

## Q3 Results Presentation

08 November 2023



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The preparation of interim financial statements requires Stainless Tankers ASA's (the "Company", "we" or "our") management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

This presentation includes forward-looking statements which are based on management's current expectations and projections about future events. All statements other than statements of historical facts included herein, including statements regarding our future financial position, market outlook and future economic projections and assumptions and risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as "believe", "expect", "anticipate", "may", "assume", "plan", "intend", "will", "should", "estimate", "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. 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 and readers of this presentation should not place undue reliance on these forward-looking statements. For additional information on risk factors related to the Company and its business, reference is made to our information document dated 27 April 2023.

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# Agenda

**Highlights**

**Chemical Tanker Rates & Outlook**

**Vessel Acquisitions**

**Financial Review**

**Q&A**

**Appendix - 3Q 2023 Financial Statements**

# Highlights



## 3Q23 Results

**Net income of \$1.9m on net revenue of \$11.3m with full fleet ownership for the quarter compared to only c.58% during the prior quarter**



## Market Rates & Outlook

**Q3 market TCEs in c.\$19-20k/day range similar to Q2, with strong upside momentum heading into Q4, both in line with expectations; supply fundamentals remain strong**



## Attractive Vessel Acquisition

**Purchase of two J19 vessels at attractive prices, fully funded by expanding the existing credit facility; transaction immediately earnings/dividend accretive and value enhancing**



## 3Q23 Dividend

**Proposing \$2.16m return of capital<sup>1</sup>, \$0.16/share, representing annualised dividend yield of 12.8% on invested equity, to be approved at EGM on 23 Nov and paid on 30 Nov 2023**



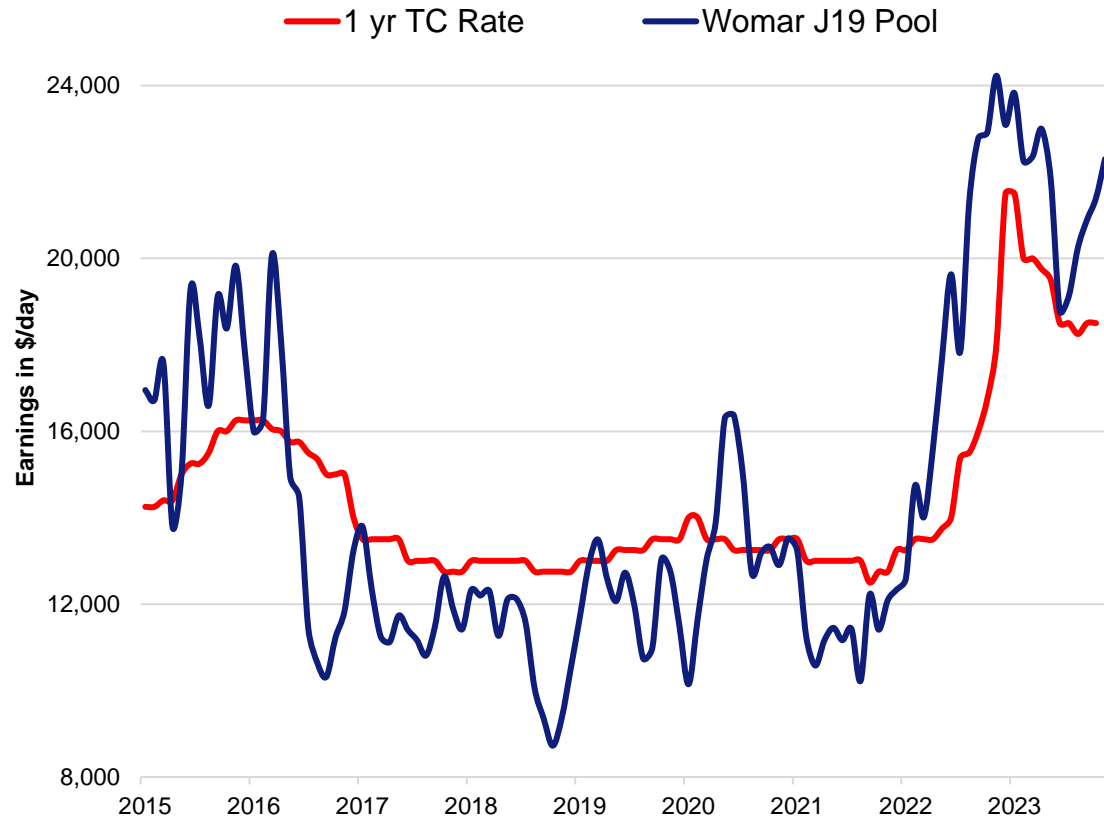
## 2024 Outlook

**Expect material cash flow uplift from positive market and pool TCE outlook, decline in break-even rate and additional earnings from new vessels**

1) STST will make dividend distributions in the form of return of paid-in-capital

# Market rates re-accelerating into Q4

## Womar net pool earnings and market time charter rates

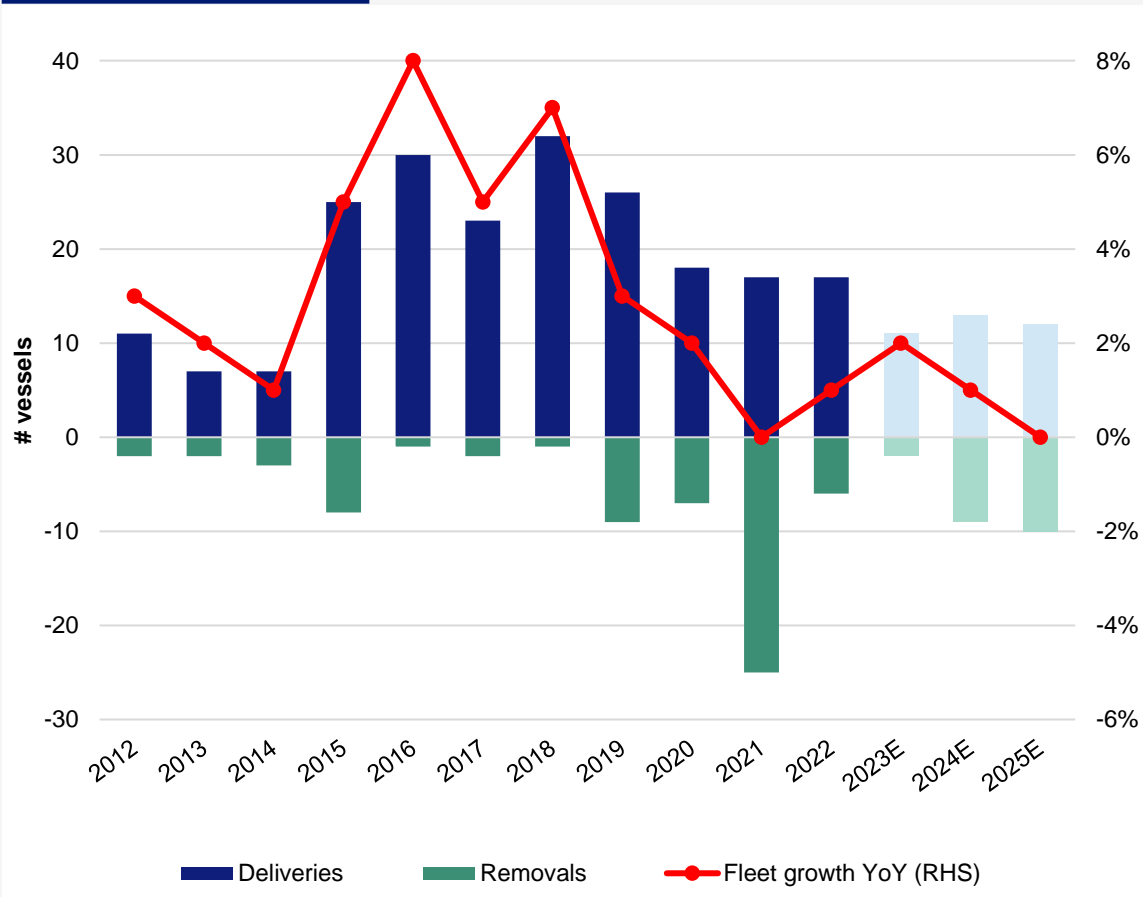


## Highlights

- **Spot TCEs were stable in Q3 compared to Q2, in line with expectations and guidance**
- **Womar Q4 pool TCEs showing strong upside momentum and expected to average c.\$22k/day for the quarter**
- **Womar's attractive COA profile supports positive outlook beyond Q4**
- **Five of the seven vessels now trading in the Womar pool**
- **Two vessels on legacy time charters to enter the Womar pool at the end of November 2023 and March 2024**
- **Two acquisition vessels already trade in the Womar pool**

# Fundamentals continue to remain supportive

## Net fleet development<sup>1</sup>



## Highlights

- **Newbuild ordering activity during Q3 was virtually non-existent and orderbook levels remain at c.6% of global fleet**
- **Stainless steel fleet growth to remain low; vessels older than 25yrs exceed orderbook, keeping replacement need high**
- **Stainless steel experienced yards, primarily in Japan, lack slots until 2027**
- **Dislocations from Ukraine war and corresponding increase in tonne-mile demand continue to restrict available capacity**
- **Overall demand growth expected to continue to outpace net fleet supply even in a global economic slowdown scenario**



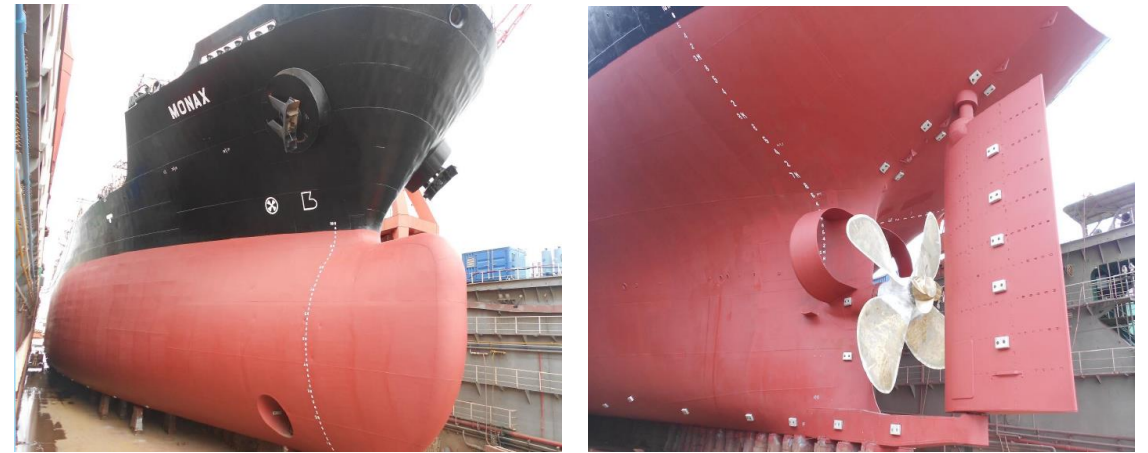
# Attractive opportunity to acquire two additional vessels

## Vessel overview

- Signed MOAs to acquire two 2005 built J19 vessels from funds managed by Tufton for \$27.0 million en-bloc
- Purchase price to be fully funded by a \$27.0 million upside to existing loan facility, no additional equity requirement
- Transaction expected to close on or around 15 November 2023; vessels to remain in Womar pool employment
- Vessels will provide immediate contribution to earnings at Womar's expected Q4 pool TCE of \$22k/day

Vessel name	Size	Year	Yard	Price (\$m)	Next SS
Marmotas	19,998	2005	Usuki, Japan	\$13.5	Feb-25
Monax	20,645	2005	Usuki, Japan	\$13.5	Jul-25

## Vessel condition



- **Drydock/Maintenance:** Vessels recently completed drydocking and are in excellent condition
- **ESDs:** Completed installation of energy saving devices translating to c.9-10% efficiency savings
  1. Schneekluth duct, propeller boss-cap fin
  2. High performance paint
  3. Variable Frequency Drives, LED lighting
- **CII / EEXI:** B (top 20% of non-eco vessels) / Max speed of 14.3kn fully laden

Acquisition enhances value for our shareholders without raising new equity, and is earnings and dividend accretive from day one

# Positive financial impact of acquisitions

## Transaction summary

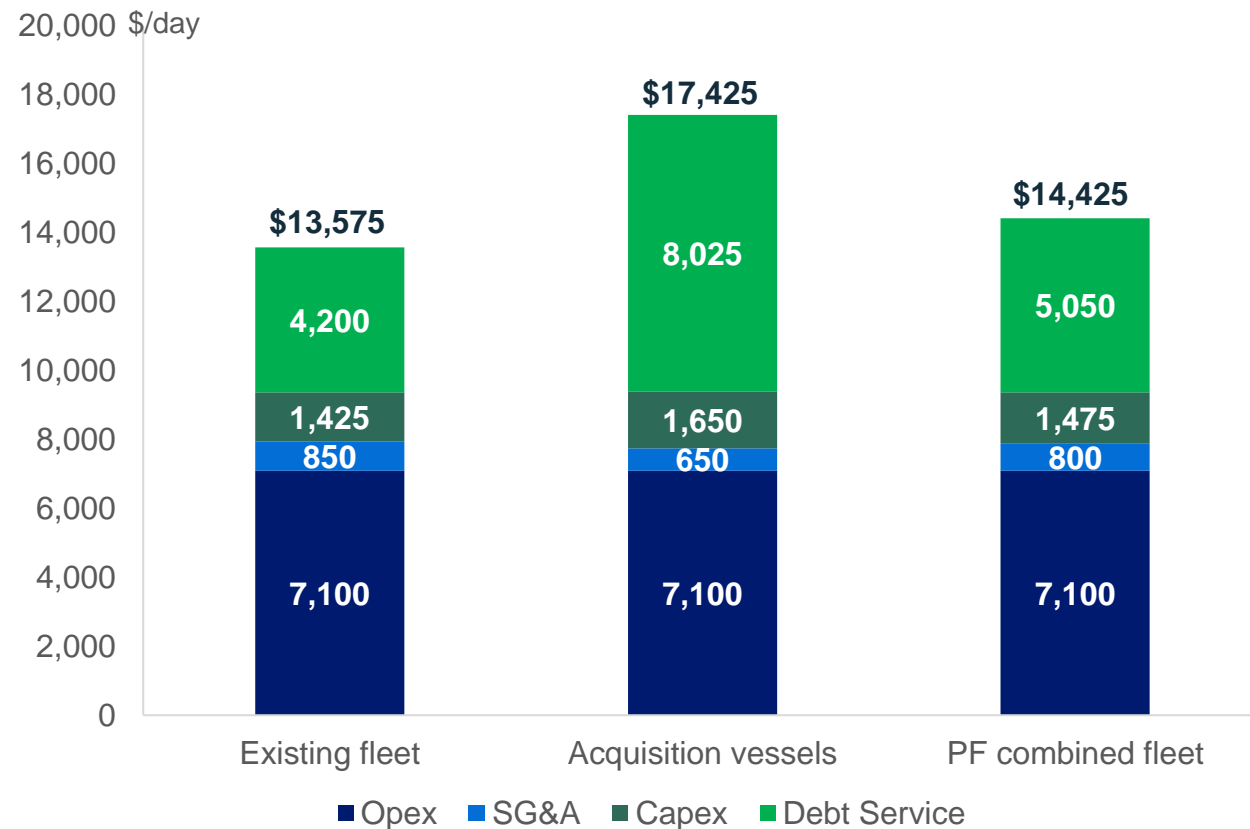
### Acquisition overview in USD millions

Fleet	Net debt <sup>1</sup>	Fleet value <sup>2</sup>	LTV%
Existing fleet	60.3	124.0	48.6%
Acquisition vessels	<u>27.0</u>	<u>28.0</u>	
Pro forma combined fleet	87.3	152.0	57.5%

### Acquisition vessels in USD millions

	4Q23
(+) Revenue <sup>3</sup>	1.98
(-) Operating expenses	(0.72)
(-) Debt service <sup>4</sup>	<u>(0.35)</u>
<b>(=) Operating cash flow</b>	<b>0.91</b>
(-) Transaction costs	(0.60)
(-) Working capital <sup>5</sup>	<u>(0.10)</u>
<b>(=) Expected cash accretion/(dilution)</b>	<b>0.21</b>

## Projected average operating break-even during 2024-2026 period



**Transaction enhances free cash flow in current quarter, while increasing the average fleet b/e over next three years by only \$850/day**

1) Net debt is based on debt outstanding as of expected closing on November 15<sup>th</sup> LESS restricted cash

2) Fleet value based on vv.com as of November 2<sup>nd</sup>, 2023

3) Forecast based on Womar 4Q23 outlook of \$22,000/day

4) Upsize facility has \$0 debt paydown in 4Q23, \$4.1 million in 2024, \$4.1 million in 2025, \$3.2 million in 2026

5) Working capital due to Womar pool of \$350k/vessel to be paid over 12 equal monthly instalments



# 3Q23 Financial performance

	Select Financials	3Q23
Fleet stats	Calendar days	644
	Available ship days	<u>644</u>
	<i>Vessel days under ownership %</i>	<i>100.0%</i>
	Revenue ship days	<u>639</u>
	<i>Utilization %</i>	<i>99.2%</i>
	Net pool TCE (\$/day)	19,280
	Net time charter (\$/day)	14,883
Condensed income statement (in USD)	(+) Net revenue	11,254,331
	(-) Opex	(4,950,705)
	(-) SG&A	<u>(576,175)</u>
	(=) EBITDA	5,727,451
	(-) Depreciation	(2,272,653)
	(+/-) Financial income/(expense)	(1,553,797)
	(+/-) Other income/(expense)	<u>(6,274)</u>
	Net Income	1,894,727
Select balance sheet items (in USD)	Cash and cash equivalents <sup>(1)</sup>	3,582,093
	Fleet book value	117,689,813
	Net outstanding loan balance <sup>(2)</sup>	<u>60,263,125</u>
	<i>Net loan outstanding to book value % <sup>(3)</sup></i>	<i>51.2%</i>
	Total equity	65,089,303

## Comments and notes

- **Q3 financials reflective of full fleet ownership for the quarter; fleet utilization at over 99%**
- **Of the total 644 ship days in Q3, 386 days were in pool employment compared to 258 pool days in Q2**
- **Net pool TCE income for the quarter derived from days that vessels were traded in the Womar pool and Stolt J19 pool**
- **Achieved net income of \$1.9 million and a net income margin of 16.8%**
- **Current market value of the fleet approximately \$7.0 million above book value**
- **Proposing dividend of \$2.16 million, or \$0.16 per share based on increasing momentum and outlook of the Womar pool**

1) Cash and cash equivalents comprised of restricted and unrestricted cash

2) Net outstanding loan balance comprised of loan balance outstanding not including capitalized costs LESS restricted cash

3) LTV % is based on net outstanding loan balance DIVIDED by fleet book value

Thank You



## Appendix - Financial statements (income statement)

### Consolidated statement of income statement and other comprehensive income (unaudited)

In USD	YTD	Q3 2023
Operating revenue	18,711,035	11,691,880
Vessel voyage expenses	(853,245)	(437,549)
Vessel operating expenses	(7,605,283)	(4,950,705)
Administrative expenses	(1,263,327)	(576,175)
Other income	10,098	-
<b>EBITDA</b>	<b>8,999,278</b>	<b>5,727,452</b>
Depreciation	(3,511,070)	(2,272,653)
<b>Operating result (EBIT)</b>	<b>5,488,208</b>	<b>3,454,798</b>
Financial income	167,862	33,193
Financial expenses	(2,681,664)	(1,586,990)
<b>Profit before tax (EBT)</b>	<b>2,974,406</b>	<b>1,901,001</b>
Taxes	(18,822)	(6,274)
<b>Profit and other comprehensive income for the period</b>	<b>2,955,584</b>	<b>1,894,727</b>
Attributable to:		
Equity holders of the parent company	2,955,584	1,894,727
Non-controlling interests	-	-

Note: The reported condensed interim consolidated financial figures for the Stainless Tankers Group presented below comprise revenue and expenses incurred during the period 1 December 2022 - 30 September 2023 ('YTD')

# Appendix - Financial statements (balance sheet)

## Consolidated statement of financial position (unaudited)

In USD	30 Sep 2023
<b>ASSETS</b>	
<b>Non-current assets</b>	
Vessels	117,689,813
<b>Total non-current assets</b>	<b>117,689,813</b>
<b>Current assets</b>	
Trade and other receivables	5,935,927
Accrued income	18,588
Cash and cash equivalent	3,582,093
<b>Total current assets</b>	<b>9,536,608</b>
<b>Total assets</b>	<b>127,226,421</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Share capital	13,072,672
Share premium	49,061,047
Retained earnings	2,955,584
<b>Total equity</b>	<b>65,089,303</b>
<b>Non-current liabilities</b>	
Interest-bearing debt - non-current	53,394,382
<b>Total non-current liabilities</b>	<b>53,394,382</b>
<b>Current liabilities</b>	
Interest-bearing debt - current	7,602,453
Trade and other payables	1,101,495
Accrued taxation	18,822
Deferred income	19,967
<b>Total current liabilities</b>	<b>8,742,737</b>
<b>Total equity and liabilities</b>	<b>127,226,421</b>

# Appendix - Financial statements (cash flow statement)

## Consolidated statement of cash flows (unaudited)

In USD	YTD	Q3 2023
Profit and other comprehensive income for the period	2,974,406	1,901,001
Financial expenses	2,401,501	1,553,797
Depreciation	3,511,070	2,272,653
<b>Cash flow from operating activities before changes in working capital</b>	<b>8,886,978</b>	<b>5,727,452</b>
<b>Changes in working capital</b>		
Increase in trade and other receivables	(5,935,927)	(1,264,267)
Increase in trade and other payables	1,101,495	(805,564)
Accrued/(Deferred) income	1,380	(269,461)
<b>Cash flow from operating activities</b>	<b>4,053,924</b>	<b>3,388,160</b>
Acquisition of vessels	(121,200,883)	-
Interest received	167,862	33,193
<b>Cash flow from investing activities</b>	<b>(121,033,020)</b>	<b>33,193</b>
Proceeds from issue of shares	67,103,002	-
Transaction related costs	(3,281,783)	-
Dividends paid	(1,687,500)	(1,687,500)
Proceeds from issue of debt	67,500,000	-
Borrowing costs	(1,115,619)	(49,180)
Repayment of debt	(5,486,875)	(3,004,375)
Interest paid on interest-bearing debt	(2,470,036)	(1,529,347)
<b>Cash flow from financing activities</b>	<b>120,561,188</b>	<b>(6,270,402)</b>
<b>Net change in cash and cash equivalents</b>	<b>3,582,092</b>	<b>(2,849,050)</b>
Cash and cash equivalents at beginning of period	-	6,431,142
<b>Cash and cash equivalents at end of period</b>	<b>3,582,092</b>	<b>3,582,092</b>