ESG Governance 42

Governance 44

Board of Directors' report 45
Corporate governance report 53
Shareholder information 61

Financials 65

Consolidated financial statements 66
Notes to the Consolidated financial statements 71
Parent company financial statements 93
Notes to the Parent company financial statements 98
Responsibility statement 107
Auditor's report 108

Appendix 111

TCFD 111
Transparency Act 116
SASB Table 118
GRI Index 120
Glossary / APMs 121
Forward looking statement 122

Go back

GCC in brief

Gram Car Carriers (GCC) is a tonnage provider and focuses on providing a modern, reliable and efficient Pure Car Truck Carriers (PCTCs) fleet with various vessel sizes to suit all aspects of the seaborne car transportation trade. GCC is the world's third-largest tonnage provider within the PCTC segment with 18 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

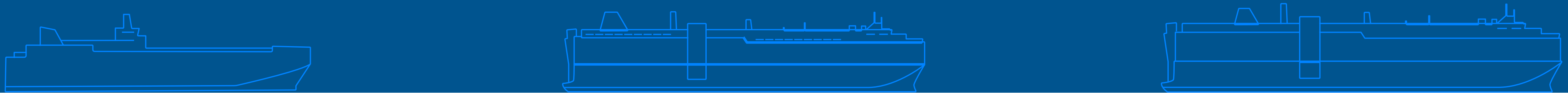
Unique investment opportunity in leading PCTC tonnage provider

Attractive market fundamentals

Multi-year contract coverage and good earnings and cashflow visibility

Policy of returning 75% of net profit to shareholders in quarterly dividends

Supporting the green mobility shift.



2023 highlights

Total dividend of USD 67.2 million for 2023 distributed quarterly in line with policy

Equal to NOK 24.80 per share, or USD 2.318 per share (2022: USD 0.408)

Full-year revenue of USD 200.9 million, EBITDA of USD 142.7 million and net profit of USD 94 million

2023 average TCE[1] revenue Panamax USD 42,240 (+57%); Mid-size USD 30,000 (+34%) and Distribution fleet USD 18,860 (+50%)

Good fleet-wide operational performance

Executed value-adding vessel transactions

Admitted to trading on OTCQX in New York in June

Refinanced majority of debt facilities at lower margins

High visibility on future earnings and dividend backed by near record revenue backlog

Favourable market outlook with continued high charter rates and long contract durations

---

[1] On straight-line basis in accordance with IFRS.

2023 key figures

(2022)

Revenue (USD million)

200.9

(121.0)

Net profit (USD million)

94

(23.9)

Dividend paid and proposed (USD million)

67.2

(11.9)

Average TC rate [1] (USD)

29,680

(18,960)

Utilisation

98%

(97%)

Average cash break-even [3] (USD)

17,720

(17,270)

Revenue backlog added [3] (USD million)

193

(923)

Revenue backlog [1, 2] (USD million)

851

(856)

Average contract coverage duration per vessel (years)

3.4

(3.3)

---

[1] On straight-line basis in accordance with IFRS.

[2] As per end of reporting period, assuming mid-point charter party redelivery date.

[3] Revenue backlog added during 2023, including new time charters amounting to USD 175 million and existing backlog on an acquired vessel amounting to USD 18 million.

[4] Current break-even comprise of budgeted vessel running expenses, insurance, overheads and debt servicing based on prevailing 3m SOFR implied forward rates and next 12 months' debt amortisation schedule. Capex not included.

Letter from the CEO

Gram Car Carriers continues to deliver on strategic priorities and create significant stakeholder value guided by our vision of being a leader in sustainable transport solutions to the global auto industry.

For 2023, this was reflected in a material increase in net profit, cash generation and distributions to shareholders. We strengthened our platform for long-term value creation as a leading owner of modern car carriers through strong operational performance, contract renewals at historically high dayrates, accretive vessel transactions and debt refinancing at competitive terms.

We also matured our sustainability framework in support of the green mobility shift, delivering safe, efficient operations and high-quality logistics services to our customers. Having successfully captured the historically strong car shipping market by rechartering our fleet at high dayrates and long durations, we intensified the focus on operational excellence and conversion of our revenue backlog into stable future cashflow and shareholder distributions.

Creating value for stakeholders

We have an average contract duration of 4.5 years for the highest earning Panamax vessels and 3.4 years for the total fleet, providing a very robust earnings visibility. Based on this, we increased our dividend pay-out ratio to 75% of net profit effective from the second quarter of 2023. The adjusted policy supports sustainable attractive distributions, while also allowing us to strengthen the balance sheet and consider strategic opportunities within the car shipping market.

In line with expectations, revenue and profitability improved through the year as our vessels commenced new charters at high dayrates. We capitalised on high asset prices and optimised our fleet. For 2023, we distributed a total of NOK 24.80, or USD 2.318, per share to our owners including the fourth quarter dividend paid in early 2024. This is a near six-fold increase from 2022, reflecting both strong earnings growth and the increased pay-out ratio from 50% to 75% starting from second quarter 2023.

Georg A. Whist
CEO of Gram Car Carriers ASA

Go back

When combining share price appreciation and dividends paid for 2023, the total return for the GCC share was 44%. Total nominal return since listing in early 2022 is 347%, making the GCC share one of the top performers on Oslo Børs in the period. We will continue to share our value creation directly with shareholders though quarterly distributions to provide attractive direct returns.

Good stewards of capital

We take great pride in being a trusted provider of high-quality vessels and logistics solutions to our customers. Our strong relationships across the automotive industry have been built through over four decades of involvement in the global car shipping market, supported by a clear set of values and a common understanding of how we act as a business and individuals. I am grateful to entire GCC team and our vessel crews for their dedication and commitment, and to the Board of Directors for their continued guidance, as we deliver upon our values and commitment to our customers.

Our strategy is to own and commercially manage vessels with long-term contracts. As a part of the strategy, we pursue transactions which support increased distributions. Last year, we acquired a Mid-size vessel and sold two Distribution vessels to modernise the fleet, capitalise on high second-hand values and add near-term dividend capacity. We effectively replaced two smaller vessels, including one end-of life asset, with a larger vessel with higher long-term earnings and dividend capacity.

For me, it is quite simple, there are prices at which we are sellers and prices at which we are buyers. The common denominator is that it must create long-term value and be neutral or accretive to EPS. We apply a similar approach when addressing our balance sheet, successfully lowering margins on most of our debt by leveraging our financial performance, backlog and close bank relations.

Stronger for longer

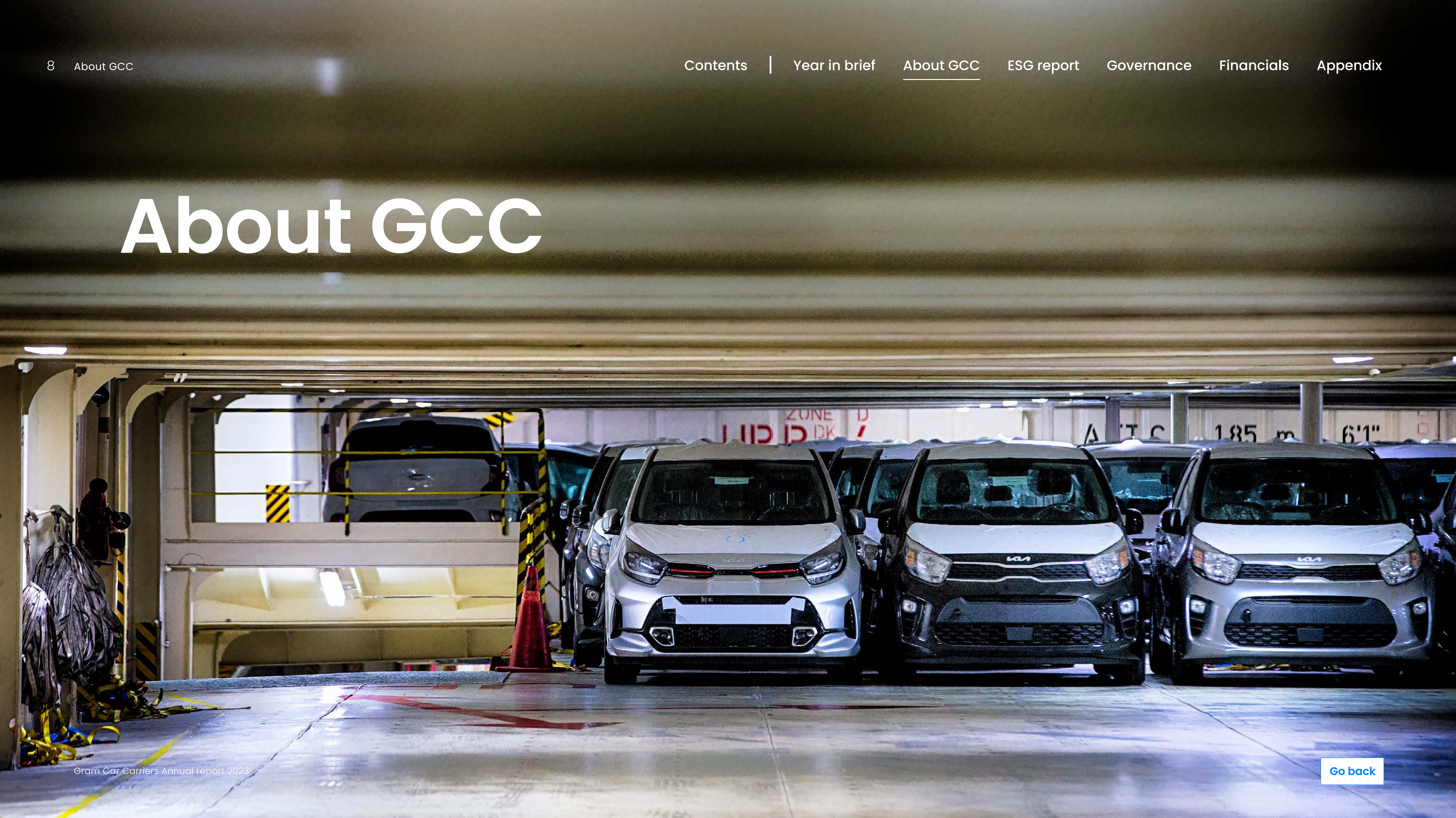
Strong growth in Asian vehicle exports continue to drive increased sailing distances and tonne-mile demand, widening the capacity deficit in our market. At the same time, global auto sales are recovering to pre-Covid levels despite inflation and high interest rates, with rising demand for electrical vehicles as part of the energy transition as an important factor.

New environmental requirements reducing sailing speeds and the recent escalation of the conflict in the Middle East, with the Red Sea closing for traffic, is tying up additional capacity. Therefore, we expect that the market will absorb the newbuilds coming out of the shipyards the next few years and provide an extended period of high returns in the car shipping market.

Looking into 2024 and beyond, our vision stands firm. We continue to support the transition of our industry and the global vehicle value chain towards a decarbonised future. In addition to carrying an increasing share of electric vehicles, we collaborate with customers and partners to reduce emissions from vessel operations, and we are maturing our sustainability framework to meet new international reporting requirements.

Gram Car Carriers is well positioned in a historically strong market with long-term favourable supply demand dynamics. Our revenue backlog, focus on operational excellence and clear strategy provides a robust foundation for continued long-term value creation and attractive direct returns to our shareholders.

About GCC



Vision, mission and values

Gram Car Carriers' culture is built on our purpose, vision, mission and values, which also influence how we carry out the everyday work to assist our customers and partners.

Our Purpose

Supporting the green mobility shift

With a strong foundation and more than 40 years of involvement in the global car shipping market, Gram Car Carriers continues to be an essential and supportive partner to the automotive industry, as vehicles and their logistic chain transition towards a zero-emission future.

Our Vision

A leader in sustainable transport solutions to the global auto industry

GCC seeks to be the preferred vessel partner for operators of seaborne vehicle logistics all around the world. We collaborate with our customers to offer quality transport services while continuously reducing the carbon footprint of the worldwide supply chain for the automotive industry.

Our Mission

A trusted team with a strong Norwegian maritime heritage, ensuring safe, efficient and clean shipment of vehicles for operators worldwide

Every day, we aspire to provide customers worldwide with vessels and services that meet and exceed their expectations. A strong Norwegian maritime tradition helps us accomplish this while being open, truthful, and discrete when working as one team on land and at sea.

Our Values

Our' values define how we as a business and as individuals should act and behave in daily operations and in interactions with our stakeholders. They represent our shared culture and serve as guiding principles for daily decision making and for our long-term growth and value creation.

Trustworthy

We pledge to be a trusted partner delivering safe and environmentally sound operations so that our customers can move vehicles efficiently across the oceans. We are open, honest and treat everyone with respect. We only do what we truly believe is in the best interest of our customers.

Innovative

We endeavour to adopt and integrate innovative technology, solutions, and behaviours to support the maritime and automotive industries, our customers, and ourselves in becoming more effective and sustainable.

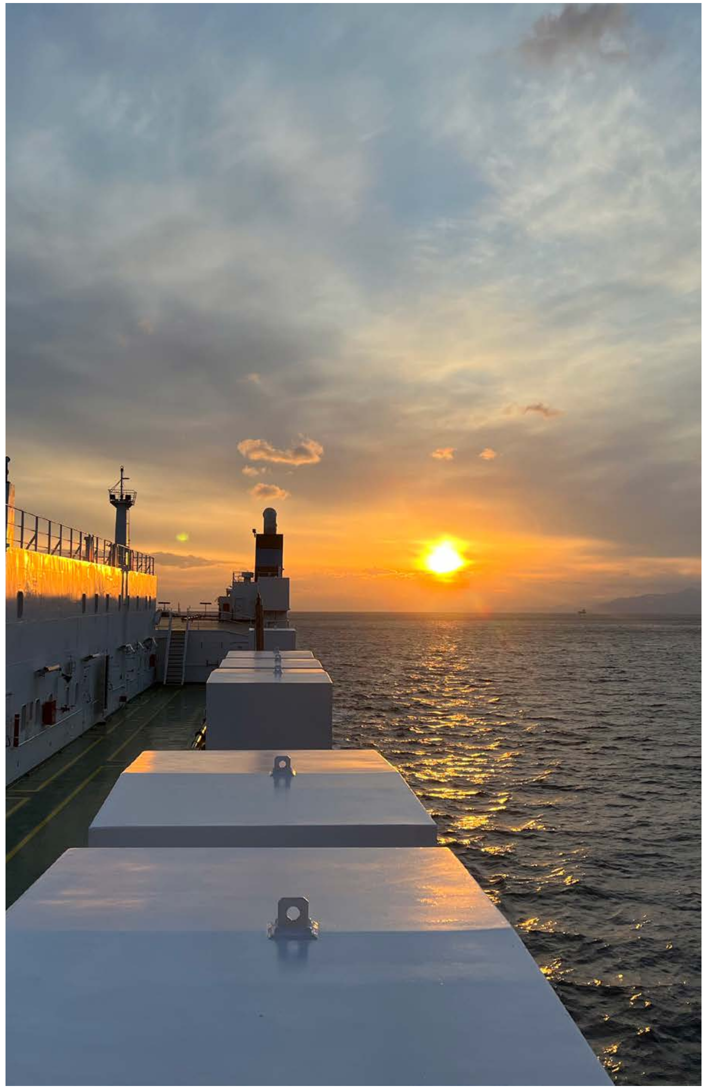
Service-minded

We aim to be the preferred long-term vessel provider to operators in the global and regional trades led by our dedication to providing a best-in-class service every day.

Collaborative

We cherish long-lasting relationships with our customers and seek ongoing collaboration with industry stakeholders as well as within our own highly motivated and skilled staff on land and at sea.

Go back



History – A pioneer in global car shipping

Gram Car Carriers was built over the last decades based on extensive experience and knowledge from the car shipping industry. Peter D. Gram started the activities over 40 years ago (1982) when he acquired his first pure car carrier. Several other car carriers were bought over the following years and chartered out to the main car carrier operators. Peter D. Gram formed the predecessor company of Gram Car Carriers in 2006 to manage Gram's car carrier investments.

In 2007, the Company expanded with series of six Mid-size PCTC's and four Distribution ships. A further new building programme was initiated in 2012, consisting of a series of four Panamax PCTC vessels.

In January 2022, Gram Car Carriers ASA listed on Euronext Growth in Oslo following a private placement of new shares raising the equivalent of USD 121 million in gross proceeds. The listing followed the completion of asset transactions with the former Singapore-based corporate structure and F. Laeisz on 25 January. At the same time, GCC refinanced most of its corporate debt and lease facilities. On 15 December 2022, GCC transferred to the Oslo Børs main market to reach an ever wider global investor base, and on 22 June 2023 the GCC shares were admitted to trading on OTCQX in New York to further engage with US investors.

Throughout its history, Gram Car Carriers has increased its focus on sustainability. It is currently operating a modern, reliable and efficient fleet that seeks to minimise emissions and pollution with core values of high governance and health and safety.

Company structure

The Company's registered name is Gram Car Carriers ASA, while its commercial name is "Gram Car Carriers" or "GCC". The Company is the parent company of the Group. The Company is a holding company, and the Group's operations are carried out through its subsidiaries. See note 19 of the annual report for more information.

Executing strategy for high value creation

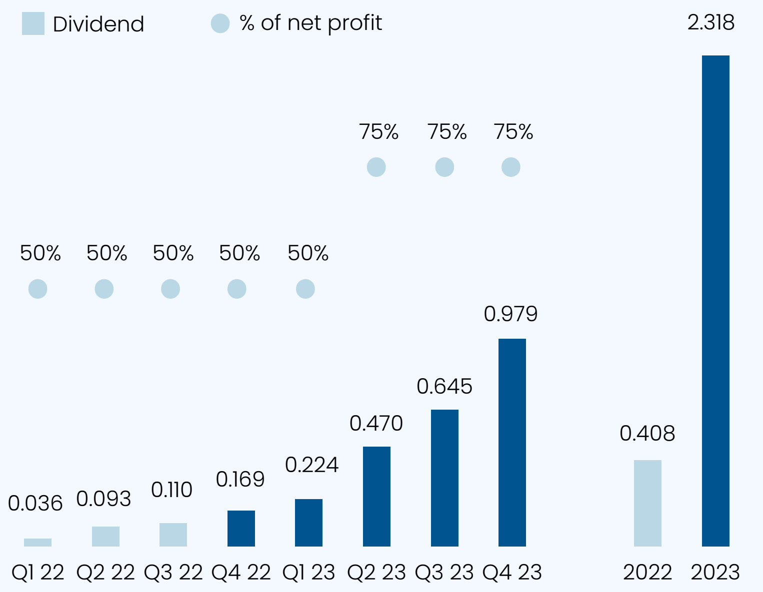
Gram Car Carriers is developing its position as a substantial tonnage supplier to the world's major operators of seaborne vehicle transportation. The Company has extensive expertise as a commercial manager, covering the whole market with vessels suited to all aspects of the trade, providing customers with a modern, reliable and efficient fleet with the latest design details and maximum cargo carrying capability to support the green mobility shift.

The Company's strategy is to recontract its fleet on long-term contracts. Throughout 2023, The Company successfully secured longer charter contracts at increased dayrates as the vessels rolled off their former short-to-medium term charter contracts. Additionally, GCC selectively pursues transactions with the aim of creating shareholder value in combination with the day-to-management of the owned and operated fleet. This may include vessels acquisitions that are accretive to earnings and dividend capacity, and divestments that are likely to unlock additional value beyond cashflow generation through high asset prices and fleet optimisation

The Board of Directors and management comprise experienced industry professionals, supporting delivery on the long-term strategy. This includes a disciplined financial framework supportive of long-term value creation for all stakeholders and stable, attractive returns to shareholders.

This is reflected in a clear dividend policy of distributing 75% of net profit to shareholders on a quarterly basis. See page 63 of the annual report for the full dividend policy.

Dividend (USD per share)



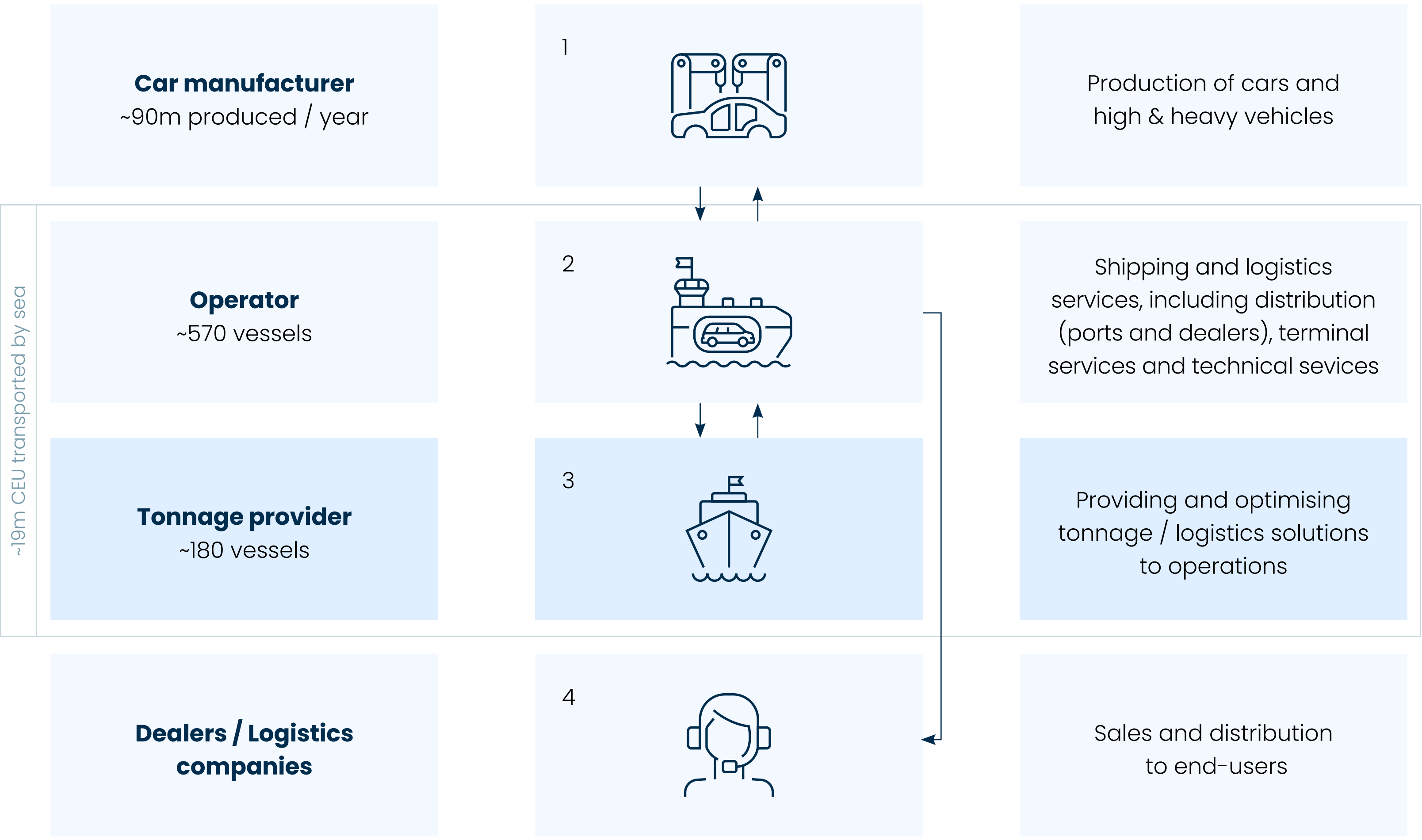
Vessel and operations

Gram Car Carriers is the third largest PCTC tonnage provider in the world with a modern fleet. GCC is the operator and commercial manager of 18[1] owned vessels and the commercial manager of four newbuildings scheduled for delivery in 2025/2026 on behalf of third-party owners. The fleet consists of modern fuel-efficient vessels combined with logistics solutions to ensure precise and safe shipment with maximised cargo capability.

To meet the specific needs of our operator customers, GCC provides highly advanced Distribution vessels, Mid-size vessels and Panamax vessels with a capacity of between 2,000 and 7,000 CEU.

The vessels are all chartered out on time charter contracts, predominantly to well-established car carrier operators. GCC's customers enter into contracts with car manufacturers for the transportation of cars from production areas to market areas, and provide shipping and logistics services including distribution, terminal services and technical services to the car manufacturers and logistics companies.

The value chain in the car carrier market

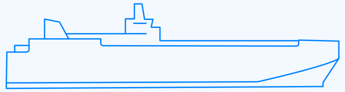


Who?	Value chain	Scope
Car manufacturer ~90m produced / year	1	Production of cars and high & heavy vehicles
Operator ~570 vessels	2	Shipping and logistics services, including distribution (ports and dealers), terminal services and technical sevices
Tonnage provider ~180 vessels	3	Providing and optimising tonnage / logistics solutions to operations
Dealers / Logistics companies	4	Sales and distribution to end-users

---

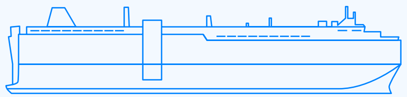
[1] Was 19 owned vessels at 31 December 2023

Gram Car Carriers fleet



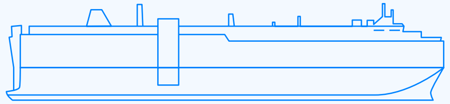
Distribution vessels

GCC owns three Distribution vessels. All were built at the Kyokuyo Shipyard in Shimonoseki, Japan and delivered during 2009 and 2010. These vessels mainly operate in European or Caribbean trades. The main features are, an overall length of 140 metres, beam of 22.4 metres and equipped with twin medium speed engines with controllable pitch propeller (CPP) and shaft generator. The vessels have a capacity of about 2,000 CEU with one hoistable deck to accommodate high and heavy cargo.



Mid-size vessels

GCC owns 11 Mid-size vessels. One was built at Shin-A in Korea, delivered in 2000 with a cargo intake of about 3,500 CEU and has two hoistable decks. Six vessels were built at Nantong Heavy Industries in China and delivered between 2010 to 2012. They have a capacity of about 4,200 CEU and have two hoistable decks. Three vessels were built at Yangfan Shipyard in China, delivered in 2010 and 2012. They have a capacity of about 5,000 CEU and three hoistable decks. The final vessel was delivered from the Xiamen Shipyard in China in 2010 with a capacity of 5,000 CEU, with three hoistable decks. These vessels were built for worldwide trading and are mainly used in regional and North/South trades.



Panamax vessels

GCC owns four Panamax vessels. Three were built at CSC Jinling Shipyard, with two delivered in 2015 and one in 2017. The vessels were designed and built to maximise cargo intake and minimise the fuel consumption. Main features are, an overall length of 200 metres, beam of 32.26 metres (former max bean in Panama Canal) and equipped with an HHI-built MAN B&W 6S60 ME-C8.2 Tier II main engine, e-type, giving better fuel economy and more flexibility in terms of adjusting speed. The vessels are built with single pillars and with four hoistable decks to accommodate high and heavy cargo. The vessel capacity is 6,700 CEU, and they are mainly used in East/West trade lanes. In addition, the Company owns a 7,000 CEU vessel with two hoistable decks built at Uljanik Shipyard in Croatia and delivered in 2007. GCC also commercially manage four 7,000 CEU dual fuel LNG newbuilds scheduled for delivery from 2025, all with four hoistable decks.

Name	Capacity	Type
Viking Odessa	2,000 CEU	Distribution
Höegh Caribia	2,000 CEU	Distribution
City of Oslo	2,000 CEU	Distribution
Viking Amber	4,200 CEU	Mid-size
Viking Coral	4,200 CEU	Mid-size
Viking Diamond	4,200 CEU	Mid-size
Viking Emerald	4,200 CEU	Mid-size
Viking Ocean	4,200 CEU	Mid-size
Viking Sea	4,200 CEU	Mid-size
Viking Paglia	5,000 CEU	Mid-size
Viking Passero	5,000 CEU	Mid-size
Viking Passama	5,000 CEU	Mid-size
Mediterranean Sea	5,000 CEU	Mid-size
Viking Drive	3,500 CEU	Mid-size
Viking Adventure	6,700 CEU	Panamax
Viking Bravery	6,700 CEU	Panamax
Viking Destiny	6,700 CEU	Panamax
Viking Queen	7,000 CEU	Panamax

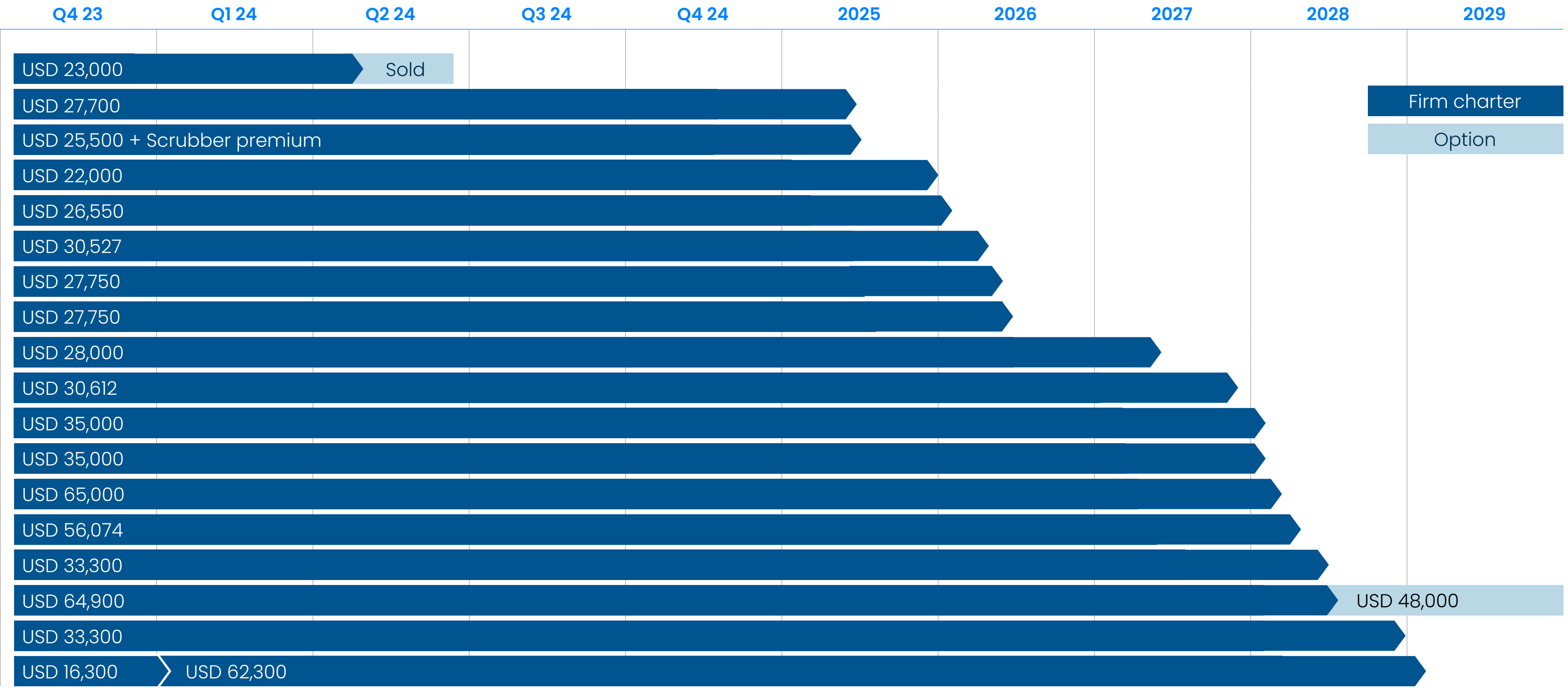
Go back

Contract overview

During 2023, the GCC added a total of USD 193 million of revenue backlog by the signing of new contracts for the existing fleet and by the acquisition of one vessel with an existing contract. The revenue backlog at year-end 2023 amounted to USD 851 million (2022: USD 856 million) with an average duration of 3.4 years (3.3 year) per vessel. This provides good visibility on future revenue, profits, debt service and dividend capacity.

The four Panamax vessels have an average contraction duration of 4.5 years (4.2 years) and represented 48% of the year-end backlog. The average duration for the Mid-size fleet is 3.2 years (4.1 years) with an 44% share of the backlog.

		Min-max
Viking Amber	4,200	Feb ’24 – Apr ’24
Viking Passero	5,000	May ’25 – Jul ’25
Mediterranian. Sea	5,000	Jun ’25 – Aug ’25
Hoegh Caribia	2,000	Nov ’25 – Mar ’25
Viking Drive	3,500	Jan ’26 – Mar ’26
Viking Coral	4,200	Mar ’26 – May ’26
City of Oslo	2,000	Apr ’26 – Jun ’26
Viking Odessa	2,000	May ’26 – Jul ’26
Viking Emerald	4,200	Apr ’27 – Jun ’27
Viking Sea	4,200	Sep ’27 – Jan ’28
Viking Ocean	4,200	Jan ’28 – Mar ’28
Viking Diamond	4,200	Jan ’28 – Mar ’28
Viking Destiny	6,700	Jan ’28 – May ’28
Viking Adventure	6,700	Mar ’28 – Jun ’28
Viking Paglia	5,000	May ’28 – Jul ’28
Viking Bravery	6,700	Jul ’28 / Jul ’31
Viking Passama	5,000	Oct ’28 – Dec ’28
Viking Queen	7,000	Dec ’28 – Feb ’29



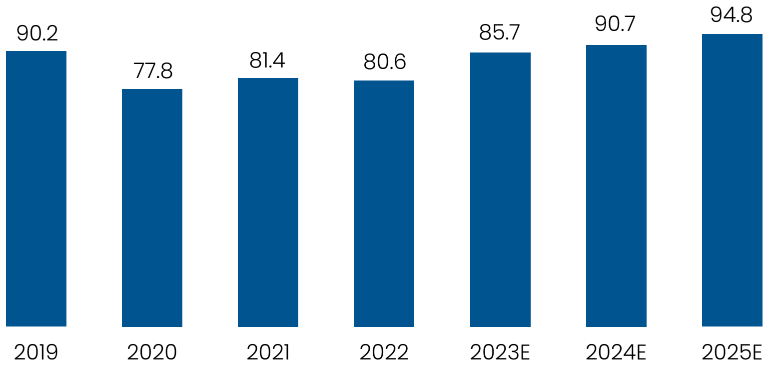
Market overview

Macroeconomic and auto trends

The global development in car sales has historically been correlated with economic activity and global GDP growth. In the January 2024 economic outlook, the IMF forecasts a GDP growth of 3.1% in 2024, compared to 3.1% growth in 2023 and 3.5% growth in 2022.

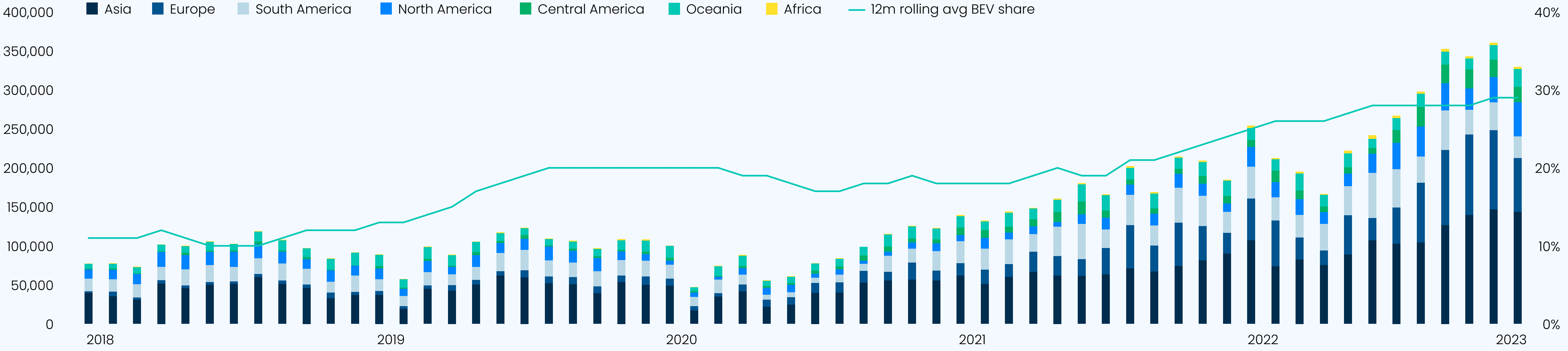
In 2023, global light vehicle sales grew an estimated 10.8% to 89.8 million units, according to LMC Automotive. This compares to 81.1 million units sold in 2022. LMC estimates 2024 sales of 92.3 million light vehicles, implying 2.7% year-over-year (YoY) growth. 2024 is set to be the first year since the pandemic to exceed the 2019 pre-covid sales numbers.

Global light vehicles sales and estimates (Million units)



Source: LMC Automotive, 31 December 2022

Chinese auto exports (units per month)

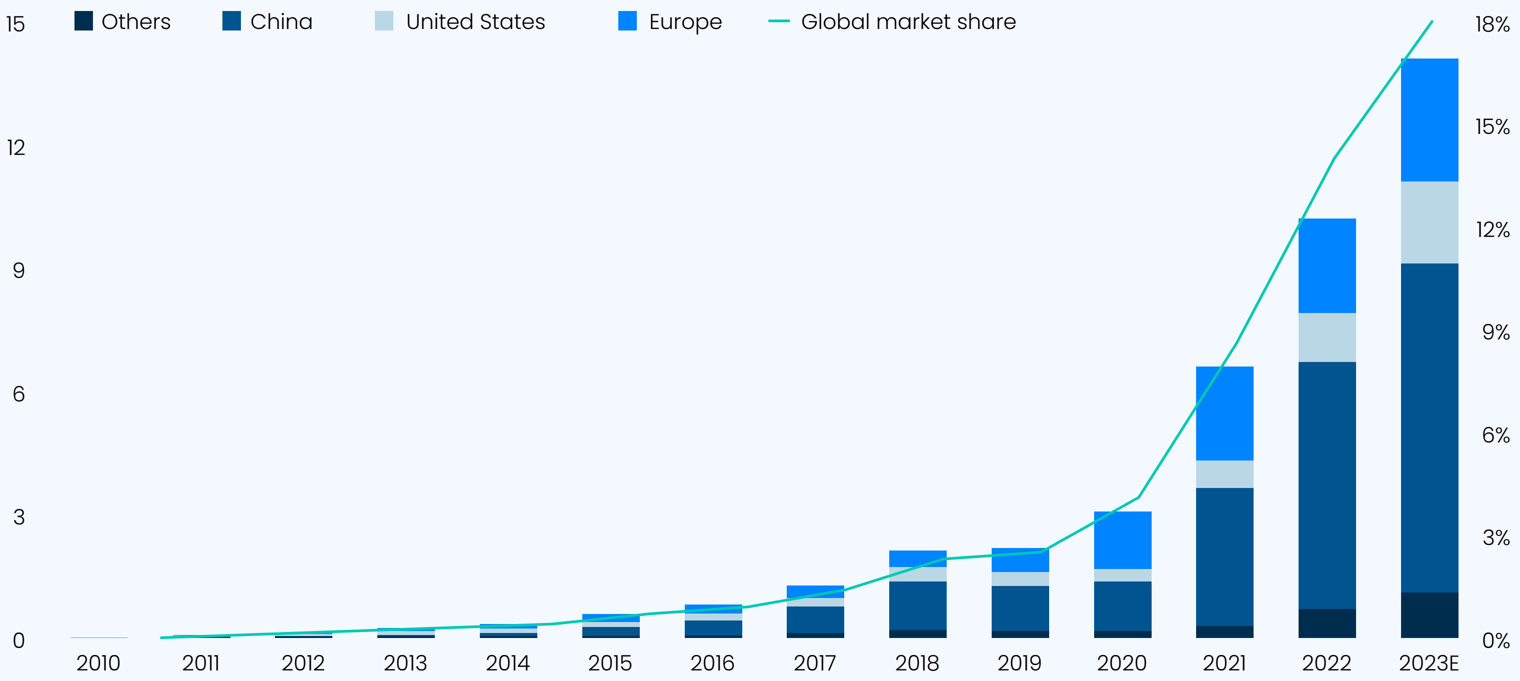


In 2023, Chinese auto exports totalled 5.0 million vehicles (+58% YoY). This compares to total Korean exports of 3.5 million units (+24% YoY) and Japanese exports of 5.8 million units (+27% YoY).

China's quarterly run-rate exceeded 5.8 million units throughout the fourth quarter of the year, with China for the first time the overtaking Japan as the largest exporter out of Asia. Electric vehicles' (EV) share of Chinese exports increased to 30% in 2023, up from 29% in 2022.

Source: Global Trade Tracker (GTT)

Global electric vehicle sales (Million units) [1]



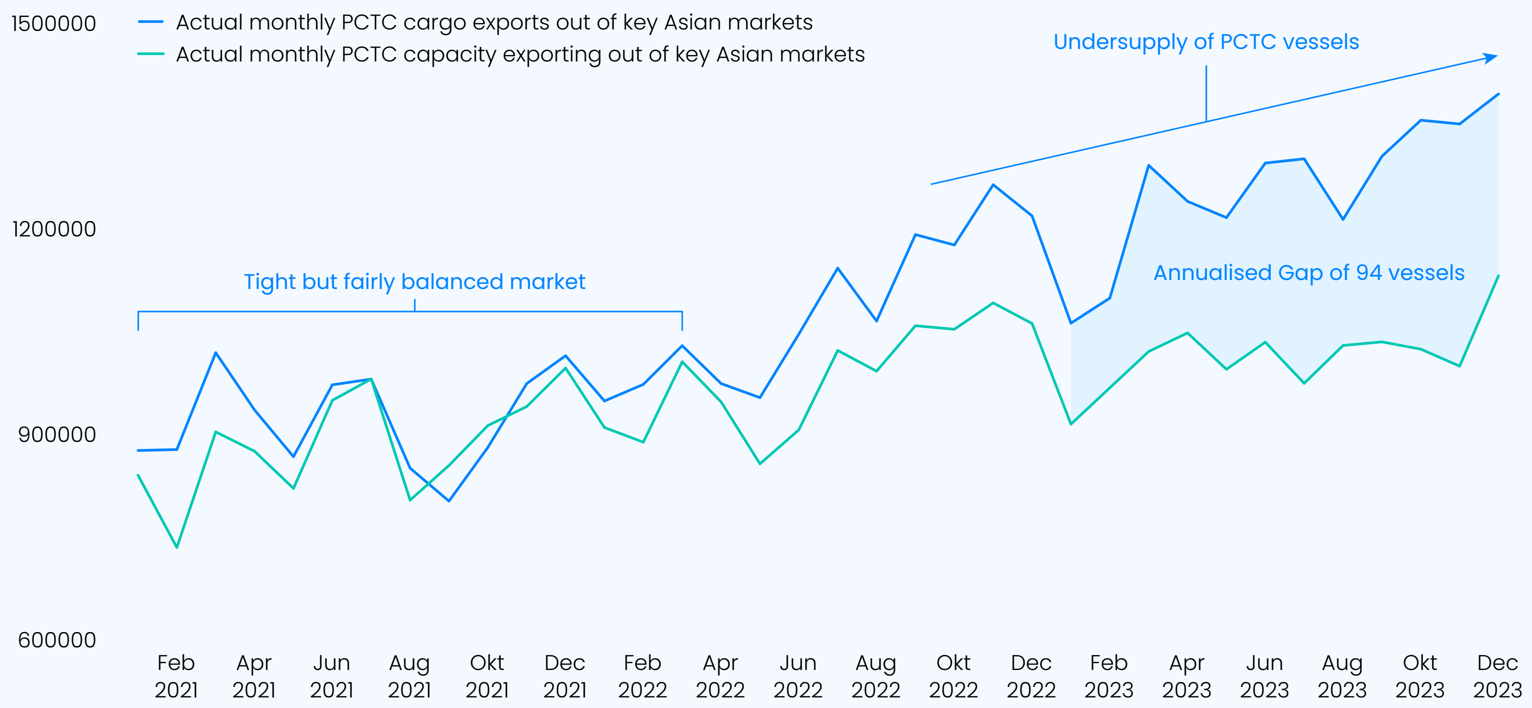
The combination of China's rapid ascension to become the largest global exporter of light vehicles over the past three years, strong growth in South Korean exports and a Japanese auto industry in full recovery, has led to 49% growth in total Far East vehicle exports when measuring 2023 against the pre-covid level of 2019. Long-haul Far East exports have for some time been the main demand driver for the car carrier market. The growth in seaborne volumes out of Asia has come at a time with limited open car carrier capacity and before planned supply of new tonnage has been delivered to the market.

The electrification of the global vehicle fleet has been a major driver for the growth. EV sales are set to grow further over the coming decades. However, consumer uptake remains heavily incentivised and therefore dependent on Government policies around the world. Currently, China represents around 50% of the global EV sales and Chinese OEM's have built a highly competitive position based on a world-leading EV value chain and manufacturing capabilities. The OEMs have started to expand operations towards key European and North American consumer markets. The competitive edge is important as EV prices continue to decrease and the incumbent car manufacturers such as Toyota are steadily increasing their EV sales targets and fuelling future competition.

---

[1] Source: Source: IEA, Company Information, Customs Data, China Association of Automobile Manufacturers

PCTC demand and supply out of Asia [1]



---

[1] Source export data: Global Trade Tracker, national customs data for new and used cars, high-heavy cargo. (China, Japan, South Korea, Thailand, India and Indonesia)
Source vessel data: Esgian Shipping Suite AIS Data tracking departing PCTC tonnage (China, Japan, South Korea, Thailand, India and Indonesia)

In 2023, car manufacturers continued to experience supply-chain challenges, however to a lesser degree than during the pandemic, and produced for backlog orders in major markets. AutoForecast Solutions projects that around 2.7 million vehicles were removed from the planned production, primarily in Japan and South Korea. This is down from 10.5 million vehicles removed in 2021 and 4.4 million vehicles removed in 2022.

The combination of strong growth in seaborne vehicle volumes in 2023 and limited open PCTC capacity throughout the year with only eleven new vessels delivered, created a capacity deficit in the car shipping market. As a result, an increasing volume of cars, predominantly used cars, were transported on less efficient container, drybulk and multi-purpose vessels. This imbalance is further exacerbated by the conflict in the Middle East and attacks on vessels passing the Red Sea enroute to the Suez Canal. As ships are redirected around Africa, average sailing distances have increased, further reducing the available PCTS fleet capacity.

- Actual exports outpacing the PCTC fleet lifting capacity, especially out of Asia
- Total of 2.96 million vehicles gap covered by other less efficient vessel types in 2023

Go back

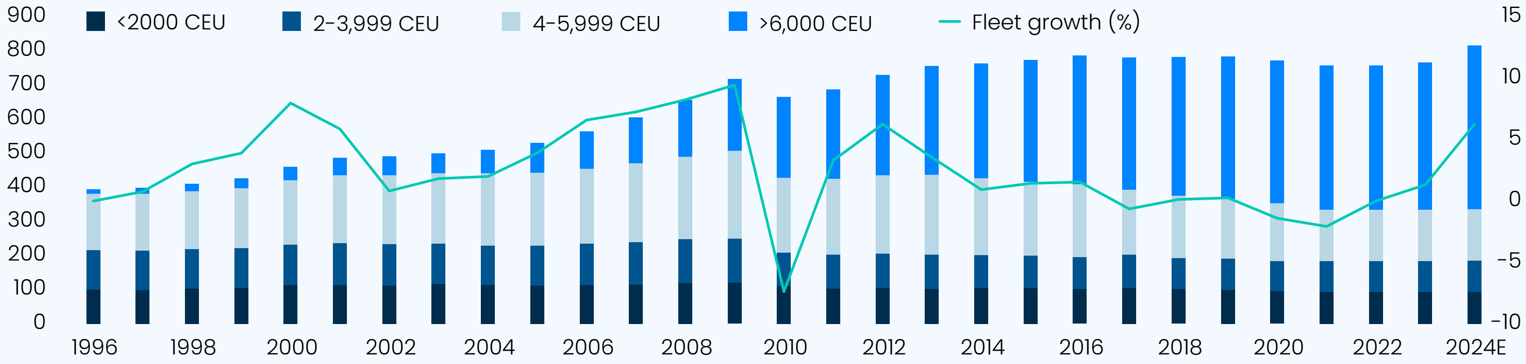
Fleet development

In 2023, ordering activity for new car carriers remained at a high level due to the strong market. This follows almost ten years of a flat to slightly decreasing global PCTC fleet. At year-end, 99 vessels were scheduled to be delivered from shipyards before end-2025. The total order book comprised 194 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. At year-end, the PCTC fleet included 147 vessels older than 20 years and candidates for recycling.

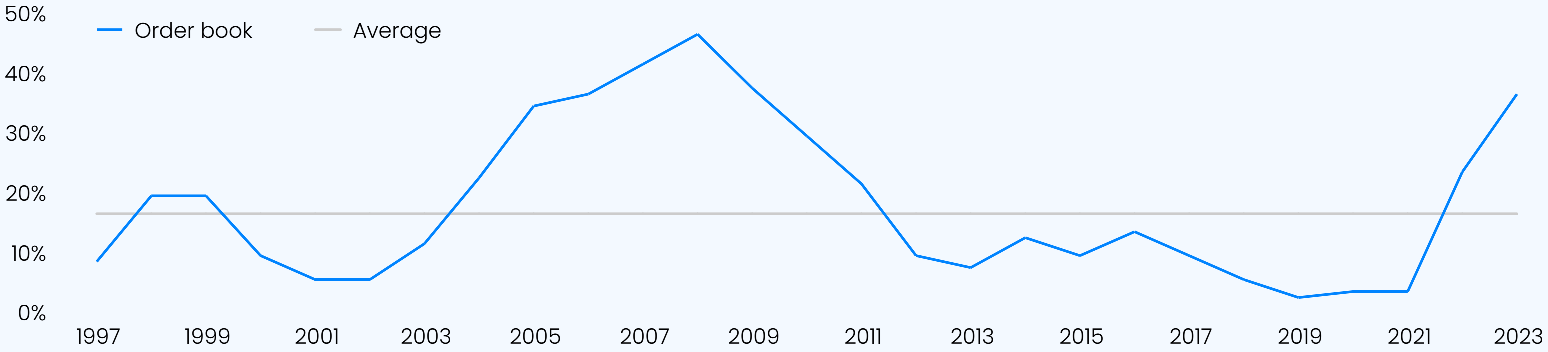
At 31 December, the global car carrier fleet amounted to 766 vessels, according to Clarksons. The global order book was 37% of the current capacity. This compares to a historical average of 17%. The delivery schedule of the PCTC order book is still expected to be insufficient to meet the estimated demand growth, at least through 2025.

The global fleet controlled by PCTC tonnage providers amounted to 186 vessels, an increase of six vessels since year-end 2022. An estimated 18 vessels controlled by tonnage providers were open for contract renewal in 2024 and 34 vessels open in 2025, including newbuildings to be delivered. This compares to 42 vessels fixed in 2023 and 65 vessels fixed in 2022, including forward fixtures.

Historical fleet development (Number of vessels) [1]



Orderbook as percent of fleet [1]



[1] Source: Clarksons Research

Go back

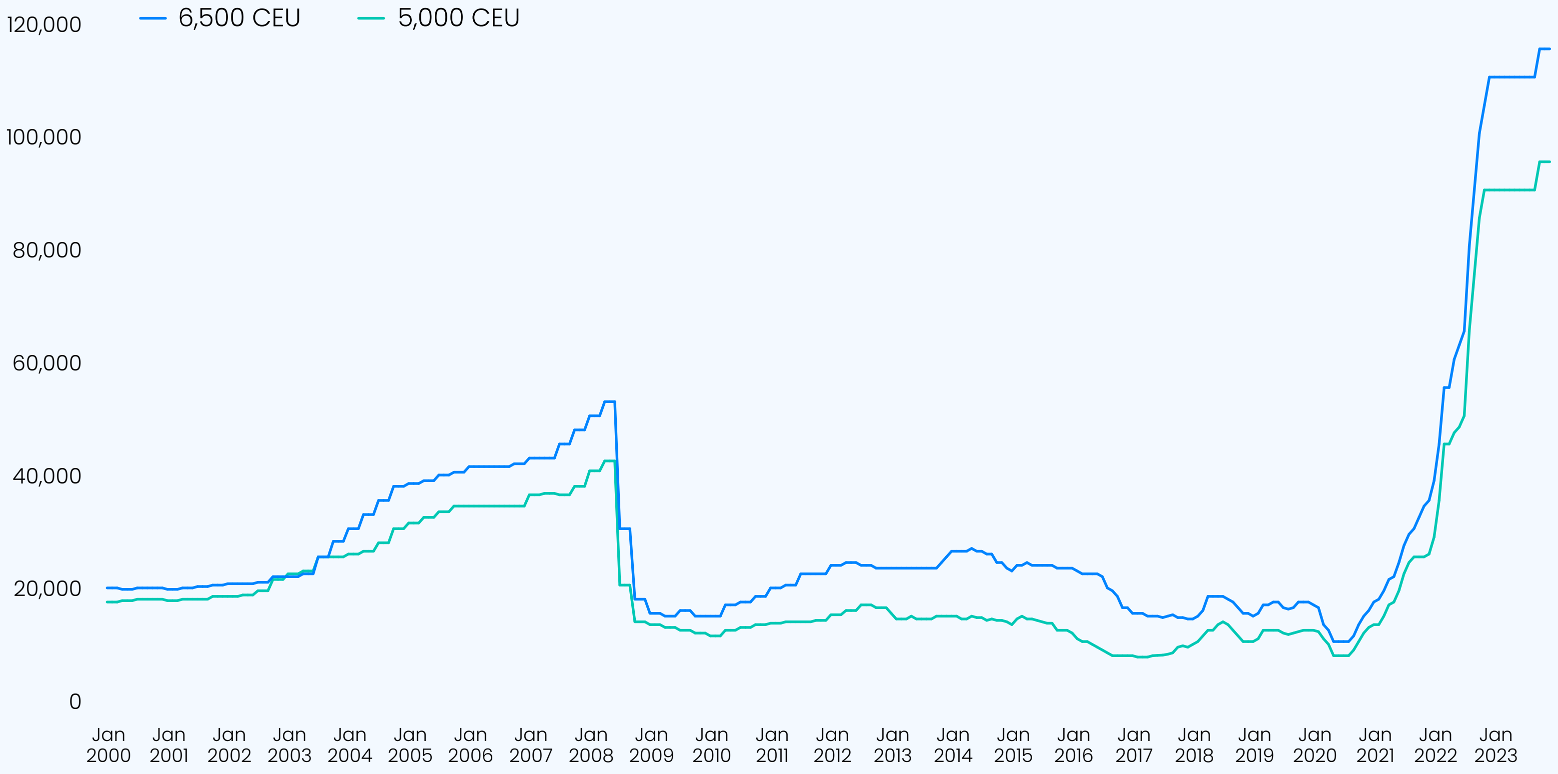
Time charter rates

For most of 2023, TC rates remained stable at historically high levels, before increasing to new record levels in the fourth quarter due to continued strong demand and limited near term open vessel supply.

The 12-month TC contract rate for Panamax vessels was estimated at USD 115,000 per day at the end of December 2023, according to data from Clarksons, up from USD 100,000 at the end of 2022. The 12-month TCE rate for Mid-size vessel was estimated at USD 95,000 per day, up from 90,000 a year earlier.

The Company estimates the current 12-month TCE for Distribution vessels at USD 30,000 per day, up from USD 25,000 per day at the end of 2022.

Historical time charter rates (USD/day) [1]



---

[1] Source: Clarksons Research

Go back

Executive Management

Georg A. Whist,
Chief Executive Officer

Mr. Whist has been the CEO of Gram Car Carriers since 2018. Prior to this, Mr. Whist held the position as CFO in Hafnia Tankers ApS in Copenhagen following 18 years with Nordea Bank as SVP and Head of Europe, Asia & Middle East of Nordea Bank's Shipping, Offshore and Oil Service division.

Gunnar Koløen,
Chief Financial Officer

Mr. Koløen joined Gram Car Carriers as CFO in January 2021, after serving as CFO and Managing Director at Dolphin Drilling (Singapore). Mr. Koløen also held the position as General Manager of Gram Car Carriers (Singapore) 2009-2011 and served as a Director of the Company from 2012 to 2020. Gunnar started his professional career with KPMG and is a State Authorised Public Accountant from Norway.

Børre Mathisen,
Chief Operating Officer

Mr. Mathisen joined Gram Car Carriers in 2013. Mr. Mathisen previously worked at Hoegh Autoliners from 1996 where he held various positions, including two periods in Japan in charge of commercial operations in East Asia.

Mas Gram,
Head of Projects and IR

Mr. Gram joined Gram Car Carriers in 2013. Mr. Gram previously worked for Tankers international (VLCC pool) and Tufton Oceanic (Fund Management company) in London, before Pareto Securities (corporate finance) in Singapore.

Go back

Board of Directors

	Ivar Myklebust **Chair of Board**	**Nikolaus H. Schües** **Vice Chair of Board**	**Clivia Breuel** **Board Member**
Year of birth, residence	1967, Norway	1965, Germany	1979, Germany
Director since	2021	2022	2022
Shareholding	42,000 at 31 December 2023	8,319,668 at 31 December 2023	AL Maritime Holding held 3,632,265 at 31 December 2023

Mr. Myklebust is the CEO of OMP Capital AS. He has previously served as both CEO and CFO of Höegh Autoliners, and CFO of D/S Norden. Mr. Myklebust has also held board positions as chair of Havyard Ship Technology; board member of the Norwegian Shipowner's Mutual War Risk Insurance Association (DNK); Euro Marine Logistics NV and OMP Capital A/S. His background also includes 16 years of credit, investment banking and financial restructuring in Nordea and Pareto Securities. Mr. Myklebust holds a MSc degree and post-graduate studies from the Norwegian School of Economics and Business Administration (NHH); and a BA degree in Political Science from the University of Oslo.

Mr. Schües is the principal and CEO of F. Laeisz and has been nominated by F. Laeisz to the Board of Directors. Mr. Schües is President of BIMCO, Vice Chair of UK P&I Club and Member of the Presidential Committee of German Shipowners Association. He holds an MBA from Instituto de Empresa (IDE), Madrid and a B.Sc.(Hons) in Economics from the University of Buckingham, UK.

Clivia Breuel (née Bunnemann) is a partner of AL Capital Holding GmbH & Co. KG, a diversified and family owned shipowning group and parent company of AL Maritime Holding. She is Chair of the Board of the PBS Foundation. She has long experience in both shipping and banking and holds a master's degree in Business Studies from the EBS Business School Oestrich-Winkel.

	Dr. Gaby Bornheim **Board Member**	**Alasdair Locke** **Board Member**	**Christine Rødsæther** **Board Member**
Year of birth, residence	1966, Germany	1953, Scotland	1964, Norway
Director since	2022	2021	2021
Shareholding	-	2,038,782 at 31 December 2023	18,745 at 31 December 2023

Dr. Bornheim is one of the Managing Directors of Peter Döhle Schiffahrts KG. In the past she was inhouse counsel for Deutsche Shell AG and MobilOil AG. Gaby is President of the German Shipowners Association. She studied economics and law at Westfälische Wilhelms-Universität Münster, Germany and passed her second state exam before the Higher Regional Court of Hamburg, Germany.

Mr. Locke is the Chair of Motor Fuel Group and Non-Executive Chair of Well-Safe Solutions Ltd. He is the former Executive Chair of Abbot Group plc, an oil services company which he founded in 1992. Mr. Locke holds an M.A (Hons) in History and Economics from Wadham College Oxford.

Christine Rødsæther has more than 30 years experience as a lawyer, since 2002 as partner in the law firm Simonsen Vogt Wiig AS. Furthermore, she is a board member in Odfjell SE and Tufton Oceanic Assets Limited, and has previously acted as board member in Norwegian Guarantee Institute for Export (GIEK), Grieg Shipping, Songa Bulk ASA and Bank Norwegian ASA. She has extensive experience in international shipping and offshore transactions, banking and finance and general contract law. Mrs. Rødsæther has previous experience as lawyer from Wikborg, Rein & Co. including the London office and Andersen Legal ANS. She holds a Master of Law from the University of the Pacific, Sacramento, California and Cand. Jur. from the University of Bergen.

Nils Kristoffer Gram

Board Member

Mr. Nicolaus Bunnemann

Alternate member of the Board

Year of birth, residence	1976, Norway	1981, Germany
Director since	2021	2021
Shareholding	3,000 at 31 December 2023	AL Maritime Holding held 3,632,265 at 31 December 2023

Mr Gram is currently CFO of Blastr Green Steel AS, developing integrated and decarbonized value chains for ultra-low CO_2 steel products. He is a Board Member of Astrup Fernley AS, and has been on the Board of a number of private and public companies related to metals and mining, energy transition and circular economy. Mr Gram has more than 20 years experience from strategy consulting, investment banking and investments, having been Partner and Investment Director at Vanir Green Industries, CEO of ProCorp AS, MD of Gram Shipping AS, Partner at Pareto Securities AS and Senior Consultant at Capgemini Consulting.

Mr. Bunnemann is the managing partner of AL Capital Holding GmbH & Co. KG, a diversified and family owned shipowning group. He is the founder and managing director of Atlantic Lloyd GmbH & Co. KG, the Group's operating arm in Hamburg, Germany. Mr. Bunnemann is a member of the board of the German Shipowners' Defence Association as well as board member of a number of maritime investment companies and holds a master's degree in Shipping, Trade and Finance. He was nominated to the Board by AL Maritime Holding.

Committees

Name	Gender	Role
Audit Committee		
Nils Kristoffer Gram	M	Chair
Nikolaus H. Schües	M	Member
Ivar Hansson Myklebust	M	Member
Nomination Committee		
Erik A. Lind	M	Chair
Hannes Thiede	M	Member
Olav Kristian Falnes	M	Member
Remuneration Committee		
Christine Rødsæther	F	Chair
Alasdair Locke	M	Member
Dr. Gaby Bornheim	F	Member
Clivia Breuel	F	Member
ESG Committee		
Christine Rødsæther	F	Chair
Nils Kristoffer Gram	M	Member
Dr. gaby Bornheim	F	Member

ESG report

Go back

Key performance indicators

(2022)

GHG emissions Scope 1 (MT)

420,732

(499,176)

LTIF

0

(1.1)

Fines or significant environmental incidents

0

(0)

Sailing distance (Nm)

1,500,872

(1,689,099)

Number of owned vessels in fleet (as at 31.12)

19

(18)

Average age of fleet (years)

13

(12.8)

About this report

This report presents the environmental, social and governance (ESG) performance of Gram Car Carriers ASA ("the Company" or "GCC", together with its subsidiaries the "Group") for the period 1 January to 31 December 2023. The report has been prepared to meet the disclosure requirements of the SASB Marine Transportation Standard (2023); and follows The Norwegian Shipowners' Association's ESG Reporting Guidelines (2021), referencing the GRI Standards (2021).

Gram Car Carriers ASA is listed on Euronext Oslo Børs with the ticker-code "GCC" and the shares are admitted to trading on OTCQX Best Market in New York with ticker "GCCRF".

For further information contact mail@gramcar.com

Norges
Rederiforbund
Norwegian
Shipowners'
Association

This Report complies with the SASB

Marine Transportation Standard (2023) and
The Norwegian Ship Owners' Association ESG
Reporting Guidelines 2021

A message from our CEO

Gram Car Carriers (GCC) aspires to be a leader in sustainable transportation solutions for the global auto industry. This vision is ingrained in our mission, values and shared culture, serving as guiding principles for our daily decision-making and our long-term strategy for growth and value creation.

Looking back on 2023, I am pleased to share our advances within sustainability and the resilience of our operations. During the year, we made a transformative shift from focusing on 'what' we achieve to 'how' we conduct our business. We established the Board's ESG Committee to further strengthen effective governance in line with our commitment to sustainability and diligent decision-making, and we initiated a Double Materiality Assessment as part of our CSRD readiness plan for the coming year.

Our comprehensive approach to measuring greenhouse gas emissions (GHG) includes active engagement with the International Maritime Organisation's (IMO) Carbon Intensity Indicator (CII) reporting, and we have incorporated EU ETS clauses into all charter contracts and opened a trading account.

Throughout the year, we continued our work on reducing GHG emissions through biofuel trials and energy efficiency initiatives supported by detailed decarbonisation plans for each of our vessels. We also completed the installation of ballast water treatment systems on all vessels, reflecting our commitment to zero significant spills.

Our dedication to responsible business practices is further evident through our due diligence processes aligned with the Norwegian Transparency Act, managing potential risks in our value chain.

I am proud to emphasise that our sustainability position remains firm as we continue to build a more sustainable and resilient offering to support the green mobility shift. I extend my gratitude to our colleagues and partners for their continuous contributions.

Looking into 2024 and beyond, our vision stands firm. We continue to support the transition of our industry and the global vehicle value chain towards a decarbonised future. Please, explore our ESG report for insights into the 'how' guiding our operations.

Georg A. Whist
CEO of Gram
Car Carriers ASA

About Gram Car Carriers ASA

Gram Car Carriers ASA is the world's third-largest car carrier tonnage provider, with a strong industry name having been engaged in car carrier investments since 1982. The Company provides modern fuel-efficient vessels and logistics solutions to operators, enabling precise and safe shipment with maximised cargo capability.

At 31 December 2023, GCC operated and commercially managed 19 owned vessels. The Company is also the commercial manager for Global Auto Carriers (GAC), which is currently building four 7,000 CEU dual fuel Pure Car Truck Carriers (PCTC) in China. 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), to modernise the fleet and capitalise on historically high second-hand vessel values. On 5 September, the Company assumed full ownership of the mid-size vessel Mediterranean Sea (5,000 CEU, built 2010).

Crewing and technical management for the vessels owned and commercially managed by the Company is outsourced to reputable service providers on a contractual basis. Service providers are expected to meet the Company's ESG standards, with specific requirements set out in Contracted Time Charters and Technical Management Agreements. This includes the obligation for charterers to operate vessels so that they achieve a CII rating of C or better. The routing of vessels, choice of port and time in port is generally the choice of the Company's customers.

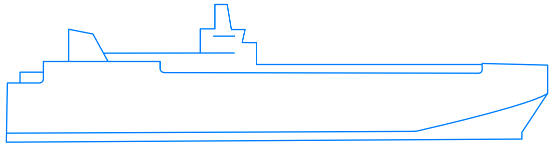
GCC's vessels are chartered to major global and regional car carriers worldwide in line with the Company's legacy. The Company's headquarters are in Oslo, Norway, with a branch office in Singapore.

Supporting the green mobility shift

Gram Car Carriers' culture is built on a strong sense of purpose supported by the Company's vision, mission and values, which influence how the Company carries out the everyday work to assist its customers and partners.

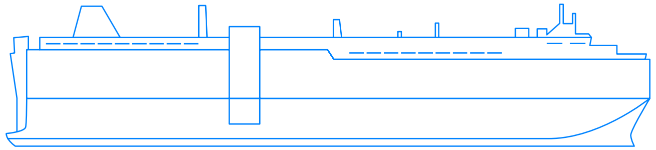
Fleet Description

Diversified fleet of 19[1] owned PCTCs



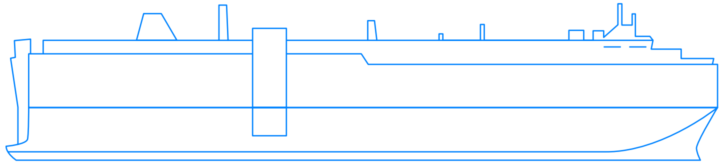
4 Distribution vessels[1]

(up to 2,000 CEU)



11 Mid-size vessels

(up to 5,000 CEU)



4 Panamax vessels

(up to 7,000 CEU)

Third party vessels

4 Panamax newbuilds for Global Auto Carriers

---

[1] Includes the Viking Princess which was delivered to the new owner in January 2024.

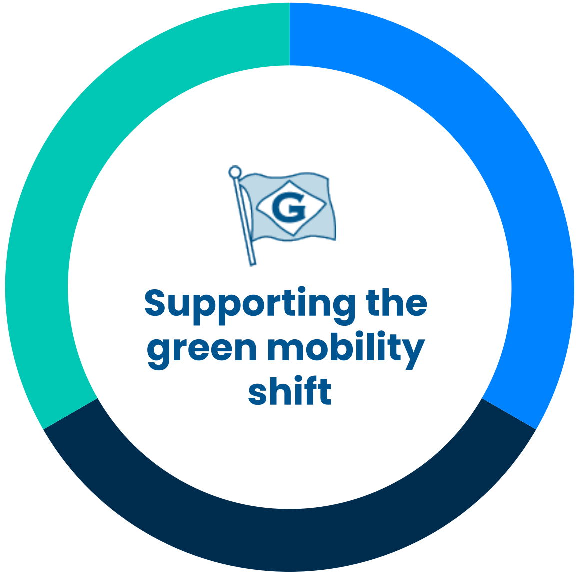
ESG Governance Mechanisms

The commitment to ESG performance is formalised through GCC's sustainability framework, and robust governance processes. The Company recognises the significance of measuring, managing, and transparently reporting on material ESG topics. To identify these material topics, GCC has collaborated with external sustainability experts to ensure a thorough and objective assessment. The material topics serve as the focal point for this report, aligning sustainability efforts with areas deemed most critical for the Company and its stakeholders.

To identify and understand the topics, GCC engages its stakeholders regularly. The stakeholders include suppliers, charterers, technical managers, as well as lenders, investors and customers. Each stakeholder's priorities, including those connected to ESG, are acknowledged and discussed, with key findings taken into account in sustainability related work. More extensive stakeholder engagement has been undertaken in the process of the Double Materiality Assessment described below, including interviews with selected representatives and a survey sent to the crews onboard GCC vessels.

ESG-related impacts, risks, and opportunities are regularly reviewed as part of the overall responsibility for risk governance by the Board of Directors (the Board). Matters to be discussed by the Board are prepared by the Audit Committee, including a review of this report. In the pursuit of ESG best practice, GCC has also established an ESG Committee comprising three members of the Board (formally established in January 2024). The Committee will assist the Board in discharging its responsibilities and duties related to material ESG matters, enhancing governance structures, ensuring oversight and driving strategic decisions aligned with the Company's sustainability objectives. Its responsibilities include reviewing any proposed public disclosures or statements related to key ESG matters. This encompasses both existing and evolving disclosure requirements within the regulatory environments in the EU and Norway, as well as disclosures according to accepted best practice.

The GCC sustainability framework, coupled with the introduction of the ESG Committee, underscores GCC's commitment to navigating the complexities of ESG challenges and opportunities with diligence and foresight.



Supporting the green mobility shift

Environment
- GHG emissions
- Air emissions
- Fuel efficiency
- Ecological impacts
- Ship recycling

Social
- Health and safety
- Diversity
- Human rights
- Developing human capital

Governance
- ESG governance
- Conduct, ethics and anti corruption
- Data privacy and cyber security

ESG Governing Policies

The following documents support GCC's governance over ESG and are available on the Company's website.

- Corporate Governance Policy and other guidelines
- Transparency Act Statement
- Procedure for reporting concerns
- Code of Conduct
- Supplier Code of Conduct
- Sanctions Procedure
- Charter of the ESG Committee
- Charter for the Nomination Committee
- Charter for the Audit Committee
- Charter of the Remuneration Committee

ESG-linked compensation

Part of the Company's long- and short-term incentives are linked to ESG performance to further enhance the Company's strategic ESG ambitions and achievement of the goals set.

Double Materiality Assessment for CSRD readiness

In preparation for the reporting requirements under the Corporate Sustainability Reporting Directive (CSRD), GCC is conducting a Double Materiality Assessment (DMA) in collaboration with an independent ESG consultancy, to deepen the focus on what is assessed to be the most material ESG matters. This initiative aims to understand the Company's environmental, social and economic impacts, along with the associated financial risks and opportunities. This includes engaging with key stakeholders to ensure the validity of the findings, and to support the transparency and accountability of ESG disclosures. The DMA is set to be finalised soon after the publication of this report and will guide the establishment of effective management practices for the identified material topics. The newly formed ESG Committee will oversee the refining of sustainability initiatives based on the insights obtained through the DMA process.

The mentioned approach is designed to ensure compliance with evolving regulations and to strengthen risk management and due diligence approaches. GCC believes this will position the Company to capitalise on emerging opportunities.

Environment

Climate Change

Greenhouse Gas (GHG) Emissions

The Company recognises the critical importance of managing and reducing GHG emissions. GCC is committed to contributing in a transparent and accountable way to the maritime industry's decarbonisation efforts. In 2023, Scope 1 GHG emissions totalled 420,732 metric tonnes CO_2-e, representing a 10.7% reduction from the previous year (2022: 470,969). The decrease was predominantly driven by changes in fleet size, composition, and ongoing fleet-wide decarbonisation initiatives

GHG emissions and CII performance

Emissions from owned vessels	2023	2022	2021
Scope 1 GHG emissions (MT)	420,732	470,969	378,749
Carbon intensity indicator (CII) (gCO_2e / tnm) [1]	8.04	8.26	7.16

[1] 2023 CII figure has been calculated on the basis of 19 operated vessels.

The Carbon Intensity Indicator (CII) is a measure of how efficiently a ship transports goods and is given in grams of CO_2 emitted per cargo-carrying capacity and nautical mile travelled. The CII is based directly on the fuel consumption, and its value is affected by the type of fuel used, the efficiency of the vessel and operational parameters such as vessel speed, cargo transported, weather conditions and the general condition of the vessel (e.g. biofouling). As a responsible ship owner, GCC seeks to minimise the CII by optimising operations, ensuring vessels are in a good condition and contracting with charterers to agreed operating parameters, including vessel speed.

GCC is committed to reducing emissions in maritime transport, which is why it is implementing operational control in its GHG accounting practices. Acknowledging the importance of the company's role in environmental stewardship, GCC follows policy mandates, including Health, Safety, and Environment (HSE) and IMO guidelines.

In line with the GHG Protocol's accounting methodologies and Science-based target initiative (SBTi) guidelines, GCC sets emission reduction targets reflective of vessel emissions only. Following the latest IMO decarbonisation ambitions and the SBTi Maritime Guidance, GCC employs a well-to-wake (WTW) approach. This includes emissions from the combustion of fuels and energy consumed, allocated into Scope 1 rather than the Company's value chain emissions (Scope 3).

At MEPC80 in June 2023, the IMO completed its first revision of its GHG Strategy and strengthened its ambition for reducing GHG emissions from international shipping. GCC's climate commitments are aligned with the IMO's revised targets in achieving at least a 20% reduction by 2030 while striving towards a 30% reduction, and achieving at least a 70% reduction by 2040 while striving for 80%, compared to 2008 levels. The long-term goal is to reach net-zero by or around 2050.

The Company monitors the IMO's plans to revise emission reduction targets in response to the evolving regulatory landscape and is prepared to align investments and targets to the anticipated new regulations, including support for green shipping fuels and market-based carbon pricing. Regionally, GCC's strategic considerations are influenced by the EU's commitment to greener fuels in the maritime sector (FuelEU Maritime) and the inclusion of maritime shipping in the EU Emission Trading System (EU ETS).

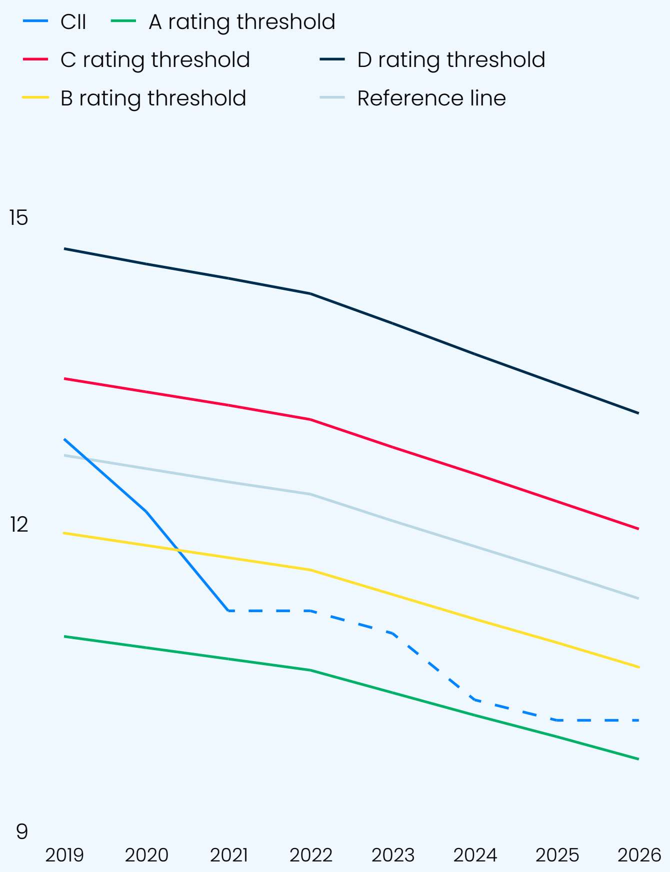
Advancing Decarbonisation Initiatives

To achieve the targeted GHG reductions, GCC is implementing its long-term decarbonisation plan established in collaboration with DNV. This involves ongoing biofuel trials and the phasing in of individual vessel decarbonisation plans, each with defined actions and desired outcomes. The new initiatives introduced in 2023 are described below and underscore GCC's dedication to mitigating environmental impact and advancing sustainable practices in the shipping industry.

Go back

Reduction plan – CII

Carbon intensity (gCO_2/capacity-mile)



Gram Car Carriers Annual report 2023

In 2023, GCC embarked on a project involving the upgrade of shaft/generators on the distribution vessels, enabling variable speed on the four-stroke engines, with an anticipated fuel saving of 10-15%. This also involves installation of shore power connections. An efficient solution has been developed in close collaboration with one of the customers, which was presented together with an execution plan in March 2024.

Additionally, in 2023, Yokogawa flow meters [1] were successfully installed on all vessels, providing real-time fuel consumption data with high accuracy. This enables the use of Artificial Intelligence to optimise vessel trim, speed and direction to reduce fuel consumption and increase energy efficiency.

Poseidon Principles

GCC is a foundational signatory to the Poseidon Principles, a global framework for responsible ship finance, aimed at integrating climate considerations into lending decisions for international shipping decarbonisation. In line with this commitment, GCC adheres to IMO emission requirements, employing operational and technical initiatives to maintain a "C" rating on the fleet's Carbon Intensity Indicator (CII). These efforts are detailed in collaboration with DNV in established decarbonisation plans. As part of fleet renewal, GCC, as commercial manager, has ordered four dual-fuel LNG vessels on behalf of Global Auto Carriers and divested three conventional owned vessels, including the oldest in the fleet. These actions reflect GCC's commitment to responsible and environmentally conscious shipping practices.

EU ETS for shipping

The Company is actively tracking the implementation of maritime transportation into the EU ETS, which entered into force on 1 January 2024. This cap-and-trade system will indirectly impact GCC's operations through its charterers. The EU ETS for shipping applies to all voyages and port calls within the EU/EEA and 50% of emissions on voyages into or out of the EU/EEA. Responding proactively, GCC has integrated EU ETS clauses into agreements with all charterers and established an EU ETS trading account, with the COO and Operations Manager as account representatives. The Company has deployed monitoring software for the trading account in collaboration with Zero44, a German-based software company. Discussions with the auditors about the Company's EUA (Emission Unit Allowance) balance in 2024 show no anticipated adverse impacts. At the time of this report, six GCC vessels were exposed to the EU ETS, some of them only partially.

Climate risk

Risk management remains integral to daily operations and management processes at GCC. Enterprise risks, encompassing climate risk, are systematically presented to the Board annually, drawing insights from technical managers and consultants. The most recent review for 2023 identified no significant changes in climate-related risks. However, the Company acknowledges that the ongoing Double Materiality Assessment may bring additional insights and increased focus on related risks.

GCC's climate-related risks encompass both physical risks, such as weather disruptions and vessel handling, and transitional risks, including evolving regulations and changing

---

[1] For more information on this product, please refer to the ROTAMASS Total Insight by Yokogawa Norway.

Go back

customer requirements. Adhering to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), the Company disclosures are outlined below, with a more comprehensive overview available in the TCFD statement provided in the Appendix to this report.

In line with the commitment to staying abreast of evolving frameworks, GCC is also actively monitoring the developments of the Task Force on Nature-Related Financial Disclosures (TNFD) and are prepared to adapt corporate strategies accordingly. This adaptive approach underscores the dedication to robust nature risk governance and positions the Company to effectively navigate the dynamic landscape of sustainability impacts and risk management.

Governance

Climate-related risks and opportunities are regularly reviewed by the Board as part of its overall responsibility for risk governance. The Board receives and assesses updates from management on Climate Risk, emerging regulations, developments in the Company's performance relative to the decarbonisation strategy, emissions reduction trajectories, and technological developments. The ESG committee will review management's proposals and make recommendations to the Board on Climate Risk governance in line with TCFD guidelines. Independent consultants will be consulted to the extent this will be necessary or desirable for the assessment.

Strategy

GCC has undertaken a climate risk review and analysis to understand how climate risks and opportunities are likely to impact the business, its strategy and financial planning. By using information from these sources and the ongoing monitoring of GHG emission performance across the fleet, Gram Car Carriers believes it is well positioned to absorb, mitigate or adapt to climate-related risks; and, in some cases also capture available opportunities (see climate risks and opportunities in the TCFD statement on page 111).

Risk management

Climate risk identification is incorporated into the general risk management and internal control system. The Board receives regular updates on relevant potential risks as part of the risk management system.

Targets and metrics

The Company measures its total GHG emissions (Scope 1) in carbon dioxide equivalents (CO_2e) by applying the IMO CII Carbon Intensity Indicator, and the Average Efficiency Ratio (AER) is measured and reported as grams of CO_2e per deadweight nautical ton-mile.

Energy efficiency

The Company is investing in fuel efficiency initiatives that optimise speed, performance and energy use to reduce GHG emissions, including:

- Low-speed efficient light bulb design
- New efficient propeller design
- Anti-fouling reducing hull resistance
- Energy-saving vessel operation.

Energy consumption performance	2023	2022	2021
Total amount of energy consumed (GJ)	6,130,742	7,069,178	6,194,025
Percentage of energy consumed coming from heavy fuel oil (vs renewable)	97.45%	99.77%	99.75%

The total amount of energy consumed to date has largely varied in correlation with total sailing distance, influenced to some degree by the energy efficiency initiatives undertaken. The influence of these initiatives may become more marked as time progresses. The use of biofuel is already making a noticeable difference in the share of renewable energy, and the proportion is expected to continue to increase going forward.

GCC has investigated various shore power connection solutions throughout 2023. Depending on shore power availability, the GHG reduction potential from this initiative is between 2% and 5%. To optimise operations, the Company is also considering variable engine speed options for vessels that have four-stroke engines. To conclude the process an implementation plan will be developed in early 2024.

In cooperation with DNV, GCC has completed decarbonisation plans for all its vessels for the five-year period from 2024 through 2028. The estimated cost for these investments is being assessed, and the Company will seek joint projects with charterers, as they will benefit from more efficient vessels with lower fuel costs, and/or lower taxes related to emissions.

Environment

Ecological Impacts

Effective management and governance of ecological impacts in the shipping sector are imperative for long-term sustainability. Addressing issues such as air pollutants, biodiversity impacts, resource use and circular economy practices is not only mandatory for compliance with evolving regulations, but also essential for responsible business conduct.

Proactive measures, including efficient waste management, emissions reduction initiatives and adherence to circular economy principles, not only mitigate negative ecological impacts but also contribute to long-term operational resilience. As the maritime industry plays a significant role in global trade, responsible management practices underscore the industry's obligation to minimise its environmental footprint, ensuring the health of marine ecosystems.

Air pollutants

Since 1 January 2020, the Company has complied with the IMO's reduced Sulphur fuel content requirement, lowering the upper limit from 3.5% down to 0.5%. GCC maintained a level below 0.496%, specifically, 0.45% in 2023. By using cleaner fuels, the Company is not required to install scrubber devices on all of its owned vessels.

Emissions from owned vessels [1]	2023	2022	2021
SO_x emissions (tonnes)	1,536	1,323	1,032
NO_x emissions (tonnes)	10,178	12,812	11,266
Particulate matter (tonnes)	640	1,412	872

[1] The emissions have been calculated based on the size of fleet as at December 31st each year

Emissions to air performance

In 2023, GCC undertook a reassessment of the SO_x emissions, incorporating additional verification to rectify some identified double-counting issues. As a result, the recalculated and restated figures for SO_x are lower than previously reported for 2022 and 2021. No similar double-counting issue was found for the other sources of air emissions, NO_x and Particulate matter (PM). While SO_x emissions are heavily influenced by fuel type and quality, NO_x and PM are predominantly varying as a function of sailing distance and total fuel consumption.

Biodiversity and ecosystems

The Ballast Water Management Convention (BWMC) requires that all ships from 2024 have an approved ballast water management treatment system, according to the so-called "D2 standard". This is implemented to reduce the risk of spreading invasive species through the discharge of ballast water.

At year-end 2023, installation of compliant ballast water management treatment systems was completed on 100% of the GCC fleet. There were no reported environmental incidents or fines in 2023, and no sailing of vessels transited marine protected areas. Efforts to reduce waste generated onboard vessels continues, and in 2023, a total of 911 tonnes was recorded for the fleet of 19 vessels (2022: 913 tonnes, 18 vessels).

	2023	2022	2021
Number of significant spills	0	0	0
Ballast water treatment system installation (% of vessels)	100%	84%	38%
Environmental incidents or fines	0	0	0
Onboard waste generated (metric tonnes)	911	913	904
Time in marine protected areas [1]	0	0	0

[1] Marine Protected Areas (MPAs) refer to designated oceanic regions where specific regulations and conservation measures are implemented to safeguard marine ecosystems, biodiversity, and habitat integrity.

Go back

Resource use and circular economy

GCC follows the EU Ship Recycling Regulation and the Hong Kong Convention for the safe and environmentally sound recycling of ships. No vessels have been recycled the past three years (2021-2023). The Company's Ship Recycling Policy states the Company's commitment to responsibly recycling ships, thereby safeguarding the environment, human health and safety. The same commitment applies to all the subsidiaries within the Group.

GCC aims to sell its vessels to responsible buyers that commit to green recycling which meets all relevant laws and regulations to support circular economy practices in the shipping industry. The Company inspects the yards it works with every five years and applies contractual clauses that support responsible ship recycling. In 2023, two yard-inspections were performed.

Social

Own workforce

The Company prioritises health and safety and invests in human capital development, diversity and inclusion. GCC believes that these are important areas where the Company can have a positive impact. These practices safeguard the well-being of the Company's professionals and contribute to a skilled and resilient workforce, fostering innovation and adaptability in maritime operations.

Health and safety

People's safety is of utmost importance. The Company is committed to seeking zero harm by maintaining a safe environment and protecting people's health. All vessels are operated following the Company's Health & Safety Policy, which covers GCC's entire value chain. Furthermore, GCC's ship management partners are in the process of implementing Occupational Health & Safety standards across their fleets (ISO45001).

GCC has established a set of clear health and safety principles to guide its operations:

- Commercial considerations will never come before the safety considerations of personnel
- Ensure all our operations are undertaken with due regard to safety requirements
- Personal incidents are unacceptable and should be always prevented
- Regulatory requirements are to be considered a minimum standard

	2023	2022	2021
Lost Time Incident Rate (LTIR)	0	1.1	0
Marine casualties [1] (no. of incidents)	1	0	0
Sickness absence % (GCC only)	4.31%	5.4%	n/a

[1] A marine casualty may be either of the following: the death of, or serious injury to, a person; the loss of a person from a ship; the loss, presumed loss or abandonment of a marine vessel; material damage to a marine vessel; the stranding or disabling of a marine vessel, or the involvement of a marine vessel in a collision; material damage to the marine infrastructures external to a vessel, that could seriously endanger the safety of the vessel or another vessel or an individual; and severe damage to the environment, or the potential for severe damage to the environment, brought about by the damage of a marine vessel (United Nations, European Union and the International Transport Forum at the OECD, 2019).

Health and safety performance

In July 2023, GCC experienced one marine casualty in the form of material vessel damage as a result of a collision with a tanker near Kingston, Jamaica. There was no harm to the health or safety of the crew. The event was caused by lack of communication in the engine room and inadequate adherence to quality protocols. The incident is being addressed through follow-up with all technical managers, and via a specific seminar in March 2024 with crew, officers and technical managers. In 2024, GCC will also implement a stricter training regime for seafarers to avoid similar events in the future. The sickness absence rate has returned to a higher normal range now that Covid-19 restrictions and countermeasures have been lifted.

Go back

Human capital

The Company aims to be an employer of choice and commits to developing the capabilities, skills and competencies of its workforce. Providing employees with constructive training programmes supports human capital growth and retention.

From onboarding and induction, through to formal and on-the-job training, GCC considers investment in training and development as essential to creating a continuous learning opportunity for employees.

The majority of officers in the GCC fleet are Ukrainian, with several now living outside of Ukraine. To support them in training outside of their home country, GCC is starting a cooperation with N. Y. Vaptsarov Naval Academy in Varna, Bulgaria, to conduct regular simulator training from March 2024.

At the end of 2023, both GCC onshore and offshore workers (seafarers) were sent a survey as part of the regular stakeholder engagement programme. The survey seeks to assess the workers' awareness and the scale of impact GCC has on them, in areas including health and safety, social protections and whistleblowing. The results of the engagement programme were shared with the Executive Management as part of the Double Materiality Assessment validation in March 2024. Further conclusions will be shared with the Board and the ESG Committee .

Go back

Training and development performance

In 2023, there was a decline in the training figures for onshore employees compared to the previous year. This reduction was attributed to a thorough reassessment aimed at delineating job-relevant training from unpaid voluntary competence-building activities.

Diversity and Inclusion

The Company is dedicated to fostering a diverse and inclusive workforce, welcoming employees from all backgrounds. GCC firmly believes that diversity enhances learning, understanding and innovation in alignment with the Company's commitment to key Human Capital principles. Discrimination and harassment based on any personal characteristics are strictly prohibited, and this expectation extends to contractors, suppliers and business partners, promoting fair treatment and equal opportunities for all.

Diversity performance

Gender diversity has remained stable, with a typical industry figure for the percentage of females employed in onboard roles. Ongoing efforts are being made by GCC in its own recruitment and in collaboration with ship crew services providers, to increase diversity within the maritime workforce.

	2023		2022	
	Male	Female	Male	Female
Onboard Average hours of training per employee	21.4	16.0	7.8	8.1
Onshore Average hours of training per employee	6.1	7.9	26.7	26.6
Percentage of onshore employees receiving regular performance and career development reviews	100%	100%	100%	100%

Board	2023	2022	2021
Gender diversity	43% female	43% female	43% female
Age (under 30 | 30-50 | over 50)	0% | 29% | 71%	0% | 29% | 71%	0% | 57% | 43%

Onshore	2023	2022	2021
Gender diversity	31% female	33% female	33% female
Age (under 30 | 30-50 | over 50)	6% | 50% | 44%	6% | 44% | 50%	0% | 47% | 53%

Onboard	2023	2022	2021
Gender diversity	1% female	2% female	0.9% female
Age (under 30 | 30-50 | over 50)	31% | 53% | 16%	27% | 56% |17%	32% | 51% | 17%

Social

Workers in the supply chain

Human Rights and Labour Rights

Gram Car Carriers recognises the inherent human rights risks associated with the global business operations, extensive network of partners and suppliers located in high-risk jurisdictions. The Board assumes overarching responsibility for risk management, including human rights risks, with the endorsement of the Company's policies and the ESG Committee. The Human Rights Policy, accessible on the Company website, provides clear guidance on working with suppliers and establishes fair labour conditions onboard the Company's vessels.

In alignment with the commitment to internationally proclaimed human rights, GCC actively works to prevent complicity in human rights abuses. These principles are reinforced through employee training and continuous monitoring of business activities for potential human rights issues. This commitment is further detailed in GCC's Transparency Act Statement.

To translate principles into actions, GCC has implemented specific measures to mitigate negative impacts in these areas. This includes the proactive inspection of selected shipyards before every docking, ensuring alignment with human rights expectations. Initiatives addressing mental health concerns have been introduced to aid crew in maintaining a healthy mental well-being during extended periods at sea or difficulties posed by geopolitical challenges. The dedication to human rights governance and concrete actions reflects GCC's commitment to responsible and ethical business conduct within the shipping sector.

Go back

ESG Governance

Business conduct

Ethical business conduct is of utmost importance for GCC. It underpins the foundation of trust and reliability upon which successful commercial maritime operations and the Company exist. Upholding high standards of integrity, transparency and compliance ensures legal and regulatory adherence and fosters strong relationships with stakeholders, including clients, partners and the wider maritime community.

The Board oversees the Company's approach to ESG topics, aligning actions with the principles outlined in the Company's Sustainability Policy. The Company's commitment to maintaining ethical, environmental and social standards remains consistent, regardless of operating conditions. GCC adheres to the Corporate Governance guidelines established by the Norwegian Corporate Governance Board (NUES). The ESG Committee contributes to these efforts, ensuring the integration of sustainable practices and responsible decision-making into the operational strategy. These governance mechanisms collectively reinforce the Company's dedication to ethical conduct and responsible business practices.

Code of Conduct, ethics and anti-corruption

The Code of Conduct and Ethics Practices clearly sets out the Company's behavioural expectations. GCC has zero tolerance for corruption in any form, as stated in our Anti-Corruption Policy. The Code of Conduct and Anti-Corruption Policy can be found on the Company's website. GCC provides regular anti-corruption awareness training to the employees and seafarers and actively monitors for potential corruption incidents.

The Company operates an independent whistleblowing hotline and manages all reports received in line with the Procedure for Reporting Concerns (whistleblowing policy) and data protection laws. All employees, including non-permanent/temporary staff, and everyone employed or operating onboard the Group vessels, are encouraged to report their concerns of any misconduct related to business operations that should be prevented or corrected. Information about reporting a concern and the Whistleblowing Policy is available on the Company's website. In 2023, there were no whistleblowing incidents.

In compliance with the Norwegian Penalty Act and the OECD Anti-Bribery Convention, GCC monitors governance risks within own business operations and within that of business partners. These risks include corruption, bribery, money laundering and anti-trust behaviour. The Company's expectations in regard to these risks are clearly set out in the Supplier Code of Conduct and Time Charter Contracts.

Supplier code of conduct

All suppliers are required to adhere to the same environmental, social and ethical standards as GCC's own employees. These standards are set out in the Supplier Code of Conduct and include clauses related to safety and the environment, anti-corruption, economic sanctions, regulations and human rights. The Company actively screens its suppliers based on these standards and, in cases of non-conformance, suppliers are actively followed up in order to comply with our Supplier code of Conduct.

GCC is an active member of the Marine Anti-Corruption Network (MACN) – the leading anti-corruption initiative in the Maritime Industry. In 2023, there were no reported breaches of the Code of Conduct and no reported corruption or bribery incidents..

	2023	2022	2021
Port calls in countries with 20 lowest rankings in Corruption Perception Index	9	101	161
Facilitation payments made	0	0	0
Inspections	61		
Deficiencies	30	95	34
Detentions	1	44	17
Supplier screenings	6	2	0
Number of conditions of class or recommendations	17	164	N/A

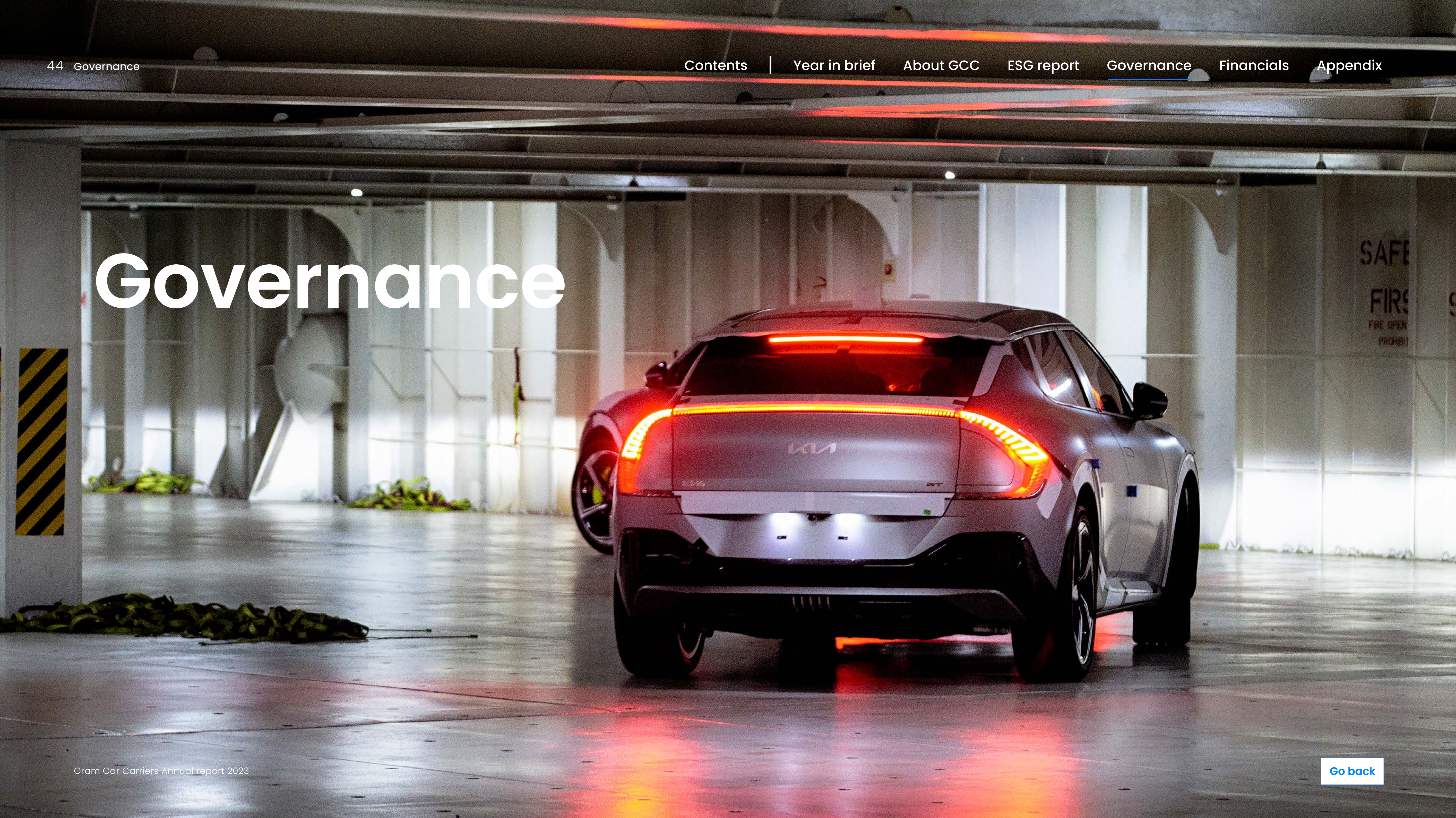
Anti bribery and corruption performance

In 2023, significantly fewer port calls were made in countries with the 20 lowest rankings in Corruption Perception Index, this is due to GCC ending a charter that operated a shuttle between the United States and Haiti. The remaining calls were made in Nicaragua and Libya. After an initial screening of existing suppliers in 2022, six new suppliers were screened for ESG performance in 2023.

Data privacy and cyber security

GCC is committed to protecting privacy and maintaining data security. All employee, customer and company data are held in line with the Company's Data privacy and security Policy. GCC complies with the EU's General Data Protection Regulation (GDPR) and the IMO Resolution on Maritime Cyber Risk Management.

There were zero reported data privacy or security breaches in 2023, 2022 and 2021.



Governance

Board of Directors' report

Gram Car Carriers ASA ("the Company" or "GCC", together with its subsidiaries the "Group") is a Norwegian public limited company incorporated on 3 August 2021. The principal business activity is to invest in and operate ships used in the global seaborne transport of automobiles and other vehicles. The Company's headquarter is in Oslo, Norway, with a branch office in Singapore. The Company's shares are listed on Euronext Oslo Børs under the ticker-code "GCC" and are tradeable on the OTCQX® Best Market, New York, with the ticker-code "GCCRF".

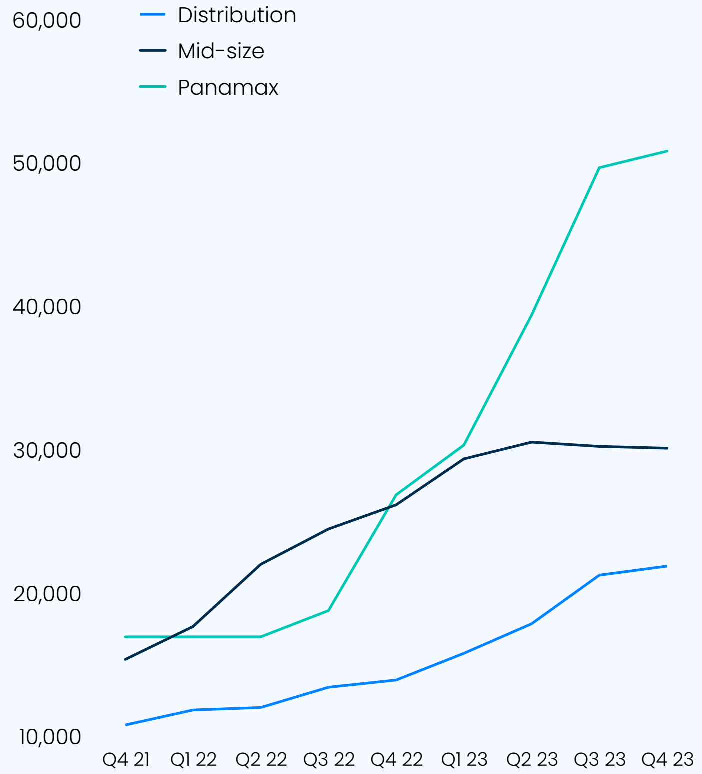
During 2023, the company continued to successfully execute its strategy by delivering stable and efficient operations and rechartering the fleet on contracts with long durations at historically high dayrates. This was reflected in successively increasing quarterly earnings and dividend distributions to the shareholders.

The Group is the third largest car carrier tonnage provider in the world in terms of fleet size and focuses on providing modern, reliable and efficient Pure Car Truck Carriers (PCTCs) across various sizes to suit all aspects of the seaborne car transportation trade. The fleet comprises vessels in the Distribution, Mid-Size and Panamax classes which are chartered out on time charter contracts to major global operators and regional major operators of seaborne vehicle transportation.

Gram Car Carriers was operator and commercial manager of 19 owned vessels at year-end. The Group is also the commercial manager four newbuildings scheduled for delivery in 2025/2026 on behalf of third-party owners. The Group has entered into ship management contracts with OSM and Reederei F. Laeisz GmbH for vessel crewing and technical management.

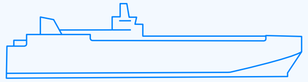
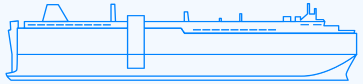
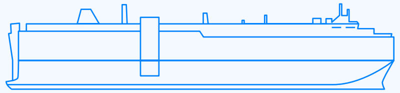
GCC is committed to a sustainable operation and has been an early adopter of sustainable biofuel and has developed vessel-specific decarbonisation plans. Future measures may include carbon capture and hull modifications to further reduce emissions and improve the carbon footprint of the fleet.

TC rates USD/day



Go back

Key operational figures

2023 (2022)	 **Distribution**	 **Mid-size**	 **Panamax**	**Fleet total**
Average TC rate (USD)	**18,860** (12,560)	**30,000** (22,390)	**42,240** (19,650)	**29,680** (18,960)
Utilisation	**99%** (99%)	**98%** (96%)	**98%** (95%)	**98%** (97%)
Planned/ unplanned off-hire days	**6/16 days** (–/22 days)	**46/43 days** (70/51 days)	**32/2 days** (54/19 days)	**84/61 days** (124/92 days)

Review of operations

During 2023, the Group maintained strong operational performance with an average fleet utilisation of 98% (2022: 97%). The fleet had a total of 84 planned off-hire days in relation to scheduled maintenance and dockings as well as 61 days of unplanned off-hire related to repairs and other factors. The unplanned off-hire was partially covered by off-hire insurance, which limited the impact on the Group's financial performance. Two vessels underwent planned periodic special surveys during the year. In addition, the Viking Bravery was in drydock for the installation of an exhaust scrubber.

The average fleet time charter equivalent earnings (TCE) were USD 29,680 per day in 2023, an increase from USD 18,960 in 2022. The higher TCE was a function of higher dayrates for all vessel types. The Panamax vessels earned an average of USD 42,240 per day (+57%), the Mid-size vessels earned USD 30,000 (+34%) and the Distribution vessels averaged USD 18,860 (+57%). Average daily earnings from the fleet are expected to increase further in 2024 as a function of one of the Panamax vessels starting on new contract early in the year and the first full year of contribution from vessels commencing their new charters in 2023, all at higher dayrates. In 2023, the daily vessel operation costs averaged USD 6,820 (USD 6,320) for the full fleet.

The Company estimates an average cash flow breakeven rate of USD 17,720 per day per vessel going forward (USD 17,270). The increase from year-end 2022 reflects higher interest rates and general inflation on operating expenses, partly offset by the impact of refinancing activities and improved terms.

For 2024, vessel operating expenses are expected at around USD 6,300 per day for the Distribution vessels and USD 7,300 for the Mid-size and Panamax vessels before overhead and docking costs. The average daily cash breakeven rates are the daily TCE rates the GCC fleet must earn to cover operating expenses including principal payments and interest on loans, lease payments and general and administrative expenses.

Contract overview

Over the past two years, the Group has successfully captured the strong market by rechartering most of the fleet at higher dayrates and multi-year durations. The Group's revenue backlog amounted to USD 851 million at 31 December 2023, little changed year over year. Backlog is impacted by fleet changes during the year, with the acquisition of one vessel on a long-term contract, as well as the sale of two vessels which otherwise would have been rechartered.

In 2023, three (15) new fixtures were announced, and in addition, one vessel with existing charter backlog was acquired. At year end, all vessels were on charter with an average contract duration of 3.4 years (3.3). Since the listing in early 2022, the average contract duration for new recharters has been 4.5 years. The average contract duration was 3.2 and 4.5 years for the Mid-size and Panamax vessels, respectively.

At year end, there was no open capacity in 2024, while for 2025 and 2026, 6% and 34% of available days were open, respectively. The forward contract coverage provides good visibility on future earnings and dividend capacity.

Other operational factors

On, 21 December, GCC notified charterers that its vessels are restricted from passing through the Red Sea for the time being as the Norwegian Maritime Authority raised the security level in the southern part of the Red Sea to the highest level. GCC monitors the situation closely and will review and update this policy when appropriate based on recommendations from relevant authorities.

Corporate and financing

Vessel transactions

In 2023, GCC executed two sale and purchase transactions, divesting two smaller Distribution vessels, including one older asset at the tail-end of its operating life, and replacing them with a larger Mid-size vessel with higher long-term earnings and dividend capacity. The realised book gain for each of the sold vessels is recognised in the relevant quarterly net income and 75% dividend distribution.

In late October, the Viking Constanza (2,000 CEU, built 2010) was delivered to the new owner, as the first of the two vessels, with book gain of USD 13.1 million. In early 2024, the Viking Princess (1,000 CEU, built 1996) was delivered to the new owner a book gain of USD 5.4 million.

GCC acquired a combined 99% equity stake in Gram Car AS, a single purpose company owning the Mediterranean Sea (5,000 CEU, built 2010). GCC is the commercial manager of Gram Car AS, holding 1% of the shares before the acquisitions. The Mid-size vessel is on a contract at USD 25,500 per day plus scrubber premium until the third quarter of 2025. Gram Car AS was consolidated into the Group from 1 August 2023.

Debt refinancing

In 2023, GCC 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 31 December 2023 was 1.7, 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%.

In December, the leasing debt for the Viking Bravery was refinanced with a new USD 35 million term loan priced at SOFR +1.65% and a duration aligned with the vessel's current timecharter contract. The previous lease debt was priced at SOFR +4.26%. Also, in December, the Mediterranean Sea was refinanced under the existing fleet senior secured credit facility at the current grid pricing. This compares to SOFR +3.25% before the refinancing. GCC continues to pursue attractive refinancing opportunities.

Other corporate events

During the year, the Company completed a share buyback program of 300,000 of its own shares initiated in May. The treasury shares may be used as settlement for incentive schemes, to reduce the capital of the Company, in connection with investments or as settlement in potential acquisitions. The shares were repurchased at an average price of NOK 169.06 per share, equal to a total amount of NOK 50.7 million.

On 22 June, GCC shares commenced trading on OTCQX In New York, providing a transparent trading platform for Gram Car Carrier's existing and potential future US-based investors. The cross-trading is expected to create additional long-term value through a broader US investor base and higher trading volumes over time.

Market

The demand for PCTC vessels follows global auto sales which have historically correlated with economic activity and global GDP growth. The global car shipping market developed favourably in line with expectations during 2023 with continued undersupply of vessels.

The strong market fundamentals reflect multiple years of underinvestment in new vessels capacity combined with increased activity in the post-pandemic recovery and significant growth in Chinese auto exports with longer average transport distances. Additionally, rising raw material prices led to increased demand for so-called high and heavy machinery to the mining, agriculture and construction sectors which are often transported by sea. This was reflected in high chartering activity by the operators seeking to fulfil their obligations to the auto manufacturers, which led to historically high charter rates combined with long durations for the tonnage providers.

The Group sees a positive market outlook for 2024. The IMF forecasts a GDP growth of 3.1% in 2024, compared to 3.1% growth in 2023 and 3.5% growth in 2022. LMC Automotive's most recent forecast estimates 2.7% growth in 2024 sales of 92.3 million light vehicles making it the first year since the pandemic to exceed the 2019 pre-covid sales numbers. This follows an estimated a 10.8% growth in 2023.

The global fleet controlled by PCTC tonnage providers amounted to 186 vessels at end of 2023, up six vessels during the year. In total, 18 vessels controlled by tonnage providers were open for contract renewal in 2024 and 34 vessels open in 2025, including newbuildings to be delivered. This compares to 42 vessels fixed in 2023 and 65 vessels fixed in 2022, including forward fixtures.

The high ordering activity continued in 2023 due to the strong car shipping market. This follows almost ten years of a flat to slightly decreasing global PCTC fleet. Currently, 99 vessels are scheduled to be delivered from shipyards before end-2025. The total order book comprised 194 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. In the current PCTC fleet, 147 vessels are older than 20 years and candidates for recycling.

At year-end, the global car carrier fleet amounted to 766 vessels, according to Clarksons. The global order book was 37% of the current capacity. This compares to a historical average of 17%. The delivery schedule of the current PCTC order book is still expected to be insufficient to meet the estimated demand growth, at least through 2025. Please see the market overview section of the annual report for more details.

People, organisation and working environment

As at 31 December 2023, the Group employed 16 people, 11 men and five women. Of the employees, 12 worked out of the Oslo headquarters and four out of the Singapore branch office. At year end, the Board comprised of three women and four men, with an additional male alternate Board member. Management consisted of four men.

The onshore working environment is considered to be good and sick leave was 4.3% in 2023 (2022: 5.4%) There was no leave of absence, incidents or reporting of work-related accidents leading to material damage or personal injury during the year. Offshore personnel on the Group's vessels are employed by the service providers, but the Group places great emphasis on health and safety onboard its vessels.

The Group seeks to promote a workplace where diversity is valued and where all employees can develop their individual skills and talents. The Group does not tolerate any form of discrimination, harassment or bullying based on (dis)ability, ethnicity, religion, parenthood, age, union affiliation, political opinion, sexual orientation, gender, gender identity and/or any other characteristic protected by applicable law. The organisation is in constant development and the diverse workforce forms the basis of the Group's success. By constantly securing safe and wholesome working conditions and a positive work environment for its employees, the Company aims to preserve and build on healthy, motivated employees and a strong internal culture.

Please see the separate ESG[1] section of the annual report for more information related to employees, diversity, health and safety.

Consolidated financial statements

Declaration regarding the financial statements

The Board of Directors believes that the financial statements provide a true and fair view of the Group's result for 2023 and the financial position at year end.

Income statement

2023 operating revenue of USD 200.9 million reflected higher average time charter rates and utilisation across all vessel types compared to the prior year's operating revenue of USD 121 million. Vessel operating expenses amounted to USD 48 million (USD 41.4 million) and reflected a larger fleet and general cost inflation. Administrative expenses were USD 10.3 million (USD 9 million) and included non-cash expenses of USD 3.7 million (USD 0.9 million) relating to long-term employee incentive programmes.

Operating profit before depreciation (EBITDA) was USD 142.7 million, an increase from USD 70.6 million in 2022.

Gain on the sale of the Viking Constanza amounted to USD 13.1 million. Depreciation was USD 31.8 million (USD 27.5 million). The increase is mainly due to vessels acquired in 2022 and 2023. Operating profit (EBIT) amounted to USD 123.9 million (USD 43.1 million). Net financial expenses of USD 29.9 million (USD 19.2 million) reflected mainly interest expense on vessel loans and leases. The increase in financial expense is mainly a function of higher interest rates and non-recurring refinancing related expenses of USD 1.5 million, which more-than offset lower interest margins on the debt portfolio.

Net income for the year of USD 94 million compared with a profit of USD 23.9 million in 2022. This equalled basic earnings per share of USD 3.23 per share (USD 0.83).

Financial position

As at 31 December 2022, the Group had a cash position of USD 59.5 million (USD 30.3 million) and USD 41.6 million (USD 15 million) in available undrawn credit lines. Vessels and other tangible assets amounted to USD 558.6 million (USD 568.2 million), with the decrease from the previous period reflecting depreciation and the net impact to vessels transactions during the year. Interest-bearing debt, including lease liabilities amounted to USD 297.4 million (USD 339.5 million). Total assets and book equity were USD 630.5 million (USD 609.7 million) and USD 290.7 million (USD 243.5 million), respectively. The increase net profit for the period less dividends paid. The book equity ratio was 46% (40%) as of 31 December 2023.

Cash flow

Cash flow from operating activities was USD 156.9 million (USD 79.6 million). The difference compared with reported EBITDA for the period was mainly due to income from contracts with a deescalating rate structure being recognised on a straight-line basis in accordance with IFRS. Cash used in investing activities of USD 2.6 million (USD 63.4 million) reflected net of the sale of Viking Constanza, the acquisition of 100% of

---

[1] Environmental, Social and Governance

the shares in the company owning the Mediterranean Sea, as well as drydocking and vessel upgrades. Cash flow from financing activities was negative USD 130.3 million (negative USD 1.9 million) reflected the net impact of dividend paid, debt and lease refinancing activities, interest payments and scheduled instalments under the Group's debt facilities and leases during the year. Net change in cash and cash equivalents was positive USD 29.2 million in 2023 (positive USD 14.3 million).

Dividend

GCC has built a significant revenue backlog providing good visibility on future cash flow. For 2023, Gram Car Carriers distributed a total dividend of USD 2.318 per share, compared to USD 0.408 per share distributed in total for 2022. The distributions were made in quarterly instalments and constituted a repayment of the Company's paid in capital. Effective from the second quarter of 2023, the Company's dividend pay-out ratio was increased from 50% to 75% of net profit.

Parent company financial statements

Gram Car Carriers ASA reported a net profit of USD 58.8 million or 2023, compared with a net loss of USD 8.7 million for 2022. As at 31 December 2023, total assets amounted to USD 206.2 million (USD 194.4 million) and equity was USD 174.2 million (USD 161.8 million).

Allocation of profit for the parent company

The profit for the year of the parent company, Gram Car Carriers ASA, of USD 58.8 million has been allocated in its entirety to retained earnings.

Going concern

Pursuant to Section 3-3a of the Accounting Act, the Board confirms that the prerequisites for continued operations as a going concern have been met. This assumption is based on the financial position of the Group, forecasted results and cash flows for 2024 and the Group's long-term strategic forecast for the coming years.

Corporate governance

The Board of Directors has made a firm commitment to ensure trust in the company and to enhance shareholder value through effective decision-making and procedures for good communication between management, the Board and the Company's shareholders. GCC aims to comply with the Code of Practice for Corporate Governance published by the Norwegian Corporate Governance Board (NUES) on 14 October 2021. The Company has adopted a corporate governance policy with the aim of decreasing the business risk, maximising value and utilising the Company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees, the environment and the society. A separate section of this annual report provides further details on the Group's adherence to the corporate governance principles with certain deviations.

Corporate social responsibility

The Group is committed to sustainable operations and has due focus on environmental, social and governance (ESG) performance, including formalising how the Group measures, manages and reports on material ESG topics. The Group seeks to provide a safe and diverse working environment and has a long-term goal of reducing total greenhouse gas emissions by at least 50% in 2050. The Group has been an early adopter of sustainable biofuel and is considering carbon capture and hull modifications to further reduce emissions and improve the carbon footprint of the fleet. A separate section of this annual report provides further details on the Group's ESG focus and performance. Please also see the Transparency Act Statement included in the appendix and available on the company web page.

Directors' and officers' liability insurance

Members of the Board of Directors, the CEO and the management team are covered by insurance policies (D&O) against potential liability towards the Company and third parties.

Risk factors

The Board of Directors aims to ensure that the Group has sound systems for internal control and risk management that are appropriate in relation to the business objectives and activities. The management and the Board proactively seek to monitor and quantify risk and take the appropriate measures to limit exposure through use of insurance, sound planning and other relevant measures.

Go back

GCC is exposed to various industry, operational, financial, regulatory and legal risks. A summary of the risk categories is outlined below. Descriptions are not exhaustive, and the sequence does not imply any ranking of importance or priority. Please see the prospectus related to the listing of the Company's shares on the main list of the Oslo Stock Exchange dated 30 November 2022 for more detailed information.

Operational and industry risks

Operational and industry risks include vessel and technology risks related to the general technical condition of the assets and their operation associated with ageing, changes in technology and environmental requirements and changes to customer preferences, which may result in substantial capital expenditures. The Group's vessels are required to meet certain criteria for hull and machinery to be certified as "in class" by relevant classification societies. The Group has outsourced technical management for the fleet to OSM Ship Management Pte. Ltd. and Reederei F. Laeisz GmbH. The Group cooperates closely with the technical managers to ensure that the vessels are well maintained and comply with relevant regulations and class certifications.

The shipping industry has historically been cyclical with volatility in profitability and asset values, primarily due to changes in the level and pattern of global economic growth, competition and changes in the supply of and demand for vessel capacity. The Group's performance and growth depends on the demand for deep-sea transportation of vehicles, high and heavy machinery, agriculture and mining equipment, as well as delivery of new vessels and recycling of old vessels, converted to other uses or lost

The vessels carry pollutants, exposing the Group to risks relating to potential liability for breaches of environmental regulations should its vessels be involved in discharge of pollutants or otherwise be involved in environmental spills or accidents.

The Group has a few, major customers, and is dependent on maintaining existing relationships as well as attracting new customers with acceptable credit risk profiles to maintain and improve performance

From time to time, the vessels may operate in areas with higher political, governmental and economic instability, exposing the Group to risks associated with such instabilities, including lost revenue for a vessel that is unlawfully detained, detained on unjustified grounds or where facilitation payments are demanded for such detainment, as a vessel would commercially be considered off-hire pursuant to its time charter contract in such an event.

The Group may also be exposed to security risks and all charter contracts have clauses allowing for relevant measures to ensure the safety of crew and vessels. On 21 December, GCC notified charterers that its vessels are restricted from passing through the Red Sea after the Norwegian Maritime Authority raised the security level in the southern part of the Red Sea to the highest level.

Legal and financial risks

The Group is subject to the laws and legislations in the jurisdictions in which the Group and the vessels operate. Changes in the legislative framework for areas such as tax regulations, technical requirements, laws and policies affecting trade and investment, data privacy and/or environmental regulations may have a negative impact on the business

The recent developments in Europe, with sanctions imposed on Russian and Belarus' interests by the EU, the US and others, may continue to impact global trade, global markets, fuel and crude oil prices and congestions in ports. This may in turn negatively impact demand for vehicles and the supply chains for high and heavy machinery, agriculture and mining equipment, affecting the demand for the Group's services. The Group has implemented procedures to ensure its compliance with the sanctions. While the war in Ukraine has affected the Company's operations, the direct financial impact has been limited. GCC monitors the situation closely but cannot rule out potential future impacts from the war in Ukraine.

The Group is exposed to credit risks and contractual default by its counterparties. The customer base consists of relatively few companies, with varying credit risk profiles. The Group may also experience loss or liabilities tied to its operations and assets for which the Group is not adequately insured.

At 31 December 2023, all of the Group's material financing arrangements are subject to floating interest rates. Any changes in the interest rates have a direct impact on the Group's financial performance. Interest rate levels affect the daily time charter break even and may also indirectly affect the value of the Group's assets.

The Group is subject to covenants under financial arrangements. A breach of such covenants could have a material adverse effect on the Group's operations. At 31 December 2023, the Group complied with all financial covenants.

Events after the balance sheet date

On 8 January 2024, the Distribution vessel Viking Princess was delivered to the new owner. GCC realised a book gain of USD 5.4 million from the divestment, which will be recognised in first quarter 2024.

On 25 January, GCC repurchased the Panamax vessel Viking Adventure by exercising a purchase option under the existing lease. The leasing debt has been replaced by a new USD 41 million senior secured credit facility with a leading Japanese bank. The loan has a duration matching the vessels current charter ending in mid-2028 and a margin of SOFR +1.73.

On 6 February, the Company announced the sale of the Mid-size vessel Viking Amber (4,200 CEU, built 2010) for a total cash consideration of USD 64.6 million. GCC expects to recognise a net book gain of USD 36.6 million upon completion of the sale in the second quarter of 2024. The transaction is in line with GCC's strategy of creating additional value in a strong car shipping market with historically high charter rates and asset values. The sale frees up capital to strengthen the balance sheet and support quarterly dividend distributions.

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 near record revenue backlog and expectations for long-term stable earnings and cashflow going forward, supported by improved vessel financing terms. Combined with an 75% dividend pay-out ratio, this provides the foundation for continued attractive direct shareholder returns.

Oslo, 23 April 2024
Board of Directors and Chief Executive Officer, Gram Car Carriers ASA

/sign/
Ivar Myklebust
Chair of the Board

/sign/
Nikolaus H. Schües
Vice Chair of the Board

/sign/
Clivia Breuel
Board member

/sign/
Dr. Gaby Bornheim
Board member

/sign/
Alasdair Locke
Board member

/sign/
Christine Rødsæther
Board member

/sign/
Nils Kristoffer Gram
Board member

/sign/
Georg A. Whist
CEO

Corporate governance report

The Board of Directors (the "Board") of Gram Car Carriers ASA (the "Company" and together with its subsidiaries, the "Group") has made a firm commitment to ensure trust in the company and to enhance shareholder value through effective decision-making and improved communication between management, the Board and the Company's shareholders. The purpose of the Company's policy for corporate governance is to decrease business risk, maximise value and utilise the Company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees, the environment and the society as a whole.

1. Corporate Governance in Gram Car Carriers ASA

Corporate governance framework and reporting

The Board of Directors actively ensures that the Company adheres to good corporate governance standards and seeks to comply with the Norwegian Code of Practice for Corporate Governance (the "Corporate Governance Code"). The Corporate Governance Code, last revised on 14 October 2021, is available at the Norwegian Corporate Governance Committee's web site - www.nues.no. Application of the Corporate Governance Code is based on the "comply or explain" principle, which stipulates that any deviations from the Code, should be explained. The main purpose of the Corporate Governance Code is to clarify the respective roles of shareholders, the Board and the management and ensure effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other stakeholders concerned.

The Board of Directors adopted the Company's corporate governance policy on 3 November 2022, including revised rules of procedure for the Board, instructions for the audit committee, instructions for the remuneration committee, and manuals for the handling of inside information and other disclosure obligations applicable to companies with shares listed on the Oslo Stock Exchange. The policies, instructions and manuals are subject to regular review, and are updated if appropriate.

In accordance with reporting requirements for stock exchange listed companies, the Board of Directors prepares this report on the Company's corporate governance practices and how Gram Car Carriers has complied with the Corporate Governance Code in the preceding year. This report is included in the annual report.

Deviations to the Code

In its own assessment, the Company as at 31 December 2023 deviated from the Corporate Governance Code on the following points:

- Section 6 – General meetings: The general meeting is chaired by the chair of the Board or a person appointed by the chair in accordance with an authority granted by the Board. This simplifies the preparations for the general meetings. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory. Furthermore, representatives of the Board will attend the Company's general meetings. However, the Company will not normally have the entire Board attend general meetings, unless this is considered necessary in light of the matters to be dealt with.
- Section 7 – Nomination committee: A shareholder which owns more than 20% of the issued shares of the Company has a right to appoint one member of the Company's nomination committee

- Section 14 – Takeovers: The Board has not established guiding principles on how to act in the event of a takeover bid, as such situations are normally characterised by concrete and one-off situations which makes relevant guidelines challenging to prepare

The following sections discuss the Company's corporate governance in relation to each section of the Corporate Governance Code.

2. Business

The company's business is defined in the company's articles of association section 3):

"The company's objective is to operate shipping, to invest in ship owning companies and other business compatible therewith."

The Board has defined objectives, strategies and risk profiles for the Group's business activities, including that the Company creates value for its shareholders in a sustainable manner. The Company's objectives, strategies and risk profiles are evaluated annually. Furthermore, it is the Board's responsibility from time to time to identify and assess which aspects of sustainability are relevant to the Group's business. The Board should establish guidelines for how it integrates considerations related to its stakeholders into its value creation.

The Company's objectives and principal strategies are further described in the Company's annual reports and on the Company's website https://www.gramcar.com/.

3. Equity and dividends

Equity

On 31 December 2023, the company's consolidated equity was USD 290.7 million, which is equivalent to 46% of total assets. The Board of Directors considered the capital structure at year end to be satisfactory in relation to the company's objectives, strategy and risk profile.

Dividend policy

The Company's dividend policy is to pay at least 75% of the Group's net profit in dividends on a quarterly basis. Proposals to declare dividends are subject to applicable laws and shall take into account factors such as the Company's financial conditions, revenues, net profits, capital requirements, general business conditions and other factors that may be deemed relevant.

Dividends on the Company's shares shall, unless otherwise communicated, be declared in USD and settled in NOK.

For 2023, the Company distributed dividends in four instalments based on the quarterly financial results in line with policy. Each distribution, which constituted a repayment of the Company's paid-in capital, was approved by the annual general meeting (AGM). The distributions totalled USD 2.318 per share with payment of the dividend for fourth quarter taking place in February 2024.

Share capital increases and issuance of shares

At the AGM on 12 May 2023, the following authorisations were granted to the Board of Directors:

- An authorisation to increase the share capital, in one or more rounds, by up to NOK 17,071,516 in connection with completion of larger investments and acquisitions of vessels or companies as part of the Company's strategy, to finance future growth of the Company's business, or to strengthen the Company's capital. The authorisation is valid until the AGM in 2024, however in any event no later than until 30 June 2023. The authorisation was not used as at 31 December 2023.
- An authorisation to increase the share capital, in one or more rounds, by up to NOK 4,267,879 in connection with the Company's share option programme and other incentive schemes. The authorisation is valid until the AGM in 2024, however in any event no later than until 30 June 2024. The authorisation was not used as at 31 December 2023.
- An authorisation to acquire the Company's own shares, on one or more occasions, with a total par value of up to NOK 4,267,879. Shares acquired pursuant to this authorisation shall either be subsequently cancelled by way of a share capital decrease, used in connection with investment within the Company's business area or as settlement in potential acquisitions. The purchase price per share shall not be less than NOK 5 and not more than NOK 500. The authorisation is valid until the AGM in 2024, however in any event no later than until 30 June 2024. The authorisation comprises agreed pledge on the Company's own shares. The authorisation was partially used in 2023.

- An authorisation to acquire the Company's own shares, on one or more occasions, with a total par value of up to NOK 4,267,879. Shares acquired pursuant to this authorisation shall be used in connection with the Company's share option programme and other incentive schemes in the Company. The purchase price per share shall not be less than NOK 5 and not more than NOK 500. The authorisation is valid until the AGM in 2023, however in any event no later than until 30 June 2024. The authorisation comprises agreed pledge on the Company's own shares. The authorisation was partially used in 2023.

There was a separate vote on each of the four authorisations. For supplementary information, see notice and minutes of the AGM available from www.newsweb.no or the company's website.

4. Equal treatment of shareholders

The Company has one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently in the best common interest of the Company and its shareholders.

Pre-emption rights to subscribe

According to the Companies Act, the Company's shareholders have pre-emptive rights in share offerings against cash contribution. Such pre-emptive rights may, however, be set aside, either by the general meeting or by the Board if the general meeting has granted a Board authorisation which allows such deviation. Any resolution to set aside pre-emptive rights must be justifiable when taking into account the common interests of the Company and the shareholders, and such justification will be publicly accounted for through a stock exchange notice by the Company.

Trading in own shares

In the event of a future share buy-back programme, the Board will aim to ensure that all transactions pursuant to such programme will be carried out either through the trading system at the Oslo Stock Exchange or at prevailing prices at the Oslo Stock Exchange and in accordance with the Market Abuse Regulation. In the event of such programme, the Board will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

In May 2023, the Company initiated a share repurchase program in accordance with the Board authorisations granted by the 2022 and 2023 AGMs to give the board flexibility to use treasury shares as settlement under the Company's incentive schemes or to reduce the capital of the Company. Furthermore, shares acquired under the program may be used by the Company in connection with investment within the Company's business area or as settlement in potential acquisitions. A total of 300,000 shares were repurchased at an average price of NOK 169 per share.

5. Freely negotiable shares

The shares of the Company are freely transferable. There are no restrictions on transferability of shares pursuant to the Articles of Association.

6. General meetings

The Board shall ensure that as many of the Company's shareholders as possible are able to exercise their voting rights at the Company's general meetings, and that the general meeting is an effective forum for shareholders and the Board. Extraordinary general meetings (EGM) can be called by the Board of Directors if deemed necessary or be requested by the company's auditor or shareholders representing at least 5% of the company's share capital.

Notification

The Board of Directors ensures that the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting. The deadline for shareholders to give attendance notice is set as close to the date of the meeting as possible.

Participation and execution

Representatives of the Board will attend the Company's general meetings. However, the Company will not normally have the entire Board attend general meetings, unless this is considered necessary in light of the matters to be dealt with. This represents a deviation from the Corporate Governance Code which recommends that arrangements shall be made to ensure attendance by all Board members. The auditor attends the AGM and any EGM to the extent required by the agenda items or other relevant circumstances.

The Board and the chair of the general meeting ensure that the shareholders are able to vote separately on each candidate nominated for election to the Board and other corporate bodies (if applicable).

The general meeting is chaired by the chair of the Board or a person appointed by the chair in accordance with an authority granted by the Board. This simplifies the preparations for the general meetings. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory. However, this represents a deviation from the Corporate Governance Code which states that the Board should seek to ensure that an independent chair is appointed, if considered necessary based on the agenda items or other relevant circumstances.

The right to participate and vote at the general meeting may only be exercised by shareholders whose shareholdings are entered in the Norwegian Central Securities Depository (the "VPS"), on the fifth day prior to the general meeting, as stipulated by the Articles of Association in accordance with statutory law. Instead of participating at the general meeting, shareholders may vote in advance or grant a proxy, with or without voting instructions as further described in this notice.

On 2 March 2023, Gram Car Carriers held an EGM to approve the distribution of a cash dividend for the fourth quarter of 2023, with 58.13% of the share capital represented.

On 12 May 2023, Gram Car Carriers held its AGM digitally, with 62.36% of the share capital represented.

7. Nomination committee

The nomination committee is governed by the articles of association section 8. The nomination committee gives its recommendation to the general meeting on election of and compensation to members of the Board of Directors, in addition to election of members of the nomination committee. On 31 December 2023 the committee comprised three members: Erik A Lind (chair), Hannes Thiede and Olav Kristian Falnes. All are appointed until the AGM in 2025.

Two committee members were appointed by the general meeting, and one by F. Laeisz in accordance with the Articles of Association which states that a shareholder which owns more than 20% of the issued shares of the Company has a right to appoint one member of the committee. This deviates from the Corporate Governance Code that the general meeting should elect members to the Board and nomination committee on an individual basis. The deviation is considered necessary by the Board of Directors, as it was a condition for completion of the acquisition of two vessels from F. Laeisz in 2022 in a value accretive transaction deemed to be in the common interest of the Company and its shareholders.

The composition of the nomination committee is considered suitable to attend to the interests of the Company and its shareholders in carrying out its responsibilities. The general meeting stipulates the guidelines for the duties of the committee and determines the committees' remuneration. The current instructions were adopted on 17 January 2022 and approved by the AGM.

8. Board of Directors: composition and independence

Pursuant to the Articles of Association, the Board shall consist of between three and seven members. On 31 December 2023, the Board of Directors consisted of seven members plus an alternate member (see table below). The chairperson of the Board was elected by the general meeting.

The Board's composition ensures that it can attend to the common interests of all shareholders in the Company and meet the Company's need for expertise, capacity and diversity. Attention is paid to ensure that the Board can function effectively as a collegiate body.

The composition of the Board ensures that it can operate independently of any particular interests. The majority of the shareholder-elected Board members are independent of the management and material business contacts. At least two of the shareholder-elected Board members are independent of the Company's main shareholder(s). The Board does not comprise members from the management.

The board members are elected for a term of up to two years at a time and may be re-elected. At the AGM on 12 May 2023, Alasdair Locke, Dr. Gaby Bornheim and Christine Rødsæther were re-elected as Board members for the period until the AGM in 2025. The remaining members were re-elected at the AGM in 2023 for the period until the AGM in 2024. In 2023, the Board held 12 meetings. These were a combination of physical and Teams meetings as well as circulation of documents.

Go back

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2023	Shares in GCC (direct/ indirect) at 31 Dec 2023
Ivar Myklebust	Chair	Yes	2021	2024	92%	42,000
Nikolaus H. Schües	Vice Chair	No	2022	2024	100%	8,319,668
Alasdair Locke	Member	Yes	2021	2025	100%	2,038,782
Dr. Gaby Bornheim	Member	Yes	2022	2025	92%	N.A
Clivia Breuel [1]	Member	No	2022	2024	75%	3,632,2651
Christine Rødsæther	Member	Yes	2021	2025	83%	18,745
Nils Kristoffer Gram	Member	Yes	2021	2024	92%	4,000
Mr. Nicolaus Bunnemann [1]	Alternate member	No	2022	2024	33%	3,632,265

[1] The shares associated with Clivia Breuel and Nicolaus Bunnemann are the same, owned through AL Maritime Holding. As at the date of this report, neither Clivia Breuel nor Nicolaus Bunnemann are considered independent of main shareholders, as AL Maritime Holding currently owns more than 10% of the company's shares and votes. As an alternate member, N. Bunnemann is not expected to attend all board meetings

All members of the Board of Directors are considered independent of the Company's executive management and material business contacts as of 31 December 2023 with the exceptions of Nils Kristoffer Gram, who is not considered independent of the executive management member Harald Mathias Gram, and Nikolaus H. Schües, who is not considered independent of the Company's main shareholder, F. Laeisz GmbH. Dr. Gaby Bornheim was initially nominated to the Board by F. Laeisz GmbH in January 2022 but is considered independent of F. Laeisz GmbH.

The Company's annual report and the website provide information to illustrate the expertise of the members of the Board of Directors. The Board considers its composition to be diverse and represents required competencies including financial and industrial experience. Board members are encouraged to own shares in the Company.

9. The work of the Board of Directors

The rules of procedure for the Board of Directors

The Board of Directors is responsible for the overall management of the Company and supervises the company's day-to-day management and the Company's activities in general. The Companies Act regulates the duties and procedures of the Board. In addition, the Board has adopted supplementary rules of procedures providing further details on inter alia the duties of the Board and the chief executive officer (the "CEO"), the division of work between the Board and the CEO, notices of Board proceedings, administrative procedures, minutes, Board committees, transactions between the Company and the shareholders and related parties and matters or confidentiality.

The Board produces an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The CEO, as required by the Board, by attendance or in writing, informs the Board about the Company's activities, position and profit trend.

The Board's consideration of material matters in which the chair of the Board is, or has been, personally involved, shall be chaired by another Board member elected by the Board.

The Board evaluates its expertise and performance on an annual basis.

The following Board committees have been established to support the work of the Board of Directors:

The audit committee

The Company's audit committee is governed by the Companies Act and separate instructions adopted by the Board. A majority of the members are independent of the Company's business, and at least one member has qualifications within accounting or auditing. Board members who are also members of the management (if any) cannot be members of the audit committee. On 31 December 2023, the audit committee comprised Nils Kristoffer Gram (chair), Nikolaus H. Schües and Ivar Hansson Myklebust.

The audit committee assists the Board in the preparation of decisions on issues regarding risk assessment, internal controls, financial reporting and auditing. The purpose of the audit committee is to ensure:

Go back

- the integrity of the Company's financial statements, financial reporting processes, internal controls and risk assessment and risk management policies, and of the compliance system; and
- the performance of the Company's internal control function.

The audit committee reports and makes recommendations to the Board of Directors, which retains responsibility for implementing such recommendations.

The remuneration committee

The Company's remuneration committee assists the Board of Directors in matters relating to remuneration and benefits to the Company's executive personnel, as well as reviewing recruitment policies, career planning and management development plans, and prepares matters relating to other material employment issues in respect of the executive personnel. On 31 December 2023, the committee comprised Christine Rødsæther (chair), Alasdair Locke, Dr. Gaby Bornheim and Clivia Breuel.

The remuneration committee's duties shall be governed by separate instructions adopted by the Board.

The remuneration committee shall prepare, subject to approval by the Board and the general meeting as required under applicable law:

- a policy on determination of salaries and other remuneration for executive personnel in accordance with the Companies Act section 6-16 a;
- an annual report, to be controlled by the auditor, on salaries and other remuneration for executive personnel in accordance with the Companies Act section 6-16 b; and
- other matters relating to remuneration and other material employment issues in respect of the executive personnel.

The remuneration committee reports and makes recommendations to the Board of Directors, which retains responsibility for implementing such recommendations.

The ESG committee

In January 2024, the ESG Committee was established to assists the Board in discharging its responsibilities and duties related to material ESG matters, enhancing governance structures, ensuring oversight and driving strategic decisions aligned with the Company's sustainability objectives. Please see the separate ESG section of the annual report for more information.

10. Risk management and internal control

The Board gives priority to risk management and internal control, seeking to ensure that adequate systems are in place to cover interdependent areas which include risk management, control environment, control activities, information and communication and monitoring.

The management is responsible for establishing and maintaining sufficient internal control over financial reporting. Company-specific policies, standards and accounting principles have been developed for the annual and quarterly financial reporting of the Group. The CEO and the CFO supervise and oversee the external reporting and the internal reporting processes. This includes assessing financial reporting risks and internal controls over the financial reporting. The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the EU.

The Board seeks to ensure sound internal control and systems for risk management, including compliance to the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility. The Company's code of conduct describes the Company's ethical commitments and requirements related to business practice and personal conduct. If employees experience situations or matters that may be contrary to rules and regulations or the Company's code of conduct, they are urged to raise their concern with their immediate superior or another manager in the Company.

The Board of Directors assesses the company's risks on an ongoing basis. The Board undertakes an annual review of risks related to the Group's business together with the review of the annual financial statements. The audit committee assists the Board on an ongoing basis in monitoring the Company's system for risk management and internal control. In connection with the quarterly financial statements, the audit committee presents to the Board reviews and information regarding the Company's current business performance and risks.

Go back

11. Remuneration of the Board of Directors

The general meeting decides the remuneration of the Board, reflecting the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration is not linked to the Company's performance.

The annual report specifies all elements of the remuneration and benefits to each member of the Board, which includes a specification of any remuneration in addition to normal fees to the members of the Board. The policy on determination of salaries and other remuneration for executive personnel, includes principles on the renumeration to the Board. See the 2023 remuneration report for more information.

Members of the Board 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. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

12. Remuneration of the executive management

The Board of Directors has, with the assistance from the remuneration committee, prepared a guideline for the determination of salary and other remuneration for senior executives.

The guideline contributes to the Company's commercial strategy, long-term interests and financial viability in compliance with the regulation on guidelines and reports on remuneration for executive personnel. The guideline was approved by the AGM in 2023 and is available on the Company web page. It shall be approved by the AGM at least every fourth year. The Board, assisted by the remuneration committee, prepares a report on remuneration to executive personnel on an annual basis, in accordance with the Companies Act. The report is controlled by the auditor.

The remuneration committee is responsible that the Company's framework for salary and other remuneration helps ensure the executive personnel and shareholders of the Company have convergent interests. Any annual performance-related remuneration is subject to an absolute limit of 18 months' salary.

13. Information and communication

Gram Car Carriers seeks to comply with Oslo Børs' IR recommendation, last revised 1 March 2021. The Board has adopted an investor relations policy, which clarifies roles and responsibilities related to financial reporting and regulates contact with shareholders and the investor market. This policy is based upon the key principles of openness and equal treatment of market participants to ensure they receive correct, clear, relevant and up-to-date information in a timely manner. The IR policy is available from the company's website. In addition, the Board has adopted a separate manual on disclosure of information, which sets forth the company's disclosure obligations and procedures.

The Company publishes a financial calendar, providing an overview of the dates for major events such as its annual general meeting and publication of interim reports. Interim reports are published on a quarterly basis, in line with Oslo Børs' recommendations. In connection with the quarterly reporting, presentations are given to provide an overview of the operational and financial developments, market outlook and the company's prospects. All information distributed to the company's shareholders is published in English on the company's website at the same time as it is sent to Oslo Børs and www.newsweb.no.

14. Takeovers

In the event the Company becomes the subject of a takeover bid, the Board shall seek to ensure that the Company's shareholders are treated equally, and that the Company's business is not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess any such offer.

There are no defence mechanisms against takeover bids in the Articles of Association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. The Board has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterised by concrete and one-off situations which make a guideline challenging to prepare. In the event a takeover were to occur, the Board will consider the relevant recommendations in the Corporate Governance Code and observe the Norwegian takeover regime as stipulated by the Norwegian Securities Trading Act, and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

15. Auditor

The company's external auditor is BDO. The auditor is appointed by the general meeting and is independent of Gram Car Carriers ASA.

Each year, the company's auditor presents to the audit committee the audit plan of the Group, a review of the internal control procedures, including identified weaknesses and proposals for improvement, and a summary of the year-end audit. The auditor participates in Board meetings that deal with the annual accounts. At least once per year, the auditor meets with the Board without anyone from the executive management being present.

The remuneration to the auditor is approved by the AGM. Fees for audit work and any fees for other specific assignments are reported by the Board to the general meeting. For more information about remuneration to the auditor, see note 8 in the 2023 consolidated financial statements.

Shareholder information

Share price development

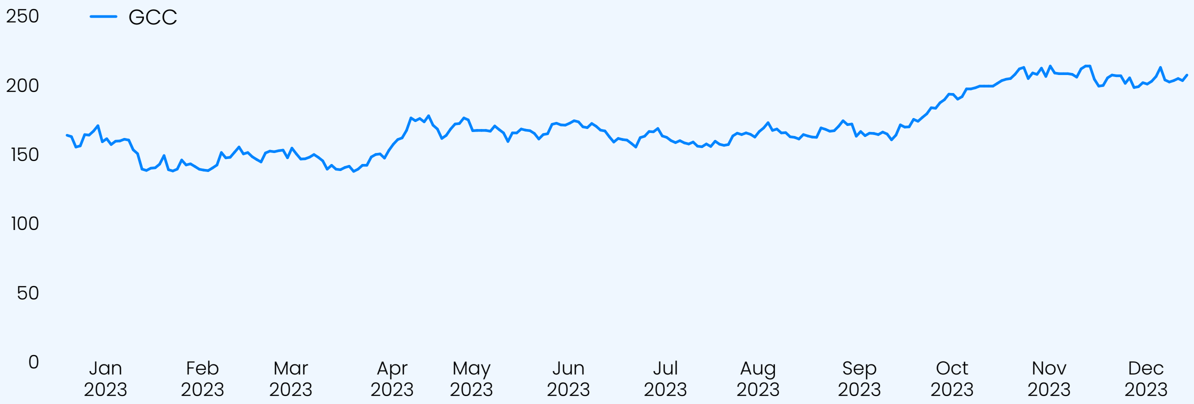
Gram Car Carriers ASA has one class of shares. There were 29,285,022 shares issued at the end of 2023, each with a nominal value of NOK 2.91. There were no new shares issued in 2023.

During the year, the Gram Car Carrier share traded between NOK 220 and NOK 135.2 per share and total traded volume amounted to 13.5 million shares, equal to approximately 46% of the shares outstanding.

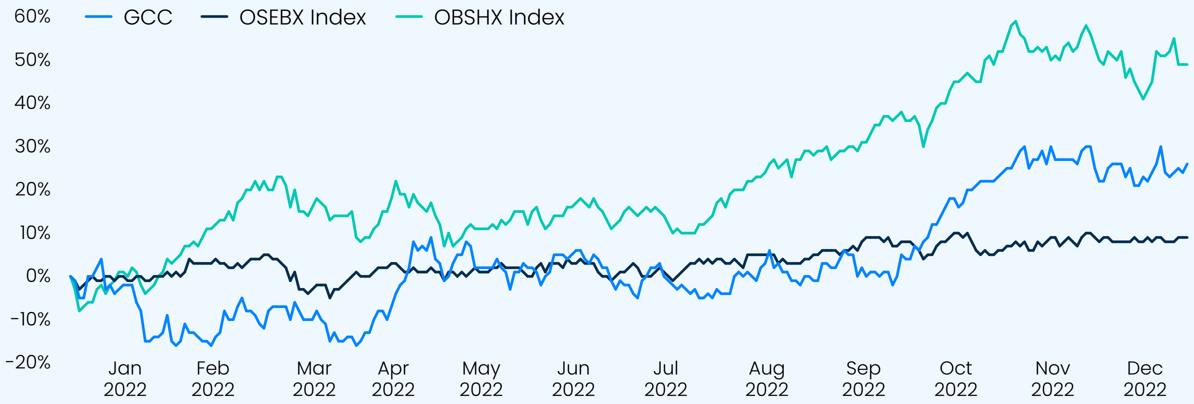
Major shareholders and voting rights

Gram Car Carrier ASA had 1,139 registered shareholders in the Norwegian Central Securities Depository (VPS) on 31 December 2023 (2022: 1,043), whereof the 20 largest shareholders owned 81.4% (76.7%). All the shares registered by name carry equal voting rights. The shares are freely negotiable.

Gram Car Carrier share price development [1]



Gram Car Carrier share price performance vs. OSEBX and OBSHX [1]



---

[1] Source: Euronext

Gram Car Carrier's 20 largest shareholders as at 31 December 2023

Shareholder	No of shares	In % of total
F. Laeisz GmbH	8,319,668	28.70%
AL Maritime Holding Pte. Ltd.	3,632,265	12.53%
Glenrinnes Farms Limited	2,038,782	7.03%
HM Gram Investments III Limited/ HM Gram Enterprises Limited/ HMG AS/ Harald Mathias Gram	1,792,845	6.19%
BNP Paribas (nominee)	992,700	3.42%
BNP Paribas (nominee)	766,003	2.64%
AS Straen	637,688	2.20%
UBS Switzerland AG	607,298	2.10%
Clearstream Banking S.A.	563,745	1.94%
BNP Paribas (nominee)	560,122	1.93%
Larsson Shipping AB	551,879	1.90%
Hamilton Carriers Ltd	499,638	1.72%
Intesa Sanpaolo S.p.A	468,150	1.62%
Nordea Bank Abp	445,468	1.54%
Citibank	425,810	1.47%
Verdipapirfondet DNB SMB	411,044	1.42%
Verdipapirfondet Storebrand Norge	294,935	1.02%
Surfside Holding AS	275,000	0.95%
Hesnes Invest AS	260,148	0.90%
Currus Navi AS	238,009	0.82%
Others	5,203,825	17.95%
Total (net of treasury shares)	**28,985,022**	**100.00%**
Gram Car Carriers ASA (treasury shares)	300,000	
Total	**29,285,022**	

An overview of the 20 largest shareholders is available on the Gram Car Carrier website, updated on a regular basis.

Corporate actions

Corporate action	Date
Completed share repurchase programme of 300,00 shares	15 Jun 23
GCC shares started trading on the OTCQX® Best Market, New York (Ticker: GCCRF)	22 Jun 23
Agreement to sell two Distribution vessels for a total cash consideration of USD 43.5 million	05 Jul 23
Assumed full ownership of the Mid-size vessel Mediterranean Sky through acquisition of 100% of the shares in the ship owning company Gram Car AS	05 Sep 23

Go back

Dividends and dividend policy

The Company's dividend policy is to pay at least 75% of the Group's net profit in dividends on a quarterly basis. However, any future proposal by the Board of Directors to declare dividends will be subject to applicable laws and will be dependent on a number of factors, including the Company's financial condition, a substantial increase in revenues compare to previous years, a positive net profit on a quarterly and annual basis, capital requirements, general business conditions and other factors that the Board of Directors may deem relevant. In addition, the Board of Directors will, when deciding the annual dividend levels, take into consideration capital expenditure plans, restrictions under the Group's debt facilities, financing requirements and maintaining the appropriate strategic flexibility[1].

Period	Dividend (USD/share)	Dividend (NOK/share)	Dividend (USD mill.)	Ex-dividend date	Record date	Payable date
Q4 2023	0.979	10.33	28.37	12 Feb 2024	13 Feb 2024	15 Feb 2024
Q3 2023	0.645	7.19	18.70	07 Nov 2023	08 Nov 2023	10 Nov 2023
Q2 2023	0.470	4.89	13.61	17 Aug 2023	18 Aug 2023	22 Aug 2023
Q1 2023	0.220	2.39	6.56	19 May 2023	22 May 2023	23 May 2023

Analyst coverage

Eight Norwegian and Nordic investment banks had active coverage of Gram Car Carriers ASA at the end of 2023, compared with six at the end of 2022. For contact details, please see the company website www.gramcar.com.

General meetings and Board authorisations

The 2023 AGM granted the Board of Directors the following authorisations:

1. The Board of Directors is authorised to increase the Company's share capital by up to NOK 17,071,516 Within this amount, the authorisation may be used one or several times

2. The Board of Directors is authorised to increase the Company's share capital in connection with the Company's incentive schemes by up to NOK 4,267,879. Within this amount, the authorisation may be used one or several times

3. The Board of Directors is authorised to acquire the Company's own shares, on one or more occasions, with an aggregate par value of up to NOK 4,267,879. The authorisation comprises agreed pledge on the Company's own shares

4. The Board of Directors is authorised to acquire the Company's own shares in connection with the Company's incentive schemes, on one or more occasions, with an aggregate par value of up to NOK 4,267,879. The authorisation comprises agreed pledge on the Company's own shares

Further information can be found in the minutes from the Annual general meeting, available from the Company's website www.gramcar.com.com and www.newsweb.no.

---

[1] Any proposal of dividends will be at the discretion of the Board of Directors, and there can be no assurance that in any given quarter or year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy. Dividends will be declared in USD and paid in NOK. Unless otherwise is determined by the Board of Directors, the distribution of a dividend shall constitute repayment of the Company's paid-in capital.

Financial calendar 2023

Event	Date
Interim report - Q1	24 Apr 2024
Annual general meeting	15 May 2024
Half-yearly interim report - Q2	20 Aug 2024
Interim report - Q3	13 Nov 2024

Please note that the financial calendar may be subject to changes.

IR Policy

Gram Car Carrier's IR policy can be found at www.gramcar.com.

Go back

Financial statements

Consolidated financial statements 66

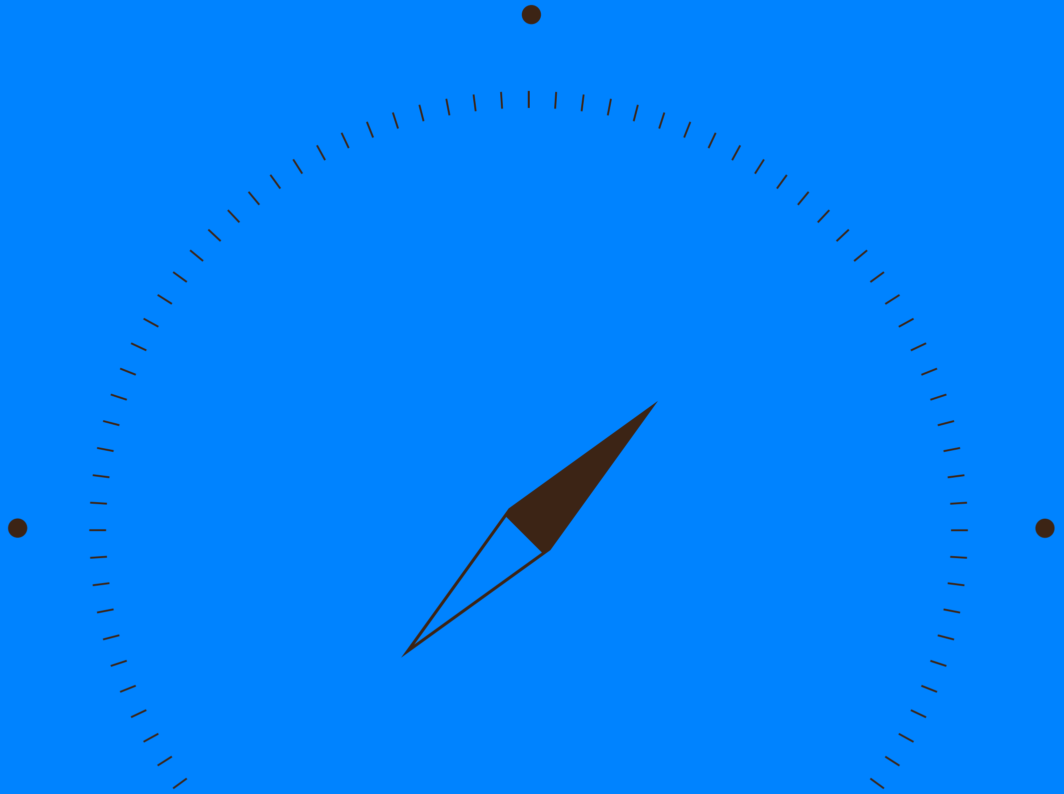
Notes to the Consolidated financial statements 71

Parent company financial statements 93

Notes to the Parent company financial statements 98

Responsibility statement 107

Auditor's report 108



Go back

Consolidated financial statements

Consolidated statement of income 67

Consolidated statement of comprehensive income 67

Consolidated statement of financial position 68

Consolidated statement of changes in equity 69

Consolidated statement of cash flows 70

Notes to the condensed interim consolidated financial statements (unaudited) 71

Note 01 General information 71
Note 02 Basis for preparation 71
Note 03 Material accounting policies 72
Note 04 Critical accounting judgements and key sources of estimation uncertainty 74
Note 05 Segment information 75
Note 06 Operating revenue 75
Note 07 Vessel operating expenses 76
Note 08 Administrative expenses 76
Note 09 Financial income and expenses 77
Note 10 Income tax 78
Note 11 Vessels and other tangible assets 79
Note 12 Right-of-use assets 80
Note 13 Trade and other receivables 81
Note 14 Cash and cash equivalents 81
Note 15 Interest-bearing debt 82
Note 16 Lease liabilities 83
Note 17 Trade and other payables 84
Note 18 Transactions with related parties 84
Note 19 Group companies 85
Note 20 Share capital and shareholders 86
Note 21 Earnings per share 88
Note 22 Share-based payments 89
Note 23 Financial instruments 90
Note 24 Financial risks and capital management 90
Note 25 Subsequent events 92

Consolidated statement of income

In USD thousands	Notes	2023	2022
Operating revenue	6	200,935	120,976
Vessel operating expenses	7	(47,960)	(41,385)
Administrative expenses	8	(10,268)	(8,995)
Operating profit before depreciation (EBITDA)		**142,707**	**70,596**
Gain from the sale of vessel	11	13,057	-
Depreciation	11, 12	(31,846)	(27,470)
Operating result (EBIT)		**123,917**	**43,126**
Financial income	9	1,856	1,113
Financial expenses	9	(31,732)	(20,362)
Profit before tax (EBT)		**94,041**	**23,877**
Income tax expense	10	(16)	-
Profit for the period		**94,025**	**23,877**
Attributable to:			
Equity holders of the parent company		94,025	23,877
Non-controlling interests		-	-
		94,025	**23,877**
Earnings per share (USD):			
Basic earnings per share	21	3.23	0.83
Diluted earnings per share	21	3.18	0.82

Consolidated statement of comprehensive income

In USD thousands	Notes	2023	2022
Profit for the period		94,025	23,877
Exchange differences on translation of foreign operations		94	(23)
Total comprehensive income		**94,119**	**23,854**
Attributable to:			
Equity holders of the parent company		94,119	23,854
Non-controlling interests		-	-

Go back

Consolidated statement of financial position

In USD thousands	Notes	31 Dec 2023	31 Dec 2022
Assets		**630,534**	**609,741**
Non-current assets		560,610	568,858
Vessels and other tangible assets	11	558,567	568,211
Right-of-use assets	12	1,534	141
Other non-current assets		509	506
Current assets		69,924	40,883
Inventories		2,176	2,088
Trade and other receivables	13	5,282	4,498
Cash and cash equivalents	14	59,481	30,287
Other current assets		2,984	4,010
Equity and liabilities		**630,534**	**609,741**
Equity	20	290,739	243,481
Non-current liabilities		253,267	297,045
Interest-bearing debt	15	252,010	297,045
Lease liabilities	16	1,257	-
Current liabilities		86,529	69,215
Interest-bearing debt	15	43,792	42,271
Lease liabilities	16	342	154
Trade and other payables	17	13,344	10,593
Deferred income	6	29,050	16,197

Oslo, 23 April 2024
Board of Directors and Chief Executive Officer, Gram Car Carriers ASA

/sign/
Ivar Myklebust
Chair of the Board

/sign/
Nikolaus H. Schües
Vice Chair of the Board

/sign/
Clivia Breuel
Board member

/sign/
Dr. Gaby Bornheim
Board member

/sign/
Alasdair Locke
Board member

/sign/
Christine Rødsæther
Board member

/sign/
Nils Kristoffer Gram
Board member

/sign/
Georg A. Whist
CEO

Go back

Consolidated statement of changes in equity

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	-	-	-	-	-	1,895	-	1,895
Treasury shares	(80)	-	(4,552)	-	-	-	-	(4,632)
Total comprehensive income for the period	-	-	-	94,025	94	-	-	94,119
Effect of liquidation Old Group	-	-	-	-	(478)	-	-	(478)
Dividend paid	-	(43,646)	-	-	-	-	-	(43,646)
Equity at 31 December 2023	**9,742**	**129,405**	**(4,552)**	**(48,792)**	**202,139**	**2,797**	**-**	**290,739**
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)
Equity at 31 December 2022	9,822	**173,051**	**-**	**(142,818)**	**202,522**	**902**	**-**	**243,481**

Consolidated statement of cash flows

In USD thousands	Note	2023	2022
Profit for the period		94,025	23,877
Financial (income)/ expenses		29,886	19,633
Depreciation	11, 12	31,846	27,470
Gain on disposal of vessel	11	(13,057)	-
Share-based expenses		1,895	902
Income tax expense		16	-
Cash flow from operating activities before changes in working capital		**144,611**	**71,882**
Changes in working capital:			
Trade and other receivables		(774)	(2,659)
Inventories		35	(350)
Other current assets		659	(2,987)
Trade and other payables		(488)	663
Deferred income		12,852	13,068
Cash flow from operating activities		156,895	79,617
Income tax paid		-	-
Net cash flow from operating activities		**156,895**	**79,617**

In USD thousands	Note	2023	2022
Investment in vessels and other tangible fixed assets	11	(9,962)	(61,940)
Proceeds from disposal of vessel	11	34,712	-
Investment in right-of-use assets		-	(1,080)
Investment in subsidiary		(22,187)	(347)
Cash flow from/ (used in) investing activities		**2,563**	**(63,368)**
Dividend paid		(43,646)	(7,042)
Proceeds from issue of shares	20	-	58,822
Purchase of treasury shares		(4,632)	-
Proceeds from issue of debt	11, 15	50,000	311,164
Proceeds from sale-lease-back financing		-	68,313
Repayment of debt	15	(92,411)	(353,116)
Proceeds/(repayment) of revolving credit facilities	15	(15,000)	(15,000)
Repayment of lease liability		(295)	(47,226)
Interest paid on interest-bearing debt		(24,443)	(18,760)
Interest paid on lease liabilities		(73)	(27)
Other financial items		236	949
Cash flow used in financing activities		**(130,264)**	**(1,923)**
Net change in cash and cash equivalents		29,194	14,327
Cash and cash equivalents at beginning of period	14	30,287	15,960
Cash and cash equivalents at end of period		**59,481**	**30,287**

Notes to the condensed interim consolidated financial statements (unaudited)

Note 01 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 Bryggegata 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 31 December 2023 the Group operates 19 PCTC vessels, of which 18 are owned vessels and one is leased vessels.

Note 02 Basis for preparation

The consolidated financial statements for the period 1 January 2023 – 31 December 2023 are prepared in accordance with IFRS® Accounting Standards as adopted by the Euopean Union.

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

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 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. Effective from 1 January 2023, the Group has adopted amendments to IAS 1 with regard to disclosure of accounting policies by replacing all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other event or conditions is itself material.

None of the other amendments have had any effect on the 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. At the date of the approval of these financial statements, the Group has not identified significant impact to the Group's financial statements as a result of new standards or amendments effective 2024 or later.

Note 03 Material accounting policies

Consolidation

The consolidated financial statements comprise of the financial statements of Gram Car Carriers ASA and its subsidiaries as at 31 December 2023. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated. Subsidiaries are all companies where the Group has a controlling interest. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The financial statements of the subsidiaries are prepared for the same accounting period as the Company, using consistent accounting principles for similar transactions and events under otherwise similar circumstances.

Revenue recognition

Time charter revenue generated from time charter parties with customers are accounted for in accordance with IFRS 16 and IFRS 15 and classified under operating revenue in the income statement net of commissions. The Group's time charter parties normally have a duration of six months to five years and a significant portion of the risks and rewards of ownership are retained by the lessor, hence the lease is classified as operating lease.

Time charter revenue is recognised in the income statement on a straight-line basis over the period of the time charter contract. Amount received in advance and unearned at the end of the reporting period is not recognised in the income statement and instead taken up as deferred revenue in the statement of financial position.

Operating expenses

Operating expenses are accounted for on an accrual basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment which are capitalised as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Vessel operating expenses of the Group are expenses related to the operation of vessels, such as (but not limited to) crewing expenses, expenses for repair and maintenance, lubrication oil consumption and insurance.

Financial income and expenses

Interest income and expense is recognised as accrued and is presented under the financial income or expense in the income statement.

Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the functional currency rate prevailing at the balance sheet date. Exchange differences arising from translations into functional currency are recorded in the income statement. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated into the functional currency using the historical exchange rate. Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate on the date of the determination of the fair value.

For subsidiaries with functional currencies other than USD, financial position items are translated at the rate of exchange at the balance sheet date, and income statements are translated at the exchange rate prevailing at the date of the transaction. Exchange differences arising on the translation are recognised in other comprehensive income as foreign currency differences.

Vessels and other tangible assets

Tangible fixed assets are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include expenditures that are directly attributable to the acquisition of the vessels and eligible for capitalisation. Upon acquisition, each component of the vessels, with a cost significant to the total acquisition costs, is separately identified and depreciated over that component's useful life on a straight-line basis.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, taking residual values into consideration, and adjusted for impairment charges, if any. The estimated useful life of the Group's vessels is 30 years. Residual values of the vessels are estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton. Expected useful lives of assets, and residual values, are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation calculations are altered accordingly.

Ordinary repairs and maintenance expenses are charged to the income statement as incurred. Costs related to dry-docking or other major overhauls are recognised in the carrying amount of the vessels. The recognition is made when the dry-docking has been performed and is depreciated based on estimated time to the next class renewal which is normally five years. The remaining costs that do not meet the recognition criteria are expensed as repairs and maintenance.

Vessels and other tangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

Impairment of vessels and other tangible assets

Vessels and other tangible assets are assessed for impairment indicators each reporting period. If impairment indicators are identified, the recoverable amount is estimated, and if the carrying amount exceeds its recoverable amount an impairment loss is recognised, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the net realisable value and its value in use. The net realisable value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of sale and the value in use is the present value of estimated future cash flows expected from the continued use of an asset. An impairment loss recognised in prior periods for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less.

Share issuance

Share issuance costs related to a share issuance transaction are recognised directly in equity. If share issuance costs, for tax purposes, can be deducted from other taxable income in the same period as they are incurred, the costs are recognised net after tax.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic earnings per share are calculated by dividing the profit for the reporting period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Dividends

Dividends are recognised as a liability in the Group's financial statements from the date when the dividend is approved by the General Meeting.

Financial liabilities

All loans and borrowings are initially measured at fair value less directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest method. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Taxes

The Company is subject to ordinary Norwegian taxation. Tax expense comprises tax payable and deferred tax expense. Tax payable is measured at the amount expected to be paid to authorities while deferred tax assets/liabilities are calculated based on temporary differences at the reporting date. Deferred tax assets are recognised to the extent that it is probable that they can be utilised in the future. Deferred tax liabilities/deferred tax assets within the same tax system that can be offset are recorded on a net basis. Income tax relating to items recognised directly in equity is included directly in equity and not in the statement of income.

The vessel owning subsidiaries in the Group are subject to taxation under the Norwegian tonnage tax regime. Under the tonnage tax regime, profit from operations is exempt from taxes. Taxable profit is calculated on the basis of financial income after deduction of a portion of financial expenses. The portion is calculated as financial assets in percent of total assets. Tonnage tax is payable based on the net tonnage of vessels. Tonnage tax is classified as an operating expense.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Related party transactions are recorded to estimated fair value.

Share-based employee incentive programs

Incentive programs involving transactions which meets the definition of an equity settled share-based payment transaction are calculated at fair value at the time they are granted and charged to personnel expenses over the vesting period with a corresponding increase in equity. Fair value is estimated using the Black-Scholes option pricing model for each tranche with share price, strike, duration, expected volatility and risk-free interest as the input parameters in the model. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Social security is provided for based on the fair value at each reporting date.

Statement of cash flows

The statement of cash flows has been prepared based on the indirect method.

Note 04 Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements for the Group and application of the accounting policies, which are described in Note 3, 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.

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 05 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 three customers of the Group represent 26%, 11.9% and 9.6% of the Group's total time charter revenue during the 12-months' period ended 31 December 2023 (2022: 14.7%, 14.3% and 9.2%). 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	2023	2022
Asia	117,638	81,656
Europe	59,978	26,874
Other	26,595	11,951
Total time charter revenue	**204,211**	**120,481**

Note 06 Operating revenue

In USD thousands	2023	2022
Time charter revenue	204,211	120,481
Time charter hire commissions	(3,383)	(2,271)
Management fees and time charter hire commissions	212	1,336
Other income	(105)	1,430
Total operating revenue	**200,935**	**120,976**

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.

Deferred income of USD 29,050,000 at 31 December 2023 comprises advance payments from customers (31 December 2022: USD 16,197,000).

Negative other income of USD 105,000 in 2023 comprises mainly the over provision of receivable under loss of hire insurance in 2022.

Other income of USD 1,430,000 in 2022 includes a USD 930,000 receivable under loss of hire insurance and USD 500,000 dividend from Gram Car AS.

Contracted revenue from time charter parties entered into with charterers as at 31 December 2023 are as set out below:

In USD thousands	< 1 year	1-3 years	4-5 years	> 5year	Total
Time charter revenue	231,504	395,336	222,567	1,495	850,902

Contracted revenues from time charter parties entered into with charterers as at 31 December 2021 are as set out below, based on earlier redelivery dates under the respective charterparties:

In USD thousands	< 1 year	1-3 years	4-5 years	> 5year	Total
Time charter revenue	187,880	352,951	274,819	40,776	856,427

Note 07 Vessel operating expenses

Vessel operating expenses comprise of the following:

In USD thousands	2023	2022
Manning	22,632	20,852
Lubrication oil	2,277	2,194
Repair and maintenance	2,847	2,047
Spare parts	5,993	4,278
Insurance	2,858	2,351
Others	11,354	9,663
Total vessel operating expenses	**47,960**	**41,385**

All crew onboard the Group's vessels are employed by third party crewing agents.

Note 08 Administrative expenses

Administrative expenses comprise of the following:

In USD thousands	2023	2022
Personnel expenses	7,518	5,672
Legal fees	320	983
Audit fees – audit	176	212
Audit fees – non-audit	16	38
Other professional fees	670	719
Other administrative expenses	1,568	1,371
Total administrative expenses	**10,268**	**8,995**

At 31 December 2023 the Group had 18 employees (31 December 2022: 17). Average number of employees during the 12-months' period ending 31 December 2023 was 17 (2022: 15).

Other administrative expenses include remuneration to the Board of Directors amounting to USD 323,000 (2022: USD 367,000).

Personnel expenses comprise of the following:

In USD thousands	2023	2022
Salaries	2,123	2,020
Payroll taxes	1,498	686
Bonuses	1,733	1,817
Pensions	136	128
Share-based payment expense (note 22)	1,895	902
Other personnel expenses	133	119
Total	**7,518**	**5,672**

The Group has defined contribution plans for all employees in accordance with mandatory occupational pension requirements.

Loans to employees

At 31 December 2022, the Group had provided unsecured loans to employees of NOK 2,103,000. The interest is as per the normal interest rate for the taxation of low-cost loans set by the Norwegian Directorate of Taxes. At 31 December 2023 loans had been fully repaid.

Management remuneration

Details about management remuneration are included in the 2023 remuneration report.

Bonuses and severance pay

Details about bonus schemes and severance pay for management are included in the 2023 remuneration report.

Remuneration to Board of Directors

Details about remuneration to Board of Directors of Gram Car Carriers ASA are included in the 2023 remuneration report.

Share-based payment

The Company has in place a long-term incentive programme for all employees and share option incentive plan for senior executives. Further details about these incentive programs are presented in note 22.

Note 09 Financial income and expenses

Financial income and expenses comprise of the following:

In USD thousands	2023	2022
Interest income	1,303	457
Other financial income	553	656
Total financial income	**1,856**	**1,113**
Interest expense	(27,308)	(18,522)
Other financial expenses	(4,425)	(1,841)
Total financial expenses	**(31,732)**	**(20,362)**

Note 10 Income tax

The Company and its subsidiary Gram Car Carriers Management AS are subject to ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22% for 2023 (2022: 22%).

The Group's vessels are owned by subsidiaries which are subject to Norwegian tonnage tax. Subsidiaries subject to Norwegian tonnage tax are exempt from ordinary tax on income derived from the operation of vessels in international waters and instead subject to a tonnage tax based on the vessels' net tonnage. Tonnage tax amounted to USD 135,000 in 2023 (2022: USD 120,000), and is recognised under vessel operating expenses.

Income tax expenses in the financial statement comprises of the following:

In USD thousands	2023	2022
Tax expense	(16)	-
Total	**(16)**	**-**

Reconciliation of income tax expense:

In USD thousands	2023	2022
Profit before tax (EBIT)	94,041	23,877
Expected tax at ordinary Norwegian tax rate (22%)	(20,689)	(5,253)
Recognised income tax expense	-	-
Difference between expected and recognised income tax expense	**(20,689)**	**(5,253)**

Difference between expected and recognised income tax expense is due to:

In USD thousands	2023	2022
Deferred tax asset not recognised	556	1,847
Effect of tonnage tax regime	(21,229)	(7,100)
Difference between expected and recognised income tax expense	**(20,673)**	**(5,253)**

Temporary differences:

In USD thousands	2023	2022
Losses carried forward (tonnage tax regime)	(21,695)	(14,546)
Exchange gain debt (tonnage tax regime)	339	-
Amortised debt issuance cost (tonnage tax regime)	4,925	5,749
Losses carried forward	(11,471)	(9,027)
Share-based payments	(1,299)	(1,182)
Other	29	(3)
Net temporary differences	**(29,172)**	**(19,009)**
Net deferred tax asset, 22% tonnage tax regime	**3,615**	**1,935**
Net deferred tax asset, 22%	**2,803**	**2,247**

Utilisation of the tax loss will depend on future taxable income, and in the absence of convincing evidence of such income materialising the criteria for recognising the tax loss carried forward as a deferred tax asset has not been met.

Note 11 Vessels and other tangible assets

Details of the Group's vessels and other tangible assets at 31 December 2023 are as follows:

In USD thousands	Vessels	Equipment	Total
Acquisition cost at 1 January 2023	857,279	39	857,318
Additions – Drydocking	2,735	-	2,735
Additions – Technical upgrade	7,035	-	7,035
Additions – Vessel through acquisition	33,548	-	33,548
Additions	-	192	192
Disposal of vessel	(44,973)	-	(44,973)
Acquisition cost 31 December 2023	**855,625**	**231**	**855,855**
Acc. depreciation and impairment at 1 January 2023	(289,092)	(15)	(289,107)
Depreciation for the period	(31,483)	(16)	(31,499)
Disposal of vessel	23,318	-	23,318
Acc. depreciation and impairment at 31 December 2023	**(297,257)**	**(31)**	**(297,288)**
Carrying amount at 31 December 2023	**558,367**	**200**	**558,567**
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 and impairment at 1 January 2022	(274,630)	(6)	(274,636)
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)**
Carrying amount at 31 December 2022	**568,187**	**24**	**568,211**

As at 31 December 2023, the Group operated 19 PCTC vessels.

In October, the Group sold the PCTC vessel Viking Constanza for USD 35,000,000, recognising a gain of USD 13,057,000.

Vessels include dry-docking and technical upgrades. At 31 December 2023, the carrying amount for dry-docking was USD 11,788,000 (31 December 2022: USD 13,177,000).

At 31 December 2023, vessels with carrying value of USD 558,367,000 have been pledged to secure the various credit facilities (31 December 2022: USD 568,187,000), ref note 15.

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 31 December 2023 no such indicators have been identified.

Note 12 Right-of-use assets

Details of the Group's right-of-use assets at 31 December 2023 are as follows:

In USD thousands	Vessels	Office premises	Total
Acquisition cost at 1 January 2023	-	1,294	1,294
Additions	-	1,741	1,741
Disposal (end of lease)	-	(1,294)	(1,294)
Acquisition cost 31 December 2023	**-**	**1,741**	**1,741**
Acc. depreciation and impairment at 1 January 2023	-	(1,153)	(1,153)
Depreciation for the period	-	(347)	(347)
Disposal (end of lease)	-	1,294	1,294
Acc. depreciation and impairment at 31 December 2023	**-**	**(206)**	**(206)**
Carrying amount at 31 December 2023	**-**	**1,534**	**1,534**
Acquisition cost at 1 January 2022	77,113	1,537	78,650
Additions – Drydocking	948	-	948
Additions – Technical upgrade	22	-	22
Additions – Transaction costs	107	-	107
Additions – Office premises	-	2	2
Disposals – Right-of-use assets	(78,191)	(244)	(78,435)
Acquisition cost 31 December 2022	**-**	**1,294**	**1,294**
Acc. Depreciation and impairment at 1 January 2022	(14,743)	(1,036)	(15,779)
Depreciation for the period	(1,846)	(341)	(2,188)
Disposals	16,589	223	16,813
Acc. depreciation and impairment at 31 December 2022	**-**	**(1,153)**	**(1,153)**
Carrying amount at 31 December 2022	**-**	**141**	**141**

In April 2022, the Group completed a refinancing of a lease for the PCTC vessel Viking Drive, whereby the Group exercised a purchase option under the lease agreement and entered into a USD 15 million senior secured credit facility agreement to finance this vessel and also the PCTC vessel Viking Princess. The Viking Drive has hence been reclassified from Right-of-use assets to Vessels and other tangible assets during the 12-months' period ending 31 December 2022.

In August 2022 the Group completed a refinancing of a lease for the PCTC vessel Viking Destiny, whereby the Group exercised a purchase option under the lease agreement and entered into a USD 40 million accordion term loan under the existing senior secured credit facility agreement to finance the vessel. The vessel has hence been reclassified from Right-of-use assets to Vessels and other tangible assets during the 12-months' period ending 31 December 2022.

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 31 December 2023 no such indicators have been identified.

Note 13 Trade and other receivables

In USD thousands	2023	2022
Trade receivables	835	436
Tax receivables	90	829
Other receivables	4,357	3,232
Total trade and other receivables	**5,282**	**4,498**

Other receivables of USD 4,357,000 as per 31 December 2023 (2022: USD 3,232,000) include expected proceeds related to claims under the Group's marine insurance policies.

Note 14 Cash and cash equivalents

In USD thousands	2023	2022
Bank deposits (USD)	57,141	27,823
Bank deposits (NOK)	2,054	1,222
Bank deposits (NOK) – Restricted (employee withholding tax account)	102	1,048
Bank deposits (SGD)	17	53
Bank deposits (EUR)	29	74
Cash	139	67
Total cash and cash equivalents	**59,481**	**30,287**

Note 15 Interest-bearing debt

In USD thousands	2023	2022
Interest-bearing debt – non-current	257,616	303,372
Amortised debt issuance costs	(5,606)	(6,327)
Total non-current interest-bearing debt	252,010	297,045
Interest-bearing debt - current	43,792	42,271
Total interest-bearing debt	**295,802**	**339,316**

Details of the Group's interest-bearing debt at 31 December 2023 are as follows:

USD thousands	Currency	Facility amount	Margin	Maturity	Out-standing
USD 332 million senior secured credit facility	USD	332,000	SOFR +2.40%	Jan 2027	228,963
USD 15 million senior secured credit facility (Viking Drive/Viking Princess)	USD	15,000	SOFR +4.20%	Apr 2025	7,835
USD 35 million senior secured credit facility (Viking Bravery)	USD	35,000	SOFR +1.65%	Jul 2028	35,000
Lease (Viking Adventure)	USD	70,000	SOFR +4.26%	Jan 2030	29,610
					301,408
Amortised debt issuance costs					(5,606)
Total interest-bearing debt at 31 December 2023					**295,802**

In October 2023, the Group sold the PCTC vessel Viking Constanza and made a partial repayment under the USD 302 million senior secured credit facility.

In December 2023, the Group completed a refinancing of the PCTC vessel Viking Bravery, whereby the Group exercised a purchase option under the lease agreement and entered into a USD 35 million senior secured credit facility agreement to finance the vessel.

During December 2023, the Group also completed a refinancing of the PCTC vessel Mediterranean Sea, whereby the Group fully repaid the existing debt and entered into a new USD 30 million accordion option under the existing USD 302 million senior secured credit facility comprising of a 15 million term loan facility and USD 15 million revolving credit facility.

Following the partial repayment and accordion option referred to above the USD 332 million senior secured credit facility includes revolving credit facilities of USD 110.7 million. At 31 December 2023 USD 41.6 million of the revolving credit facilities were undrawn (31 December 2022: USD 15 million).

In 2023, the Group transitioned from a fixed interest margin on the USD 332 million senior secured credit facility to pricing based on a net interest-bearing debt (NIBD)/EBITDA grid. NIBD/EBITDA at 31 December 2023 was 1.7, 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%.

As at 31 December 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).

Details of the Group's contractual maturities of interest-bearing debt on a non-discounted basis as at 31 December 2023 are as follows:

USD thousands	Due within 12 months	1-3 years	4-5 years	>5 years	Total
Interest-bearing debt	43,792	217,440	28,191	11,985	301,408

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

USD thousands	Currency	Facility amount	Margin	Maturity	Outstanding
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
					345,643
Amortised debt issuance costs					(6,327)
Total interest-bearing debt at 31 December 2022					**339,316**

Details of the Group's contractual maturities of interest-bearing debt on a non-discounted basis as at 31 December 2023 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 twelve-months' period ending 31 December 2023 and 12-months' period ending 31 December 2022:

USD thousands	2023	2022
Interest-bearing debt (current and non-current) at beginning of period	339,316	326,760
Repayment of debt	(105,736)	(368,116)
Issuance of new debt	50,000	387,000
Debt issuance costs	(1,675)	(7,523)
Loan through acquisition	11,318	-
Non-cash amortisation of debt issuance costs	2,578	1,196
Interest-bearing debt (current and non-current) at end of period	**295,802**	**339,316**

Note 16 Lease liabilities

Lease liabilities amounting to USD 1,599,000 at 31 December 2023 (31 December 2022: USD 154,000) comprise of lease liabilities relating to the office premises in Oslo and Singapore, all of which are current and due within 12-month.

Reconciliation of movements in Group's lease liabilities for the twelve-months' period ending 31 December 2023 and 12-months' period ending 31 December 2022:

USD thousands	2023	2022
Lease liabilities (current and non-current) at beginning of period	154	47,379
Repayment of lease liabilities	(295)	(47,226)
Additions	1,740	-
Lease liabilities (current and non-current) at end of period	**1,599**	**154**

Note 17 Trade and other payables

In USD thousands	2023	2022
Trade payables	1,553	1,448
Accrued interest	3,687	1,087
Accrued expenses	6,434	6,000
Other payables	1,670	2,058
Total trade and other payables	**13,344**	**10,593**

Note 18 Transactions with related parties

The Group has entered into technical ship management agreements with Reederei F. Laeisz G.m.b.H. under which the Group purchases technical ship management services for three PCTC vessels. Reederei F. Laeisz G.m.b.H. is a company controlled by the vice chair of the Board, Nikolaus H. Schües and family.

The Group makes use of commercial brokerage services from Martini Dry Chartering GmbH & Co. KG for which the Group pays charter hire commissions. Martini Dry Chartering GmbH & Co. KG is a Company controlled by the vice chair of the Board, Nikolaus H. Schües and family.

In consideration for acting as commercial adviser for Global Auto Carriers AS and its subsidiaries (GAC) in connection with four newbuilds ordered by GAC, the Group will receive commissions equal to 1% of the gross contract price for the vessels. Global Auto Carriers AS is controlled by shareholders of GCC and therefore considered a related party.

The Group has entered into a trademark license agreement with P D Gram & Co AS for the Group's use of the "Gram" wordmark, name and figurative mark. P D Gram & Co AS, a company controlled by the Gram family, hereunder Head of Projects Harald Mathias Gram, Board Member Nils Kristoffer Gram and the Group's founder Peter D. Gram.

Details of the Group's transactions with related parties are as follows:

In USD thousands	Related party	2023	2022
Technical ship management fees	Reederei F. Laeisz GmbH	(641)	(343)
Charter hire commissions	Martini Dry Chartering GmbH	(429)	(187)
Commissions	Global Auto Carriers Group	-	341
Corporate and administrative services fee	Global Auto Carriers Group	38	30
Trademark license	P D Gram & Co AS	(200)	(206)

All related party transactions are carried out at market terms.

Note 19 Group companies

Overwiew of the Company’s subsidiaries as listed below:

Name of company	Principal Activities	Place of business/incorporation	Ownership
Gram Car Carriers Shipowning AS	Shipowning	Norway	100%
Gram Car Carriers Shipowning 2 AS	Dormant	Norway	100%
Gram Car Carriers Shipowning 3 AS	Shipowning	Norway	100%
(formerly Gram Car Carriers Leasing 1 AS)	Shipowning	Norway	100%
Gram Car Carriers Shipowning 4 AS	Shipowning	Norway	100%
Gram Car Carriers Leasing 3 AS	Shipowning	Norway	100%
Gram Car Carriers Invest AS	Investment holding	Norway	100%
Gram Car AS	Dormant	Norway	100%
Mediterranean Sea AS	Dormant	Norway	100%
Gram Car Carriers Management AS	Management	Norway	100%
Gram Car Carriers Services Pte. Ltd.	Management	Singapore	100%

The subsidiary Gram Car Carriers Leasing 2 AS was liquidated in 2023. During 2023, the Group increased the ownership in affiliate Gram Car AS from 1% to 100%. At 31 December 2023, Gram Car AS and its subsidiary Mediterranean Sea AS are under voluntary liquidation after all assets have been transferred to other Group companies.

Note 20 Share capital and shareholders

In USD thousands	No. of shares	Share capital
1 January 2023	29,285,022	9,822
31 December 2023	**29,285,022**	**9,822**
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
31 December 2022	**29,285,022**	**9,822**

At 31 December 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 31 December 2023 the Company held 300,000 treasury shares, all of which were acquired in 2023.

In 2023 total distributions to shareholders amounted to NOK 471,379,000. An additional distribution to shareholders amounting to NOK 299,415,000 was approved by the Board of Directors on 7 February 2023.

Largest shareholders at 31 December 2023 are set out below:

Shareholder	No of shares	In % of total
F. Laeisz GmbH	8,319,668	28.70%
AL Maritime Holding Pte. Ltd.	3,632,265	12.53%
Glenrinnes Farms Limited	2,038,782	7.03%
HM Gram Investments III Limited/HM Gram Enterprises Limited/ HMG AS/ Harald Mathias Gram	1,792,845	6.19%
BNP Paribas (nominee)	992,700	3.42%
BNP Paribas (nominee)	766,003	2.64%
AS Straen	637,688	2.20%
UBS Switzerland AG	607,298	2.10%
Clearstream Banking S.A.	563,745	1.94%
BNP Paribas (nominee)	560,122	1.93%
Larsson Shipping AB	551,879	1.90%
Hamilton Carriers Ltd	499,638	1.72%
Intesa Sanpaolo S.p.A	468,150	1.62%
Nordea Bank Abp	445,468	1.54%
Citibank	425,810	1.47%
Verdipapirfondet DNB SMB	411,044	1.42%
Verdipapirfondet Storebrand Norge	294,935	1.02%
Surfside Holding AS	275,000	0.95%
Hesnes Invest AS	260,148	0.90%
Currus Navi AS	238,009	0.82%
Others	5,203,825	17.95%
Total (net of treasury shares)	**28,985,022**	**100.00%**
Gram Car Carriers ASA (treasury shares)	300,000	
Total	**29,285,022**	

Management and Board Members' shareholdings in the Company are set out below:

Name	Position	Held through	No of shares	In % of total[1]
Georg A. Whist	Chief Executive Officer	Currus Navi AS	238,009	0.82%
Gunnar Koløen	Chief Financial Officer		27,500	0.09%
Børre Mathisen	Chief Operating Officer		27,035	0.09%
Harald Mathias Gram	Head of Projects and IR	HM Gram Investments III Limited/HM Gram Enterprises Limited/HMG AS	1,792,845	6.19%
Ivar Hansson Myklebust	Chair of the Board	H & M Hinderaker & Myklebust AS	42,000	0.14%
Nikolaus H. Schües	Vice Chair	F. Laeisz GmbH	8,319,668	28.70%
Alasdair James Dougall Locke	Board Member	Glenrinnes Farms Limited	2,038,782	7.03%
Christine Rødsæther	Board Member		18,745	0.06%
Nils Kristoffer Gram	Board Member		3,000	0.01%
Clivia Catharina Breuel	Board Member	AL Maritime Holding Pte. Ltd.	3,632,265	12.53%
Total			**16,139,849**	**55.68%**

[1] As a proportion of total shares outstanding net of 300,000 treasury shares as at 31 December 2023 (28,985,022 shares).

Note 21 Earnings per share

USD thousands	2023	2022
Earnings:		
Earnings for the purpose of basic earnings per share being profit for the period attributable to the equity holders of the parents company	94,025	23,877
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per shares	29,285,022	28,772,725
Effect of dilutive potential shares:		
Treasury shares (300,000 shares acquired during 2023)	(179,981)	-
Long-term incentive program (maximum 416,718 matching shares, ref note 22)	392,956	326,575
Share option Incentive plan (800,000 share options, ref note 22)	390,518	79,337
Weighted average number of shares for the purpose of diluted earnings per share	**29,588,515**	**29,178,637**
Earnings per share (USD)		
Basic earnings per share	**3.23**	**0.83**
Diluted earnings per share	**3.18**	**0.82**

Note 22 Share-based payments

The Group has two long-term incentive programmes for employees involving share-based compensation.

Long-term incentive program

In 2022, a long-term incentive program for all employees of the Group was introduced. In 2023, the program was expanded. The purpose of the long-term incentive program is to increase the employees' ownership in the Company, align employees' interests with the interests of the Company's shareholders, and to reinforce their identification with the Company and the development of long-term values. A total of 15 employees, have committed to participate in the program, all of which have committed to lock-up a number of their shares for the duration of the program. The award date of the program was 10 July 2022 and 10 July 2023 and the vesting period for the program is from the award date until 30 May 2025 and 30 May 2026, respectively.

Pursuant to the program, the participants will upon completion of the vesting period receive three shares per committed share, each contingent on the following criteria:

1. In order to participate in the program, and to receive the first matching share, is that the participants comply with the lock-up of their respective shares and continue to be employed by the Group during the vesting period.
2. The second matching share depends on the annual shareholder return and/or share performance during the vesting period, based on the development of the share price in the same period. The assessment of the development shall take into account any dividends paid during the period. Between 8% and 12% shares are earned on a linear scale, where 8% is zero and 12% is one share.
3. The third matching share is linked to the Group's ESG rating in the annual ESG survey conducted by Position Green Advisory AS, and depends on the rating of the Company as at the last day of the vesting period. The minimum requirement for any third matching share is a rating of C, and a rating of B qualifies for one full share.

As of 31 December 2023, the participating employees have committed a total of 138,906 (2022: 94,634) shares in connection with the program meaning up to 416,718 (2022: 283,902) new shares in aggregate may be issued as part of the program. The estimated fair value of the programs at the grant date was USD 1,405,000 (2022: USD 1,105,000).

In 2023 a total expense of USD 959,000 was recognised in relation to the long-term incentive program (including USD 345,000 relating to social security tax).

Share option incentive plan

In 2022 the Group also introduced a share option incentive plan for executive management. The program has a vesting period from 26 August 2022 (the grant date) until 12 May 2025, with one third of the options vesting each year. The strike price for the options has initially been set to NOK 94.6154, based on the 5-trading day volume weighted average price (VWAP) as of the annual general meeting of the Company held on 12 May 2022. The strike price will be subject to an annual increase of 10% on a non-accumulating basis up to the exercise date, adjusted for any dividends paid by the Company in the period. Subject to options having vested, the option holder may exercise the options each year during pre-set exercise periods. Exercised options will primarily be settled in shares, but may be settled in cash at the discretion of the Board of Directors. The options expire 12 May 2027, two years after the last vesting date.

As of 31 December 2022, a total of 800,000 share options have been issued under the program. Each option, when exercised, carries the right to acquire one share in the Company.

The fair value of share options is estimated using the Black-Scholes option pricing model for each tranche. In 2023 a total expense of USD 1,941,000 was recognised in relation to the share option incentive plan (including USD 660,000 relating to social security tax).

The significant assumptions used to estimate fair value of the share options are as follows:	800,000 share options
Grant date	26 August 2022
Share price at grant date (in NOK)	108.00
Strike (in NOK) [1]	104.08-141.92
Expected volatility [2]	40.00%
Risk free interest rate	3.00%
Weighted average contractual life (in years)	4.71
Fair value of each share option at grant date (in NOK)	31.64

[1] The strike price for the share options has initially been set to NOK 94.6154, based on the 5-trading day volume weighted average price (VWAP) as of the annual general meeting of the Company held on 12 May 2022. The strike price will be subject to an annual increase of 10% on a non-accumulating basis up to the exercise date, adjusted for any dividends paid by the Company in the period.

[2] The expected volatility is based on the volatility for a selection of comparable peer companies.

Note 23 Financial instruments

Categories of financial assets are set out below:

USD thousands	2023	2022
Instruments at amortised cost:		
Other non-current assets	509	506
Trade and other receivables	5,282	4,498
Cash and cash equivalents	59,481	30,287
Total financial assets	**65,272**	**35,291**

Fair value of trade and other receivables and cash and cash equivalents approximate their carrying amounts measured at amortised cost due to the short-term maturities of these assets.

Categories of financial liabilities are set out below:

USD thousands	2023	2022
Instruments at amortised cost:		
Interest-bearing debt	295,802	339,316
Lease liabilities	1,599	154
Trade and other payables	13,344	10,593
Total financial liabilities	**310,745**	**350,063**

The fair market value of interest-bearing debt is estimated by discounting future cash flows using rates for debt on similar terms, credit risk and remaining maturities. Fair value of interest-bearing debt approximates the carrying amounts as there have been no significant changes in the market rates for similar debt financing between the date of securing the financing and the reporting date.

The fair market value of derivative financial instruments has been determined using appropriate market information and valuation techniques.

Note 24 Financial risks and capital management

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and other risks that my impact on the value of assets, liabilities and future cash flows.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has limited exposure to currency risk since the commercial transactions are primarily in United States dollar which is the functional currency of the Company and most of its subsidiaries. All the Groups' interest-bearing debt and lease liabilities are denominated in USD. The Group has exposure to NOK and SGD as certain expenses and a portion of cash and cash equivalents, other current assets, trade and other payables and other current liabilities are in NOK and SGD. No financial instruments have been entered into to mitigate this risk as the impact is not considered to be material.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Group is exposed to significant interest rate risks arising from its floating rate interest-bearing debt. The Group's bank borrowings at variable rates are denominated mainly in USD. The Group may from time to time seek to mitigate a substantial portion of this exposure by entering into derivative financial instruments, including interest rate swaps and/or interest rate caps. As per 31 December 2023 the Group had not entered into any such instruments. A 50 basis points increase in the Secured Overnight Financing Rate (SOFR) would increase interest expense by about 6% during the 12-months' financial period ending 31 December 2023. Total floating rate interest-bearing debt as at 31 December 2023 was USD 301,408,000 (31 December 2022: USD 345,643,000).

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise credit risk, the Group aims to enter into contracts only with creditworthy counterparts. Prior to entering into charter parties, the Group evaluates each customer by making an assessment of their financial position, past performance and other factors. Charter hire is paid in advance, effectively reducing potential exposure to credit risk. Bank deposits are only deposited with internationally recognised financial institutions.

Liquidity risk refers to the risk of the Group not being able to meet its financial obligations when they fall due. The Group continuously monitors its projected cash flows and liquidity and maintains a level of cash and cash equivalents and/or undrawn committed credit facilities deemed adequate to finance the Group's operations and to ensure the ability to meet its obligations at all times.

Details of the Group's contractual maturities of financial liabilities on a non-discounted basis as at 31 December 2023 are as follows:

USD thousands	< 1 year	1-3 years	4-5 years	>5 years	Total
Interest-bearing debt	43,792	217,440	28,191	11,985	301,408
Lease liabilities	342	512	745	-	1,599
Interest	16,581	25,160	3,174	711	45,626
Trade and other payables	13,344	-	-	-	13,344

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

USD thousands	< 1 year	1-3 years	4-5 years	>5 years	Total
Interest-bearing debt	42,271	83,990	187,768	31,615	345,643
Lease liabilities	154	-	-	-	154
Interest	24,874	34,057	9,853	3,388	72,172
Trade and other payables	10,593	-	-	-	10,593

Capital management

A key objective of the Group's capital management is to ensure that the Group maintains a sound capital structure and adequate liquidity to support its business activities and maximise shareholder value. The Group continuously evaluates its capital structure based on current and projected cash flows, prevailing market conditions, growth opportunities and financial commitments.

The Group monitors its capital structure using equity ratio and cash and cash equivalents measured against total interest-bearing debt outstanding. As at 31 December 2023 the book equity ratio was 46%. Cash and cash equivalents represent 20% of total interest-bearing debt outstanding.

Financial covenants include 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. The Group aims at maintaining a capital structure with adequate headroom on all these requirements.

The Company has a stated policy of returning 75% of net profits to shareholders by way of dividends or distribution of paid-up capital. During the period 1 January 2023 – 31 December 2023 the Company has made a total of NOK 471,379,000 in distributions to shareholders. On 7 February 2024, the Board of Directors approved an additional distribution of NOK 299,415,000 to shareholders.

Note 25 Subsequent events

On 8 January 2024, the Distribution vessel Viking Princess was delivered to the new owner. GCC realised a book gain of USD 5.4 million from the divestment, which will be recognised in first quarter 2024.

On 25 January, GCC repurchased the Panamax vessel Viking Adventure by exercising a purchase option under the existing lease. The debt has been replaced by a new USD 41 million senior secured credit facility with a leading Japanese bank. The loan has a duration matching the vessels current charter ending in mid-2028 and a margin of SOFR +1.73%.

On 6 February, the Company announced the sale of the Mid-size vessel Viking Amber (4,200 CEU, built 2010) for a total cash consideration of USD 64.6 million. GCC expects to recognise a net book gain of USD 36.5 million upon completion of the sale in the second quarter of 2024. The transaction is in line with GCC's strategy of creating additional value in a strong car shipping market with historically high charter rates and asset values. The sale frees up capital to strengthen the balance sheet and support quarterly dividend distributions.

Gram Car Carriers ASA
Audited financial statements

Statement of income 94

Statement of financial position 95

Statement of changes in equity 96

Statement of cash flows 97

Notes to the financial statements 98

Note 01 General information 98
Note 02 Basis for preparation 98
Note 03 Material accounting policies 98
Note 04 Administrative expenses 100
Note 05 Financial income and expenses 100
Note 06 Income tax 101
Note 07 Investments in subsidiaries 102
Note 08 Transactions with related parties 103
Note 09 Share capital and shareholders 104
Note 10 Share-based payments 105
Note 11 Guarantees 106
Note 12 Subsequent events 106

Statement of income

In USD thousands	Notes	31 Dec 2023	31 Dec 2022
Administrative expenses	4	(5,826)	(4,562)
Operating loss (EBIT)		**(5,826)**	**(4,562)**
Financial income	5	69,576	2,988
Financial expenses	5	(4,955)	(7,101)
Profit/(loss) before tax (EBT)		**58,796**	**(8,676)**
Income tax expense	6	-	-
Profit/(loss) for the period		**58,796**	**(8,676)**

Statement of financial position

In USD thousands	Notes	31 Dec 2023	31 Dec 2022
Assets		**206,176**	**194,347**
Non-current assets		194,782	148,891
Investment in subsidiaries		194,782	148,891
Current assets		11,394	45,456
Trade and other receivables		84	187
Loans to subsidiaries		8,171	43,405
Cash and cash equivalents		3,006	1,739
Other current assets		133	126
Equity and liabilities		**206,176**	**194,347**
Equity		174,163	161,750
Current liabilities		32,013	32,597
Trade and other payables		1,528	678
Loans from subsidiaries		30,485	31,919

Oslo, 23 April 2024
Board of Directors and Chief Executive Officer, Gram Car Carriers ASA

/sign/
Ivar Myklebust
Chair of the Board

/sign/
Nikolaus H. Schües
Vice Chair of the Board

/sign/
Clivia Breuel
Board Member

/sign/
Dr Gaby Bornheim
Board Member

/sign/
Alasdair Locke
Board Member

/sign/
Christine Rødsæter
Board Member

/sign/
Nils Kristoffer Gram
Board Member

/sign/
Georg A. Whist
CEO

Go back

Statement of changes in equity

In USD thousands	Share capital	Share premium	Treasury shares	Acc. losses	Other equity	Share-based payments reserve	Total
1 January 2023	9,822	173,051	-	(9,284)	(12,741)	902	161,750
Dividend distribution	-	(43,646)	-	-	-	-	(43,646)
Treasury shares	(80)	-	(4,552)	-	-		(4,632)
Share-based payment	-	-	-	-	-	1,895	1,895
Profit for the period	-	-	-	58,796	-	-	58,796
31 December 2023	**9,742**	**129,405**	**(4,552)**	**49,512**	**(12,741)**	**2,797**	**174,163**
1 January 2022	**125**	**6,670**	**-**	**(608)**	**(5,681)**	**-**	**505**
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)	3,172	54,520	-	-	-	-	57,693
Capital increase	166	9,634	-	-	-	-	9,800
Transaction costs	-	-	-	-	(7,060)	-	(7,060)
Dividend distribution	-	(7,042)	-	-	-	-	(7,042)
Share-based payment	-	-	-	-	-	902	902
Loss for the period	-	-	-	(8,676)	-	-	(8,676)
31 December 2022	**9,822**	**173,051**	**-**	**(9,284)**	**(12,741)**	**902**	**161,750**

Statement of cash flows

In USD thousands	Note	31 Dec 2023	31 Dec 2022
Profit/ (loss) for the period		58,796	(8,676)
Share-based payment expense		1,895	902
Gain on liquidation of subsidiary		(15,392)	-
Cash flow from operating activities before changes in working capital		45,299	(7,774)
Changes in working capital:			
Trade and other receivables		103	(187)
Loans to subsidiaries		(4,400)	4,722
Other current assets		(7)	961
Trade and other payables		850	(923)
Loans from subsidiaries		29,545	280
Cash flow from operating activities		**71,391**	**(2,920)**
Investment in subsidiaries		(17,955)	-
Loans to subsidiaries		(7,415)	(56,253)
Repayment of loans to subsidiaries		3,524	9,127
Cash flow from investing activities		**(21,846)**	**(47,126)**
Dividend paid		(43,646)	(7,042)
Purchase of treasury shares		(4,632)	58,822
Cash flow from financing activities		**(48,278)**	**51,780**
Net change in cash and cash equivalents		1,267	1,734
Cash and cash equivalents at beginning of period		1,739	5
Cash and cash equivalents at end of period		**3,006**	**1,739**

Notes to the financial statements

Note 01 General information

Gram Car Carriers ASA (the 'Company' or the 'Parent Company') is a public limited liability company (Norwegian: allmennaksjeselskap) incorporated and domiciled in Norway, with registered address at Bryggegata 9, 0250 Oslo, Norway. The Company was incorporated on 3 August 2021. The principal activities of the Company is to be a holding company for its subsidiaries which owns and operate vessels in the pure car and truck carriers ('PCTC') shipping segment.

The shares of the Company are listed on Oslo Børs under the ticker 'GCC'.

The Company has no employees as at 31 December 2023.

Note 02 Basis for preparation

The financial statements for the period 1 January 2023 – 31 December 2023 are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and adopted by the European Union.

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

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

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

Only standards and interpretations that are applicable to the Company have been included and the Company reviews the impact of these changes in its financial statements. There are some amendments to the standards effective from 1 January 2023. None of these have had any effect on the Financial Statements. The Company will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the financial statements are issued. At the date of the approval of these FS, the Company has not identified significant impact to the Company FS as a result of new standards or amendments effective 2024 or later.

Note 03 Material accounting policies

Administrative expenses

Administrative expenses are accounted for on an accrual basis. Expenses are charged to the income statement, except for those incurred in the acquisition of an investment which are capitalised as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Financial income and expenses

Interest income and expense is recognised as accrued and is presented under the financial income or expense in the income statement.

Dividend income is recognised when the right to receive payment is established, which is normally when the dividend has been resolved by the general meeting of the entity paying the dividend.

Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities in foreign currency are translated at the functional currency rate prevailing at the balance sheet date. Exchange differences arising from translations into functional currency are recorded in the income statement. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated into the functional currency using the historical exchange rate. Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate on the date of the determination of the fair value.

Taxes

The Company is subject to ordinary Norwegian taxation. Tax expense comprises tax payable and deferred tax expense. Tax payable is measured at the amount expected to be paid to authorities while deferred tax assets/liabilities are calculated based on temporary differences at the reporting date. Deferred tax assets are recognised to the extent that it is probable that they can be utilised in the future. Deferred tax liabilities/deferred tax assets within the same tax system that can be offset are recorded on a net basis. Income tax relating to items recognised directly in equity is included directly in equity and not in the statement of income.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Related party transactions are recorded to estimated fair value.

Investments in subsidiaries

Shares in subsidiaries are recorded at acquired cost and reviewed for impairment when indications are identified suggesting the carrying amount may not be recoverable.

Trade and other receivables

Trade and other receivables are measured at transaction price upon initial recognition and subsequently measured at amortised cost less expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits and other highly liquid investments with original maturities of three months or less.

Share issuance

Share issuance costs related to a share issuance transaction are recognised directly in equity. If share issuance costs, for tax purposes, can be deducted from other taxable income in the same period as they are incurred, the costs are recognised net after tax.

Share-based employee incentive programs

Incentive programs involving transactions which meets the definition of an equity settled share-based payment transaction are calculated at fair value at the time they are granted and charged to personnel expenses over the vesting period with a corresponding increase in equity. Fair value is estimated using the Black-Scholes option pricing model for each tranche with share price, strike, duration, expected volatility and risk-free interest as the input parameters in the model. Social security is provided for based on the fair value at each reporting date.

Classification in the statement of financial position

Current assets and short-term liabilities include items due less than one year from the balance sheet date, as well as items due more than one year from the balance sheet date, that are related to the operating cycle.

Liabilities with maturity less than one year from the balance sheet date are classified as current. All other debt is classified as long-term debt. Long-term debt due for repayment within one year from the balance sheet date is classified as current.

Statement of cash flows

The statement of cash flows has been prepared based on the indirect method.

Subsequent events

New information on the Company’s financial position at the balance sheet date is taken into account in the financial statements. Subsequent events that do not affect the Company’s position at the balance sheet date, but which will affect the Company’s position in the future, are disclosed if significant.

Note 04 Administrative expenses

In USD thousands	31 Dec 2023	31 Dec 2022
Personnel expenses	2,899	1,197
Legal fees	158	602
Audit fees - audit	97	178
Audit fees – non-audit	16	38
Other professional fees	573	490
Other administrative expenses	2,083	2,057
Total administrative expenses	**5,826**	**4,562**

The Company has no employees. Personnel expenses relate to share-based incentive plans for employees of the Company's subsidiaries. Further details about these incentive programs are presented in Note 10 and the 2023 remuneration report.

In 2022, legal fees and other professional fees include transaction fees amounting to USD 435,000 incurred in connection with the restructuring (ref note 4 of the Group's consolidated financial statements) which are not eligible for capitalisation under other equity.

Other administrative expenses include remuneration to the Board of Directors amounting to USD 310,000 (2022: USD 367,000). Details about remuneration to Board of Directors are included in the 2023 remuneration report.

Note 05 Financial income and expenses

In USD thousands	31 Dec 2023	31 Dec 2022
Dividend from subsidiaries	51,885	-
Interest income	171	32
Interest income – loans to subsidiaries	-	1,476
Gain on liquidation of subsidiary	15,392	-
Guarantee fees from subsidiaries	495	463
Foreign exchange gains	1,633	1,017
Total financial income	**69,576**	**2,988**
Foreign exchange losses	(4,955)	(7,101)
Total financial expenses	**(4,955)**	**(7,101)**

Note 06 Income tax

The Company (Gram Car Carriers ASA) is a holding company and subject to ordinary taxation rules in Norway. The ordinary rate of corporation tax in Norway is 22% for 2023 (2022: 22%). The Company has negative taxable income as per 31 December 2023. Deferred tax assets are only recognised to the extent that the future utilisation can be justified.

Taxable income for the year:

In USD thousands	2023	2022
Profit/ (loss) before tax (EBT)	58,796	(8,676)
Non-deductible income	(67,277)	-
Non-deductible expenses	1,902	(6,282)
Difference in functional currency (USD/NOK)	3,479	6,739
Change in temporary differences	151	1,182
Taxable income for the year	**(2,949)**	**(7,037)**

Reconciliation of tax expense:

In USD thousands	2023	2022
Profit/ (loss) before tax (EBT)	58,796	(8,676)
Expected tax at ordinary Norwegian tax rate (22%)	12,935	1,909
Recognised tax expense	-	-
Difference between expected and recognised income tax expense	**12,935**	**1,909**

The difference is due to:

In USD thousands	2023	2022
Deferred tax asset not recognised	(627)	1,793
Non-deductible expenses/ income	14,382	-
Exchange rate differences	(820)	116
Difference between expected and recognised income tax expense	**12,935**	**1,909**

Temporary differences:

In USD thousands	2023	2022
Losses carried forward	(10,308)	(7,579)
Share based payments	(1,299)	(1,182)
Net temporary differences	**(11,607)**	**(8,761)**
Net deferred tax asset (22%)	**2,554**	**1,927**
Net deferred tax asset (recognised)	**-**	**-**

Utilisation of the tax loss will depend on future taxable income, and in the absence of convincing evidence of such income materialising the criteria for recognising the tax loss carried forward as a deferred tax asset has not been met.

Note 07 Investments in subsidiaries

Name of company	Principal Activities	Place of business/ incorporation	Ownership	Equity investment at cost
Gram Car Carriers Shipowning AS	Shipowning	Norway	100%	160,504
Gram Car Carriers Shipowning 2 AS	Dormant	Norway	100%	4
Gram Car Carriers Shipowning 3 AS (formerly Gram Car Carriers Leasing 1 AS)	Shipowning	Norway	100%	15,061
Gram Car Carriers Shipowning 4 AS	Shipowning	Norway	100%	3
Gram Car Carriers Leasing 3 AS	Shipowning	Norway	100%	264
Gram Car Carriers Invest AS	Investment holding company	Norway	100%	17,948
Gram Car Carriers Management AS	Management company	Norway	100%	1,000
Total				**194,782**

The subsidiary Gram Car Carriers Leasing 2 AS has been liquidated during 2023.

Note 08 Transactions with related parties

The Company has provided guarantees in connection with senior secured credit facility entered into by subsidiaries. The Company receives fees from the subsidiaries for having provided these guarantees. Such fees are in accordance with the Company's transfer pricing guidelines which are based on the arms' length principle and compliant with OECD guidelines.

Loans to/from subsidiaries are subject to interest at SOFR/NIBOR plus an intercompany agreed margin in accordance with the Company's transfer pricing guidelines which are based on the arms' length principle and compliant with OECD guidelines.

The Company has no employees and buys services from subsidiaries related to administrative services. The fees for these services are based on actual cost plus a margin in accordance with the Company's transfer pricing guidelines which are based on the arms' length principle and compliant with OECD guidelines.

The Company has entered into a trademark license agreement with P D Gram & Co AS for the Company's use of the "Gram" wordmark, name and figurative mark. P D Gram & Co AS, a company controlled by the Gram family, hereunder Head of Projects Harald Mathias Gram, Board Member Nils Kristoffer Gram and the Group's founder Peter D. Gram.

Details of the Company's transactions with related parties are as follows:

In USD thousands	Related party	31 Dec 2023	31 Dec 2022
Guarantee fee	Subsidiaries	495	463
Interest income	Subsidiaries	-	1,476
Administrative management fee	Subsidiaries	(1,341)	(1,190)
Trademark license fee	P D Gram & Co AS	(200)	(206)

All related party transactions are carried out at market terms.

Details of the Company's loans to/from subsidiaries as per 31 December 2023 and 31 December 2022 are set out below:

In USD thousands	31 Dec 2023	31 Dec 2022
Loans to subsidiaries	8,171	43,405
Loans from subsidiaries	30,485	31,919

Loans to/from subsidiaries are repayable on demand.

Note 09 Share capital and shareholders

In USD	No. of shares	Share capital
1 January 2023	**29,285,022**	**9,822**
31 December 2023	**29,285,022**	**9,822**
1 January 2022	**377,395**	**125**
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
31 December 2022	**29,285,022**	**9,822**

At 31 December 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 31 December 2023 the Company held 300,000 treasury shares, all of which had been acquired during 2023.

On 17 January 2022, the Board of Directors had proposed, and EGM of the Company resolved to carry out a reverse split of the Company's shares in the ratio 26.4974 to 1, whereby the par value was increased from NOK 0.11 to NOK 2.9147. The number of shares was reduced from 10,000,000 to 377,395 following the reverse split.

Following the private placement in connection with the listing of the Company's shares on Euronext Growth and the acquisition of 18 PCTC vessels, capital increases were proposed by the Board of Directors and resolved by the EGM of the Company on 17 January 2022 whereby the share capital was increased by NOK 82,615,959 from NOK 1,100,000 to NOK 83,715,959 by issuance of 28,344,409 new shares, each with a par value of NOK 2.9147. The shares were subscribed for at a price of NOK 53.00, whereof the amount of NOK 1,419,637,718 was transferred to share premium. 16,687,124 of the new shares were issued as part of the consideration paid for the 18 vessels acquired.

On 28 November 2022, the Company issued 563,218 shares as partial payment in connection with the acquisition of the PCTC vessel Paglia (later renamed Viking Paglia).

The Company has a stated policy of returning 75% of net profits to shareholders by way of dividends or distribution of paid up capital. During the period 1 January 2023 – 31 December 2023 the Company has made a total of NOK 471,379,000 in distributions to shareholders.

Largest shareholders at 31 December 2023 are set out below:

Shareholder	No of shares	In % of total
F. Laeisz GmbH	8,319,668	28.70%
AL Maritime Holding Pte. Ltd.	3,632,265	12.53%
Glenrinnes Farms Limited	2,038,782	7.03%
HM Gram Investments III Limited/HM Gram Enterprises Limited/ HMG AS/ Harald Mathias Gram	1,792,845	6.19%
BNP Paribas (nominee)	992,700	3.42%
BNP Paribas (nominee)	766,003	2.64%
AS Straen	637,688	2.20%
UBS Switzerland AG	607,298	2.10%
Clearstream Banking S.A.	563,745	1.94%
BNP Paribas (nominee)	560,122	1.93%
Larsson Shipping AB	551,879	1.90%
Hamilton Carriers Ltd	499,638	1.72%
Intesa Sanpaolo S.p.A	468,150	1.62%
Nordea Bank Abp	445,468	1.54%
Citibank	425,810	1.47%
Verdipapirfondet DNB SMB	411,044	1.42%
Verdipapirfondet Storebrand Norge	294,935	1.02%
Surfside Holding AS	275,000	0.95%
Hesnes Invest AS	260,148	0.90%
Currus Navi AS	238,009	0.82%
Others	5,203,825	17.95%
Total (net of treasury shares)	**28,985,022**	**100.00%**
Gram Car Carriers ASA (treasury shares)	300,000	
Total	**29,285,022**	

Note 10 Share-based payments

The Group has two long-term incentive programmes for employees involving share-based compensation.

Long-term incentive program

In 2022, a long-term incentive program for all employees of the Group was introduced. In 2023 the program was expanded. The purpose of the long-term incentive program is to increase the employees' ownership in the Company, align employees' interests with the interests of the Company's shareholders, and to reinforce their identification with the Company and the development of long-term values. A total of 15 employees, have committed to participate in the program, all of which have committed to lock-up a number of their shares for the duration of the program. The award date of the program was 10 July 2022 and 10 July 2023 and the vesting period for the program is from the award date until 30 May 2025 and 30 May 2026, respectively.

Pursuant to the program, the participants will upon completion of the vesting period receive three shares per committed share, each contingent on the following criteria:

1. In order to participate in the program, and to receive the first matching share, is that the participants comply with the lock-up of their respective shares and continue to be employed by the Group during the vesting period.
2. The second matching share depends on the annual shareholder return and/or share performance during the vesting period, based on the development of the share price in the same period. The assessment of the development shall take into account any dividends paid during the period. Between 8% and 12% shares are earned on a linear scale, where 8% is zero and 12% is one share.
3. The third matching share is linked to the Group's ESG rating in the annual ESG survey conducted by Position Green Advisory AS, and depends on the rating of the Company as at the last day of the vesting period. The minimum requirement for any third matching share is a rating of C, and a rating of B qualifies for one full share.

As of 31 December 2023, the participating employees have committed a total of 138,906 (2022: 94,634) shares in connection with the program meaning up to 416,718 (2022: 283,902) new shares in aggregate may be issued as part of the program. The estimated fair value of the programs at the grant date was USD 1,405,000 (2022: USD 1,105,000).

In 2023 a total expense of USD 959,000 was recognised in relation to the long-term incentive program (including USD 345,000 relating to social security tax).

Share option incentive plan

In 2022 the Group also introduced a share option incentive plan for executive management. The program has a vesting period from 26 August 2022 (the grant date) until 12 May 2025, with one third of the options vesting each year. The strike price for the options has initially been set to NOK 94.6154, based on the 5-trading day volume weighted average price (VWAP) as of the annual general meeting of the Company held on 12 May 2022. The strike price will be subject to an annual increase of 10% on a non-accumulating basis up to the exercise date, adjusted for any dividends paid by the Company in the period. Subject to options having vested, the option holder may exercise the options each year during pre-set exercise periods. Exercised options will primarily be settled in shares, but may be settled in cash at the discretion of the Board of Directors. The options expire 12 May 2027, two years after the last vesting date.

As of 31 December 2022, a total of 800,000 share options have been issued under the program. Each option, when exercised, carries the right to acquire one share in the Company.

The fair value of share options is estimated using the Black-Scholes option pricing model for each tranche. In 2023 a total expense of USD 1,941,000 was recognised in relation to the share option incentive plan (including USD 660,000 relating to social security tax).

The significant assumptions used to estimate fair value of the share options are as follows:	800,000 share options
Grant date	26 August 2022
Share price at grant date (in NOK)	108.00
Strike (in NOK) [1]	104.08-141.92
Expected volatility [2]	40.00%
Risk free interest rate	3.00%
Weighted average contractual life (in years)	4.71
Fair value of each share option at grant date (in NOK)	31.64

[1] The strike price for the share options has initially been set to NOK 94.6154, based on the 5-trading day volume weighted average price (VWAP) as of the annual general meeting of the Company held on 12 May 2022. The strike price will be subject to an annual increase of 10% on a non-accumulating basis up to the exercise date, adjusted for any dividends paid by the Company in the period.

[2] The expected volatility is based on the volatility for a selection of comparable peer companies.

Note 11 Guarantees

The Company has provided guarantees in connection with senior secured credit facilities entered into by the subsidiaries Gram Car Carriers Shipowning AS, Gram Car Carriers Shipowning 4 AS and Gram Car Carriers Leasing 3 AS. The Company has also provided guarantees in connection with bareboat charter parties entered into by Gram Car Carriers Leasing 1 AS.

Outstanding principal, lease liabilities and accrued interest under the facilities and leases for which the Company has provided guarantees at 31 December 2023 and 31 December 2022 are as follows:

USD thousands	31 Dec 2023	31 Dec 2022
Principal amount outstanding under senior secured credit facilities	271,798	280,683
Lease liability outstanding under bareboat charter parties	29,611	64,961
Accrued interest	3,687	1,086
Total	**305,096**	**346,730**

Note 12 Subsequent events

An additional distribution to shareholders amounting to NOK 299,415,000 was approved by the Board of Directors on 7 February 2023.

Statement by the Board and Management

The Board of Directors and Management have reviewed and approved the consolidated financial statements of Gram Car Carriers ASA and its subsidiaries for the period 1 January – 31 December 2023 and and confirm that to the best of our knowledge:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- The information presented in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and income; and
- The information presented in the financial statements gives a true and fair view on related party transactions

Oslo, 23 April 2024
Board of Directors and Chief Executive Officer, Gram Car Carriers ASA

/sign/
Ivar Myklebust
Chair of the Board

/sign/
Nikolaus H. Schües
Vice Chair of the Board

/sign/
Clivia Breuel
Board Member

/sign/
Dr Gaby Bornheim
Board Member

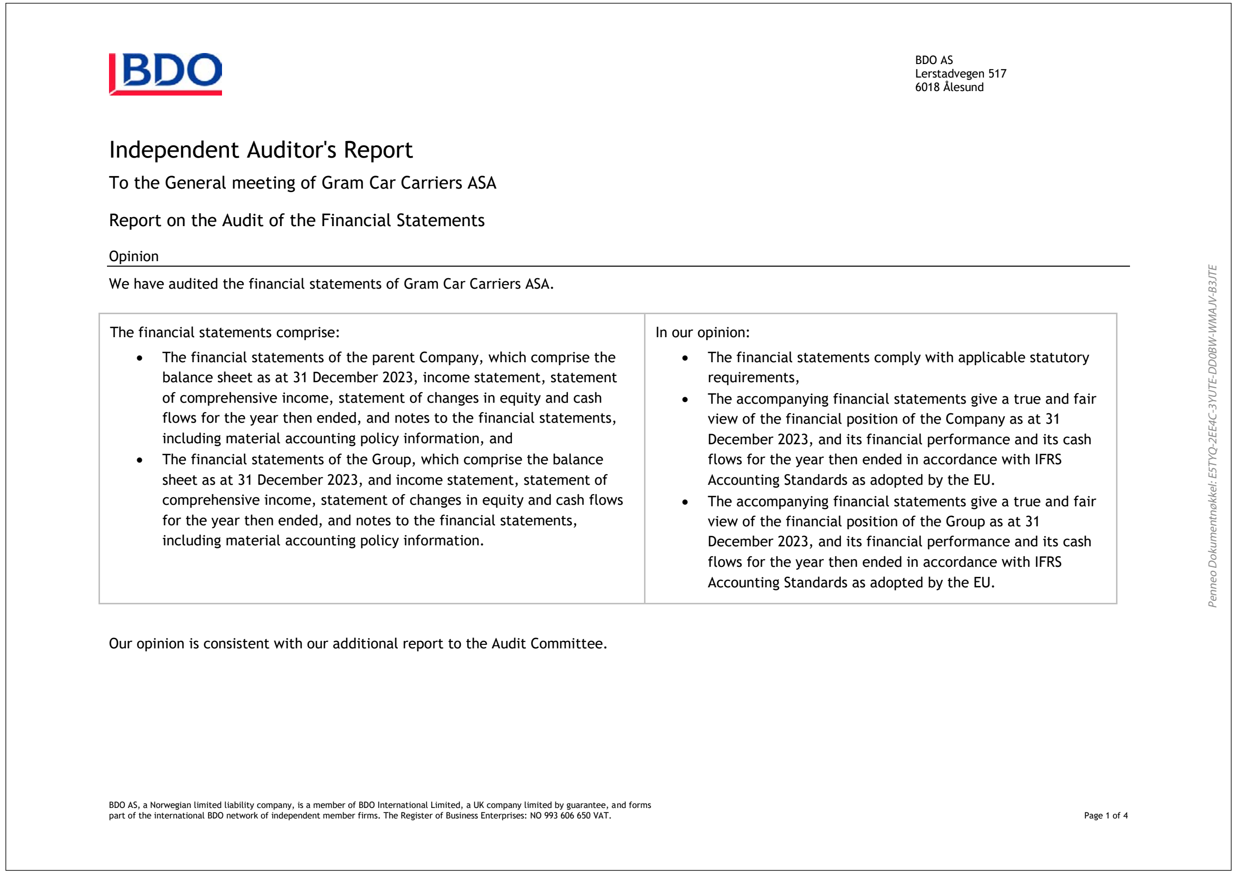
/sign/
Alasdair Locke
Board Member

/sign/
Christine Rødsæter
Board Member

/sign/
Nils Kristoffer Gram
Board Member

/sign/
Georg A. Whist
CEO

Auditor's report



BDO AS
Lerstadvegen 517
6018 Ålesund

Independent Auditor's Report

To the General meeting of Gram Car Carriers ASA

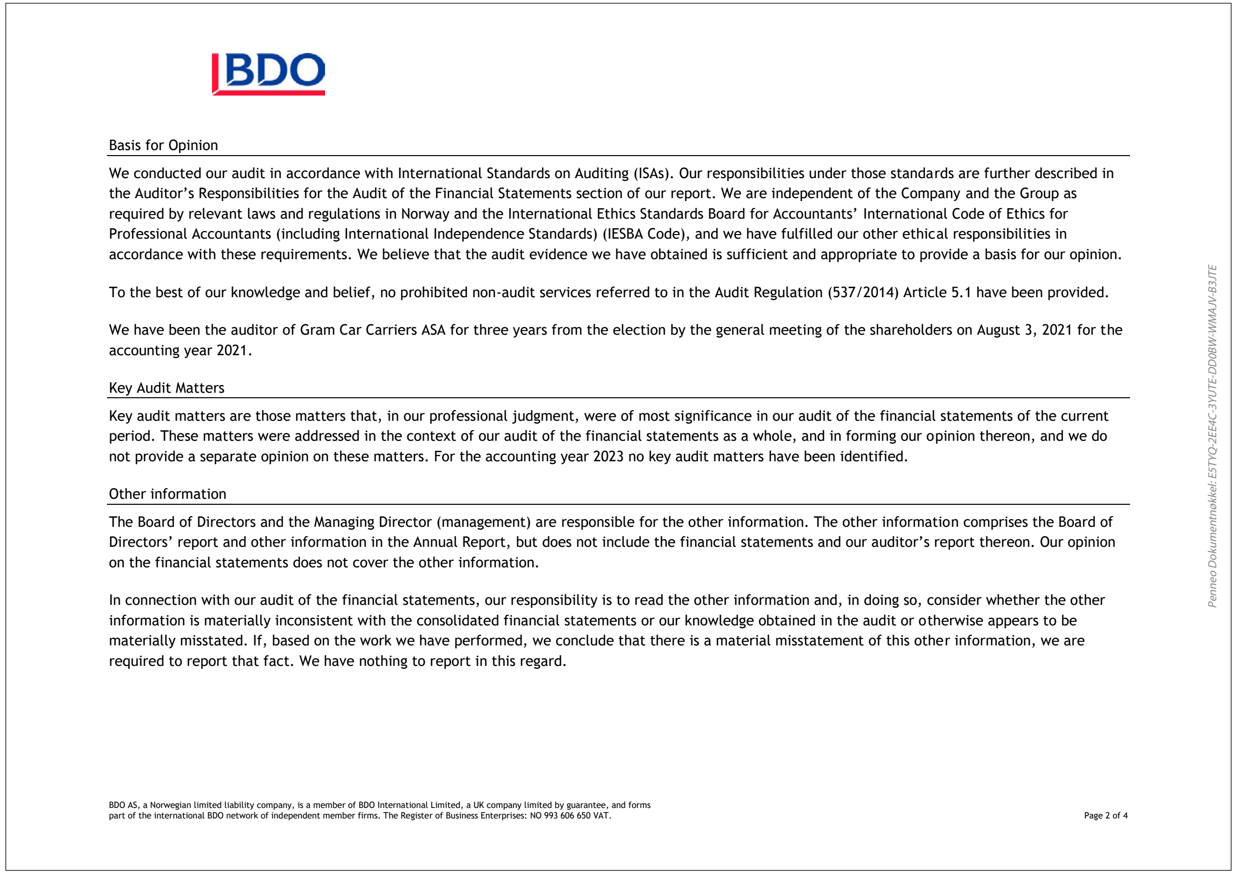
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gram Car Carriers ASA.

The financial statements comprise:	In our opinion:
• The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and • The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.	• The financial statements comply with applicable statutory requirements, • The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU. • The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.



Basis for Opinion

We conducted our audit in accordance with 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Gram Car Carriers ASA for three years from the election by the general meeting of the shareholders on August 3, 2021 for the accounting year 2021.

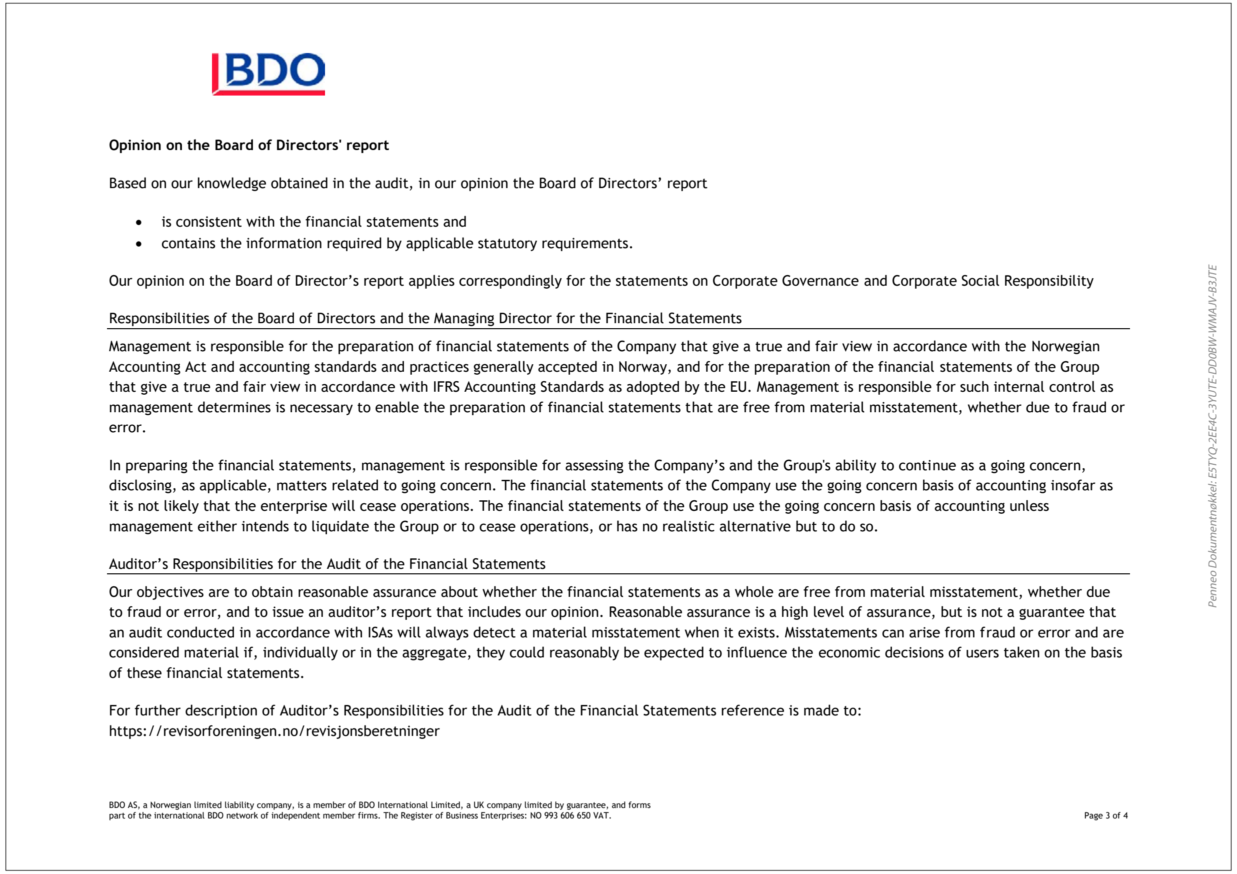
Key Audit Matters

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. For the accounting year 2023 no key audit matters have been identified.

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

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 consolidated 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.



Opinion on the Board of Directors' report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly for the statements on Corporate Governance and Corporate Social Responsibility

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

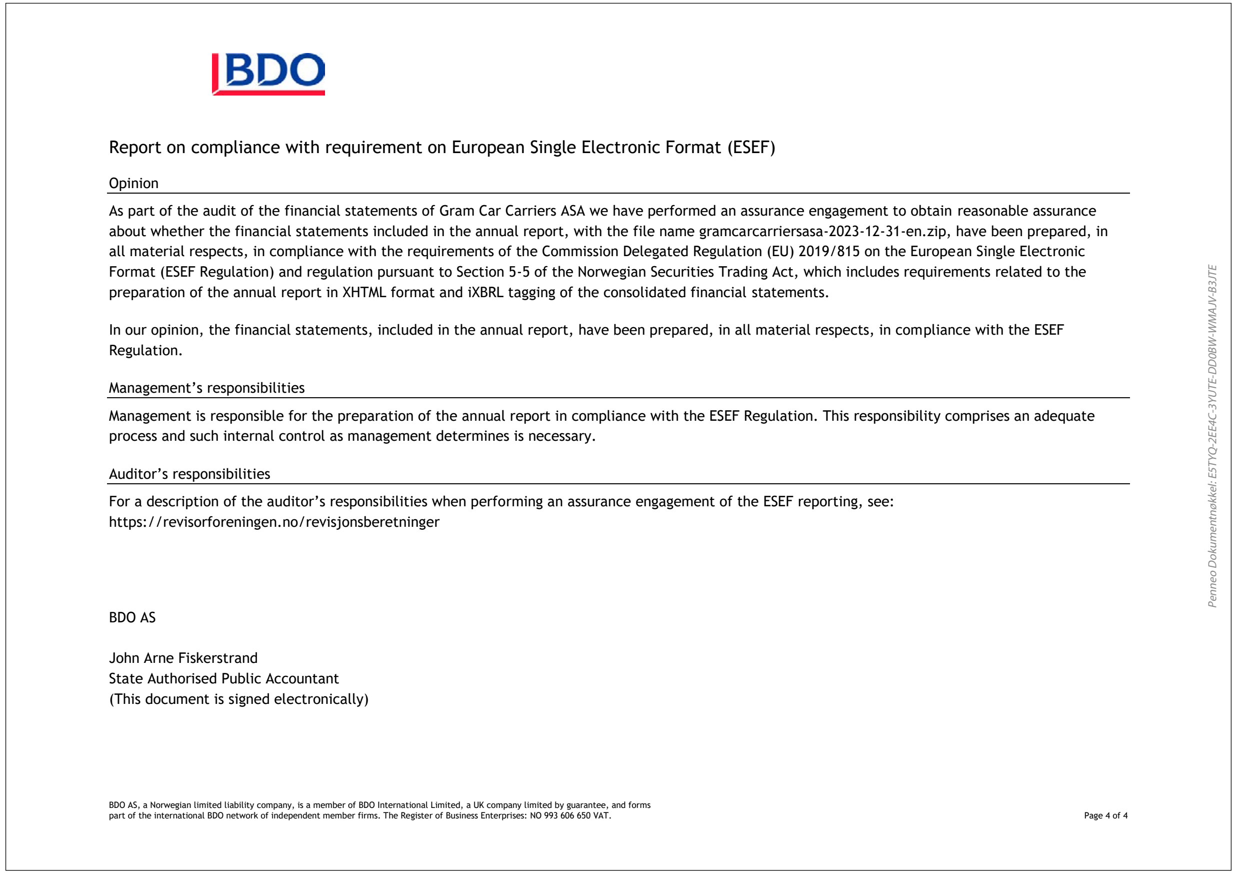
Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger



Report on compliance with requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Gram Car Carriers ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name gramcarcarriersasa-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

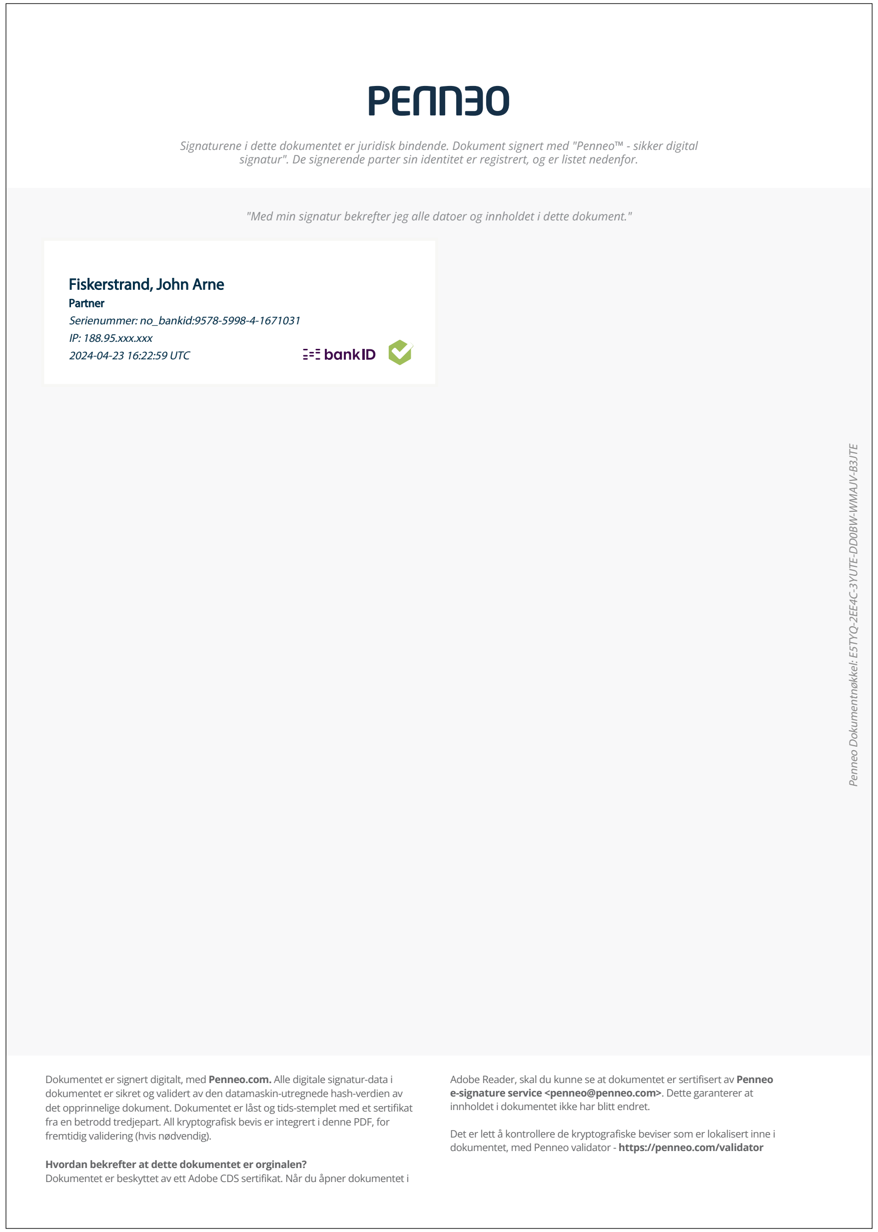
Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see:
https://revisorforeningen.no/revisjonsberetninger

BDO AS

John Arne Fiskerstrand
State Authorised Public Accountant
(This document is signed electronically)



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Fiskerstrand, John Arne
Partner
Serienummer: no_bankid:9578-5998-4-1671031
IP: 188.95.xxx.xxx
2024-04-23 16:22:59 UTC
bankID

Penneo Dokumentnøkkel: E5TYQ-2EE4C-3YUTE-DD0BW-WMAJV-B3JTE

Dokumentet er signert digitalt, med **Penneo.com.** Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er orginalen?
Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service <penneo@penneo.com>**. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - **https://penneo.com/validator**

TCFD Disclosure

This summary statement of Gram Car Carriers' climate-related risks has been prepared in alignment with the Taskforce for Climate-related Financial Disclosures' (TCFD) recommendations..

Governance

1	Describe the Board's oversight of climate-related risks and opportunities	In accordance with the principles supporting value-based management, the Board places significant importance on systematic risk management. This is done by identifying existing and potential risk exposures. This approach satisfies the requirements set out in law and ensures the company's governance remains fit for purpose in a highly dynamic market environment. This year Gram Car Carriers undertook a Climate Risk Review, with support from an independent expert. The review has been presented to the Board. The review covered risk categories described in the TCFD framework – namely, physical, regulatory, market, technology and reputation risks (and opportunities). Climate-related risks and opportunities are regularly reviewed as part of its overall responsibility for risk governance by the Board. Going forward, the Board will receive yearly updates on Climate Risk, including emerging regulations, developments in the company's performance on the decarbonisation strategy – emissions reduction trajectories and technological developments.
2	Describe management's role in assessing and managing climate-related risks and opportunities	The management team regularly reviews climate related risk and opportunity, as part of its daily operations. The management team's responsibility for ongoing climate risk and opportunity review contributes to the company's strategy and enterprise risk management approach. Gram Car Carriers has conducted an initial assessment of all relevant risk and opportunity areas, including operations; contracts; charter parties and so forth. Where risks have been identified, they are defined, and specific countermeasures are being developed. In 2023, the management team completed the following projects, where climate-related risks and opportunities were assessed, or that contributed to the assessment of or deployment of countermeasures for climate-related risks and opportunities: • Collection and reporting of climate-related data including GHG emissions • Collaboration with DNV in setting decarbonisation plans for each vessel. • Climate change risk has been an integral part of the general risk review in 2023 and is under continuous monitoring under the CEO • A Double Materiality Assessment commenced at the end of 2023, which may contribute to climate related risks assessment and management Management reports all material climate related risks and opportunities to the Board.

Strategy

3	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	See separate risks and opportunities table following.
4	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	See separate risks and opportunities table following. Gram Car Carriers has undertaken a climate risk review and analysis to understand how climate risks and opportunities are likely to impact the business, its strategy and financial planning. Using information from these sources and its ongoing monitoring of GHG emission performance across the fleet, Gram Car Carriers believes it is well positioned to absorb, mitigate or adapt to climate-related risks; and, in some cases may exploit available opportunities. This position is supported by the following assertions: • The business's financial strength and ability to execute its financially planned, long-term fleet upgrade • Ongoing investment in and updating of the knowledge and capability of human capital within the business to respond to climate-related risks and opportunities • A focused, well-resourced, and regularly reviewed/updated ESG Strategy which has Climate, together with governance and social responsibility as the central theme • The ready availability and high quality of climate-related data and information on which to make strategic and financial decisions • The resilience of the existing business model, financial planning and strategic approach to respond to a wide range of forecast climate scenarios
5	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario	Gram Car Carriers are currently scoping and assessing what future climate scenarios will look like – ranging from business-as-usual to 2 degree C or lower, and how these will affect the business. The work in this area is designed to ensure that the business strategy can be refined to better meet future scenarios. For Gram Car Carriers, the approach to emissions reductions will be mainly through investments in new assets and technology, with a planned long-term fleet upgrade and renewal programme in place. Reduction pathways required to achieve various climate goals have been analysed, including the IMO's and the Paris Agreement's current 2030 and 2050 climate targets. Gram Car Carrier's strategy is evolving in response to these and various future climate scenarios, aiming to adapt as required and ensure resilience is built in, as described in point 4.

Risk management

6	Describe the organisation's processes for identifying and assessing climate-related risks	Gram Car Carriers has undertaken a Climate Risk review to understand its Climate Risks and Opportunities. Risk management is an integrated part of daily operations and management processes. Every year enterprise risks, including Climate Risk, are formally presented by management to the Board, based on input from technical managers. The Board and management also have an ongoing dialogue during committee meetings regarding climate related risk, such as fleet performance, and investment decisions.
7	Describe the organisation's processes for managing climate-related risks	Climate-risk management is integrated in the overall risk management processes, as it is part of assessing the effect of regulatory and propulsion technology developments. Through (i) yearly reviews of the Company's most prominent areas of risk exposure and its internal control arrangements, (ii) management guidelines and (iii) performing risk monitoring and providing regular risk management updates, the Board aims to ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities.
8	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The risk management approach to climate-related risks has been updated and incorporated into Board and management processes. It is based on assessing the likelihood and impact of developments and performance of the risks the company face or may face. When the combination of likelihood and impact for a certain factor constitutes a sufficiently high level of risk, that risk is then included in the overall risk management processes.

Metrics and targets

9	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk process	The total GHG emissions (Scope 1) are measured in CO_2 equivalents. In addition, the following Carbon Intensity Indicators are applied to the vessels in the fleet: • Average Energy Efficiency Design Index (EEDI) for new ships measured as grams CO_2 per ton-nautical mile • Average Efficiency Ratio (AER) measured as grams of CO_2 per deadweight ton-nautical mile.
10	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks	See climate and emission reporting in the Sustainability section of the annual ESG report on pages 33 to 35
11	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	In line with the IMO's emission reduction trajectories (CII ratings), GCC is following the IMO GHG reduction pathway (compared to 2008 base year): • 20% reduction in total emissions by 2030, striving for 30% • 70% reduction in total emissions by 2040, striving for 80% • Net zero by or around 2050 In 2024, the Company will review its targets to assess whether it can raise them based on capacity and the decarbonisation plans established for each vessel. GCC aims to maintain an average C rating for all the vessels in the fleet (IMO ship rating system) which is dependent on the collaboration and commitments of the customers. Targets will be adjusted when appropriate to ensure they are ambitious enough given regulatory and technological developments.

Physical risks

- Physical risks may have financial implications for the Company, such as direct damage to assets and indirect impacts from disrupted operations
- Extreme weather / increased frequency of extreme weather and related knock-on effects that causes disruption in operations, e.g. delays and port closure
- Extreme weather / increased frequency of extreme weather and related knock-on effects that causes disruption and impacts on Gram Car Carriers customers' activities, operations and markets. Including similar indirect affects further down the value chain
- Health and safety impacts on workforce caused by extreme weather events e.g. injuries caused by increased wave height, higher storm frequency and prolonged duration of extreme weather events

Regulatory risks

- The Company is exposed to changes in legal, tax and regulatory regimes within relevant jurisdictions as well as potential private litigation and public prosecution. The Company seeks to mitigate legal risks by maintaining a well-functioning risk management system, management guidelines and dedicated compliance and legal functions within the organisation
- In the current geopolitical context, there are newly introduced and further strengthened sanction regimes, and legal risk exposure is elevated
- Increasing carbon costs and shipping becoming part of the EU ETS will impact the cost of transportation
- Impacts of speed of regulatory shift on business planning, strategy and cost structures to comply with new and additional regulation

Market risks

- Changing customer requirements and contract risks – meeting market expectations for emission profiles of vessels
- The volatility of the fuel market poses a potential risk. Any sort of regulation can increase product prices, however, fuel prices can be particularly volatile in this regard
- Impacts on business planning, strategy and cost structures to meet new and evolving market requirements
- Shift from passive disclosure requirements to demonstration of an action-oriented approach
- Access to reliable and quality fuel supplies can also be considered as a risk in the current dynamic market environment.

Technology risks

- IT and cyber risks make up an increasing share of a company's risk universe. The Company purchases IT services from third parties that offer comprehensive security strategies which closely match the Company's business objectives
- Viable technologies to fully transition to the low carbon solutions does not currently exist, and i.e. dual fuel options are limited by the lack of the relevant infrastructure required to adopt this technology

Reputational risks

- Reputational effects related to spills, routes affecting ecosystems and biodiversity
- Reputational effects related to customers or suppliers not adhering to GCC standards or expectations
- Below average fuel efficiency performance

Opportunities

- GCC looks for commercial and decarbonisation opportunities throughout cyclical market swings
- Becoming the recognised low carbon operator of choice through its actions, and therefore a preferred chartering partner
- Take advantage of market opportunities related to providing lower carbon intensive shipping services
- High ESG performance supporting an enhanced reputation
- Adaptation leading to improved operational performance
- Technology opportunities for improving (increasing efficiency) onboard systems, including alternative fuels and hybrids
- There are related opportunities in developing partnerships with leading industry actors to accelerate decarbonisation, including working in partnership with charterers on environmental initiatives and undertaking biofuel trials in partnership with DNV and Good Fuel.

Gram Car Carriers Transparency Act Statement

Our structure, operations and human rights management systems

Gram Car Carriers ASA ("GCC") is one of the world's leading tonnage providers of seaborn vehicle transportation. We operate a modern cargo fleet of 20 vessels (19 owned) and pride ourselves in being a sustainability-focused company, with focus given to formally managing material environmental, social and governance performance. Our operations are headquartered in Oslo, Norway, with an additional office in Singapore, though our vessels trade worldwide.

GCC respects fundamental human rights as set out in the International Bill of Human Rights and the International Labour Organization's (ILO) Fundamental Conventions and acts in accordance with the UN Guiding Principles on Business and Human Rights. GCC also respects decent working conditions, meaning working conditions that safeguard fundamental human rights and health, safety, and environment in the workplace, and that provide a living wage.

This statement has been prepared in accordance with section 5 of the Transparency Act and summarizes the approach taken by GCC to conduct due diligence on human rights and decent working conditions (together referred to as "human rights") within its own operations and supply chain, in accordance with section 4 of the Transparency Act and in line with the OECD Guidelines for Multinational Enterprises.

We are committed to actively managing and monitoring our human rights impacts in accordance with the human rights due diligence expectations laid out in the Norwegian Transparency Act. We seek to continually improve human rights performance across all our operations and business relationships.

We remain focused on respecting human rights across all our operations, with an emphasis on facilitating active stakeholder dialogue and operating in accordance with all applicable regulatory frameworks, including the Norwegian Transparency Act.

Gram Car Carriers' human rights due diligence

GCC's commitment to human rights is anchored in the "Human and labour rights" section of our Code of Conduct, available on gramcar.com. This policy is available online and is distributed across the organisation. It was last approved by the board of directors of GCC on 7 April 2023. Our explicit commitment to respect human rights extends to all employees, third-party personnel and suppliers. In order to ensure that our employees understand our commitment and their responsibility, we provide training on relevant human rights topics for our employees.

In addition, our human rights expectations explicitly extend to our suppliers, as stated in GCC's Supplier Code of Conduct. On top of the rights laid forth in GCC's own Code of Conduct, suppliers are explicitly tasked with ensuring they prohibit child and forced labour and ensure freedom of association, equal pay and non-discrimination in their workforce. Additionally, suppliers are expected to comply with all applicable laws, with a special emphasis made on labour laws with the purpose of working against slavery and human trafficking.

GCC has identified common issues within the shipping industry, which are also relevant for GCC, that can have adverse human rights impacts. GCC has worked to minimize any negative impact in these areas. These include:

- Shipbuilding, ship repair and ship recycling
- Crew working conditions
- Supply chain management
- Diversity, discrimination and minority rights

GCC has undertaken specific actions to reduce any negative impact in these areas. These include:

- Facilitating an inspection of our chosen ship yards before every docking, to ensure that our human rights expectations are met
- Placing increased focus on supporting our seafarers in mental health issues. This has been identified as a significant concern for many of our crew, due first to Covid and now the Russian invasion of Ukraine, meaning that many have had to either stay on ships for longer than usual, or not return home. As such, we have introduced initiatives to help our crew maintain healthy mental health

- Introducing a hardship allowance for Ukrainian crew. Although not a result of our own actions, the Russian invasion of Ukraine has had a serious adverse impact on our Ukrainian crew members. Our Ukrainian crew has been unable to return home, with several of our Ukrainian officers now living in European countries with their families. It remains an important priority for us to maintain our Ukrainian crew base, in particular given our long-term commitment to the education of seafarers through our cooperation with the Odessa Maritime Academy. To support our Ukrainian crew, GCC has decided to allocate around USD $200,000.

In the coming year, we will conduct a more thorough assessment of our potential impact on human rights to continually improve our assessment and to ensure that there are no blind spots in our understanding of our human rights impact.

In order to actively maintain open and transparent communication channels, we have implemented a thorough complaints procedure that ensures employee confidentiality when desired. All reports filed, whether via management channels or via the whistleblowing mechanism, are handled according to the principles of confidentiality, objectivity, impartiality and contradiction. The CEO is tasked with reporting to the Board of Directors on reports of any concerns raised and the outcome of any investigations.

Ongoing human rights due diligence

Part of GCC's commitment to continued human rights due diligence includes our commitment to quickly work towards remedying any affected stakeholders in the event of an actual adverse human rights impact. At present, GCC has not identified any such actual issues, but we nonetheless remain vigilant in reviewing our current policies and practices to better identify both potential and actual human rights impacts in our own operations or value chain.

Human rights due diligence is not a one-off exercise, and accordingly, GCC is committed to continuing to improve our practices. GCC looks to further refine and act on our priority human rights issues related to our operations and specific industry. Furthermore, GCC seeks to continue to improve our stakeholder engagement on our priority human rights issues to ensure all relevant voices are included in our due diligence processes. To continue improving our practices in the coming year, we will:

- Continue to communicate our human rights policy internally and externally, including to business partners.
- Continue mapping our supply chain and our business partners to better understand the human rights impacts within them.
- Continue to anchor human rights due diligence within our operations.

Requests for information

Requests for information regarding this Transparency Act statement or GCC's human rights due diligence policies and practices at large can be made to ir@gramcar.com

This statement covers the period 1 July 2022 – 31 December 2022.

/sign/
Ivar Myklebust
Chair of the Board

/sign/
Nikolaus H. Schües
Vice Chair of the Board

/sign/
Clivia Breuel
Board member

/sign/
Dr. Gaby Bornheim
Board member

/sign/
Alasdair Locke
Board member

/sign/
Christine Rødsæther
Board member

/sign/
Nils Kristoffer Gram
Board member

/sign/
Georg A. Whist
CEO

SASB Table - Marine Transportation (2023)

Topic	Accounting metric	Category	Unit of measure	2023	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO_2-e	470,732	TR-MT-110a.1
	Discussion of long and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Qualitative description	Environment chapter		TR-MT-110a.2
	Total energy consumed	Quantitative	Gigajoules (GJ)	6,130,742	TR-MT-110a.3
	Energy consumed coming from heavy fuel (vs. renewable)		Percentage (%)	97.45%	
	Carbon Intensity Indicator (CII)		g CO_2e / t.nm	8.04	TR-MT-110a.4
Air Quality	Air emissions of the following pollutants	No$_x$	Metric tons (t)	10,174	TR-MT-120a.1
		Sox		1,536	
		PM		640	
Ecological impacts	Shipping duration in marine protected areas or areas of protected conservation status	Quantitative	Number of travel days	0	TR-MT-160a.1
	Percentage of fleet implementing ballast water	Exchange	Percentage (%)	100%	TR-MT-160a.2
		Treatment		100%	
	Spills and released into the environment	Number	Number	0	TR-MT-160a.3
		Aggregate volume	Cubic meters (m^3)	0	TR-MT-160a.3
H&S	Lost time incident rate (LTIR)	Quantitative	Rate	0	TR-MT-320a.1
Business Ethics	Calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	Number	0	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	0	TR-MT-510a.2

Topic	Accounting metric	Category	Unit of measure	2023	Code
Accident & Safety Mgt.	Marine casualties, percentage classified as very serious	Quantitative	Number	1	TR-MT-540a.1
		Quantitative	Percentage (%)	100%	
	Number of Conditions of Class or Recommendations	Quantitative	Number	17	TR-MT-540a.2
	Number of port state control	Deficiencies	Number	30	TR-MT-540a.3
		Detentions	Number	1	TR-MT-540a.3

Topic	Accounting metric	Category	Unit of measure	2023	Code
	Number of shipboard employees	Quantitative	Number	350 positions, 550-600 employees	TR-MT-000.A
	Total distance travelled by vessel	Quantitative	Nautical miles (nm)	1,500,872	TR-MT-000.B
	Operating days	Quantitative	Days	6,638	TR-MT-000.C
	Deadweight tonnage	Quantitative	Thousand deadweight tons	225,285	TR-MT-000.D
	Number of vessels in total shipping fleet	Quantitative	Number	19	TR-MT-000.E
	Number of vessel port calls	Quantitative	Number	19	TR-MT-000.F
	Twenty-foot equivalent unit (TEU) capacity	Quantitative	TEU	N/A	TR-MT-000.G

Go back

GRI Index

GRI standard	Disclosure title	Location (page number)
GRI 2	2-1 - 2-5 Organisation and reporting practices	Page 27
	2-6 - 2-8 Activities and workers	Pages 3, 29, 30 & 40
	2-9 - 2-21 Governance	Pages 42 – 60
	2-22 - 2-28 Strategy, policies & practices	Pages 31 & 32
	2-29 & 2-30 Stakeholder engagement	Pages 31 & 32
GRI 205	205-2 Communication and training about anti-corruption policies and procedures	Page 42
	205-3 Confirmed incidents of corruption and actions taken	Page 43

GRI standard	Disclosure title	Location (page number)
GRI 302	302-1 Energy consumption within the organisation	Page 35
	302-4 Reduction of energy consumption	Page 35
GRI 305	305-1 Direct (Scope 1) GHG emissions	Page 33
	305-4 GHG emissions intensity	Page 33
	306-3 Waste generation	Page 36
GRI 403	403-1 Health and safety management system	Page 38
	403-5 Health and safety training	Page 38
	403-9 Lost time injuries	Page 38
GRI 404	404-1 Training per employee	Page 40
GRI 405	405-1 Diversity and equal opportunity	Page 40

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 amortisation.

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 Unit

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; production guidance; development and construction activities; projected unit of production cost; accounting decisions and policy judgments, ability to put new facilities into profitable production, and the impact thereof; 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. The 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; the timing of bringing new plants on stream; an inability to exploit growth or investment opportunities; an inability to find and develop new plants; ineffectiveness of crisis management systems; adverse changes in tax regimes; the development and use of new technology; geological or 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 prospectus dated 30 November 2022 available at 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 The Company’s expectations or otherwise.

Go back

Head Office

Gram Car Carriers ASA
Bryggegata 9 (Aker Brygge)
0250 Oslo
Norway

Phone: +47 22 01 74 50
E-mail: mail@gramcar.com

Singapore office

Gram Car Carriers Services Pte Ltd.
6 Temasek Boulevard #39-02
Suntec Tower Four
Singapore 038986

Phone: +65 6334 9519
E-mail: mail@gramcar.com

artbox.no