

# AMSC ASA

Third Quarter 2022 Report



## Third Quarter 2022 Report

Lysaker, 22 November 2022, AMSC ASA (“AMSC” or the “Company”) announces results for the third quarter ending 30 September 2022.

### HIGHLIGHTS

- Stable financial performance with bareboat revenue of USD 22.3 million, normalized EBITDA of USD 22.6 million and adjusted net profit of USD 5.0 million
- On 15 September 2022, AMSC conducted an equity private placement of NOK 404.9 million, which was partially used to fund the purchase of the offshore construction vessel, Normand Maximus. The vessel was acquired on 18 October 2022 and commenced a long-term bareboat charter with a single purpose subsidiary of Solstad Offshore ASA (the “Charterer”)
- On 21 October 2022, AMSC announced it had fixed its third and last vessel being redelivered in December on a three-year bareboat charter contract to Keystone Shipping Co. (“Keystone”) commencing in December and backed by a time charter of the same duration
- Contracted backlog of U.S. Jones Act bareboat revenue of USD 185.3 million with average weighted tenor of 2.0 years
- Declared Q3 dividend of USD 0.12 per share, supported by the Company’s free cash flow

AMSC CEO, Pål Lothe Magnussen comments, *“We are pleased to have completed another quarter with steady financial performance. Subsequent to quarter-end we have completed the acquisition of Normand Maximus, successfully raised equity capital and fixed the final Jones Act tanker being returned to us on a three-year bareboat charter. With these milestones completed, we look forward to an active 2023 which we expect will bring growth in EBITDA and a continued focus on developing our fleet.”*

### MAIN EVENTS DURING AND SUBSEQUENT TO THE THIRD QUARTER

- **Operating profit:** Operating profit was stable at USD 13.1 million in Q3 2022 compared to USD 12.9 million in Q3 2021.
- **Normalized EBITDA:** Normalized EBITDA of USD 22.6 million for Q3 2022 consists of base bareboat revenue of USD 22.3 million, plus Deferred Principal Obligation (“DPO”) of USD 0.8 million, less SG&A of USD 0.5 million. The comparative figure for Q3 2021 for normalized EBITDA was USD 22.3 million (consisting of base bareboat revenue of USD 22.3 million, plus DPO of USD 0.8 million, less SG&A of USD 0.8 million). See the section on Alternative Performance Measures for more detailed information.
- **Adjusted net profit:** Adjusted net profit of USD 5.0 million for Q3 2022 consists of net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to non-cash deferred tax expenses. The comparative figure for Q3 2021 was USD 5.0 million. See the section on Alternative Performance Measures for further details.
- **Private Placement:** On 15 September 2022, AMSC conducted an equity private placement, raising gross proceeds of NOK 404.9 million, through the allocation of 11,247,333 new shares in the Company at a subscription price of NOK 36 per share. Tranche 1 of the Private Placement, 6,061,650 shares were

registered on 21 September 2022, while Tranche 2 (5,185,683 shares) was subject to EGM approval, obtained on 6 October 2022 and registered on 10 October 2022. See note 7 for further details.

- **Delivery of Normand Maximus:** During Q2, the Company announced the agreement to acquire the offshore construction vessel Normand Maximus. AMSC took delivery of the vessel on 18 October 2022 when it also commenced a long-term bareboat charter, adding USD 151.5 million in revenue backlog. The purchase price of USD 157 million was funded with USD 110 million secured loan from DNB, proceeds from the private placement and cash on hand. The final bareboat agreement terms are adjusted with the following: (compared to previously disclosed)
  - Charterer has purchase options in year 5 and 10 at strike price USD 125 million and USD 75 million respectively (an increase of USD 25 million)
  - If Charterer sells the vessel within 12 months of exercising the purchase option, any profits made over strike price is shared 50/50 with AMSC
  - Charterer is granted an up to USD 10 million charter deferral option for the first 12 months, to be repaid over the following 18 months, any outstanding amount is charged 12% interest rate
- **Final Jones Act tanker fixed on new multi-year bareboat charter:** On 21 October 2022, the Company announced a new three-year bareboat charter for one of its vessels commencing in December 2022 with Keystone. The charter is secured by a back-to-back time charter between Keystone and a leading U.S. fuel distributor and adds USD 31.3 million to AMSC's U.S. Jones Act charter backlog.
- **Dividends:** On 22 August 2022, the Board authorized a quarterly dividend payment of USD 0.12 per share, the equivalent of NOK 1.1592 per share, to the shareholders on record as of 30 August 2022, which was paid on 7 September 2022. The dividend was classified as a return of paid in capital.

On 21 November 2022, the Board authorized a dividend payment of USD 0.12 per share to the shareholders on record as of 29 November 2022. The shares in AMSC will be traded ex. dividend from and including 28 November 2022, and the dividend will be paid on or about 7 December 2022. The dividend is classified as a return of paid in capital.

- **Dividend guidance:** The Company's policy with respect to dividends is driven by the Board's commitment to return value to its shareholders while also prudently managing its balance sheet and maintaining financial flexibility to pursue growth and diversification opportunities. Dividend payments depend on, among other things, performance of existing contracts including outlook for profit share and ability to secure new contracts for redelivered vessels and will be considered in conjunction with the Company's financial position, debt covenants, capital requirements, and market conditions going forward.

## THIRD QUARTER FINANCIAL REVIEW

### Condensed Income Statement

Amounts in USD million (except share and per share information)	<i>unaudited</i>			
	Q3 2022	Q3 2021	Year to date	
			2022	2021
Operating revenues	22.3	22.3	66.1	65.9
Operating profit before depreciation - EBITDA	21.8	21.5	62.9	62.5
Normalized EBITDA	22.6	22.3	65.3	65.0
Operating profit - EBIT	13.1	12.9	37.0	37.1
Net financial expense	(7.9)	(7.8)	(23.1)	(22.3)
Unrealized gain/(loss) on interest swaps	3.3	(0.2)	11.4	(0.3)
Net foreign exchange gain/(loss)	(1.5)	(0.4)	(2.7)	(0.4)
Profit/(loss) before income tax	7.0	4.5	22.6	14.1
Income tax expense	(0.2)	(0.1)	(0.3)	(0.1)
Non-cash income tax (expense) / benefit	(1.8)	(0.9)	(5.1)	(3.0)
Net profit/(loss) for the period *	5.1	3.5	17.2	11.0
Adjusted net profit	5.0	5.0	13.7	14.5
Average number of common shares **	61,209,493	60,616,505	60,816,340	60,616,505
Basic and diluted earnings per share (USD)	0.08	0.06	0.28	0.18

\* Applicable to common stockholders of the parent company

\*\* On 21 September 2022, 6,061,050 shares were issued. On 30 September 2022, 66,678,155 number of common shares were outstanding.

### Third quarter results

AMSC's operating revenues for Q3 2022 and Q3 2021 were USD 22.3 million each. EBITDA was USD 21.8 million in Q3 2022 and USD 21.5 million in Q3 2021. Operating profit was USD 13.1 million in Q3 2022 (USD 12.9 million in Q3 2021).

Net financial expense for Q3 2022 was USD 7.9 million (USD 7.8 million in Q3 2021).

In Q3 2022, AMSC had an unrealized gain of USD 3.3 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (USD 0.2 million loss in Q3 2021). Net foreign exchange loss for Q3 2022 was USD 1.5 million, relating to revaluation of NOK balances into USD functional currency (USD 0.4 million in Q3 2021).

AMSC had a net profit before tax for Q3 2022 of USD 7.0 million compared to USD 4.5 million in Q3 2021. Current income tax expense was USD 0.2 million in Q3 2022 (USD 0.1 million in Q3 2021). Non-cash income tax expense was USD 1.7 million in Q3 2022 (USD 0.9 million in Q3 2021). Net profit for Q3 2022 was USD 5.1 million compared to USD 3.5 million in Q3 2021.

### Year to date results

AMSC's operating revenues for the first nine months of 2022 and 2021 were USD 66.1 million and USD 65.9 million, respectively. EBITDA was USD 62.8 million in the first nine months of 2022, compared to USD 62.5 million in the first nine months of 2021. EBIT was USD 37.0 million in the nine months ending 30 September 2022 (USD 37.1 million in the same period of 2021).

Net financial expense for the first nine months of 2022 was USD 23.1 million (USD 22.3 million in the first nine months of 2021). Included in net financial expense in 2021, AMSC recognized a one-time gain of USD 0.2 million on the bond tap issued at 101 of par.

In the first nine months of 2022, AMSC had an unrealized gain of USD 11.4 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (USD 0.3 million loss in the first nine months of 2021). AMSC also recognized a net foreign exchange loss of USD 2.7 million during the first nine months of 2022 (USD 0.4 million in the same period of 2021).

AMSC had a net profit before tax for the nine months ending 30 September 2022 of USD 22.6 million (USD 14.1 million for the nine months ending 30 September 2021). Current income tax expense for the first nine months of 2022 was 0.3 million (USD 0.1 million in the same period in 2021). Non-cash income tax expense was USD 5.1 million in the first nine months of 2022 (USD 3.0 million in the first nine months of 2021). Net profit for the first nine months of 2022 was USD 17.2 million compared to USD 11.0 million in the first nine months of 2021.

### Condensed Statement of Financial Position

Amounts in USD million	<i>unaudited</i>		31-Dec 2021 *
	30-Sep 2022	30-Sep 2021	
Vessels	594.3	624.1	615.1
Deferred tax assets	7.8	12.8	11.3
Interest-bearing long term receivables (DPO)	6.8	20.0	7.3
Derivative financial assets	15.1	-	3.6
Deposit for vessel	20.0	-	-
Trade and other receivables	14.0	2.8	14.9
Cash held for specified uses	6.5	4.5	5.4
Cash and cash equivalents	45.5	51.9	55.9
<b>Total assets</b>	<b>710.0</b>	<b>716.1</b>	<b>713.5</b>
Total equity	165.0	154.0	149.2
Deferred tax liabilities	19.7	10.7	16.2
Interest-bearing long term debt	493.3	518.0	511.9
Derivative financial liabilities	-	1.5	-
Interest-bearing short term debt	26.8	26.8	26.8
Trade and other payables	5.2	5.1	9.5
<b>Total equity and liabilities</b>	<b>710.0</b>	<b>716.1</b>	<b>713.5</b>

\* Derived from audited financial statements

The decrease in vessels from 31 December 2021 reflects depreciation of the Company's 10 vessels for the first three quarters of 2022 of USD 25.8 million, offset by capital expenditures of USD 5.1 million.

During the first nine months of 2022, Overseas Shipholding Group, Inc. ("OSG") made repayments on the DPO of USD 2.4 million, of which USD 1.5 million is principal repayment. As of 30 September 2022, USD 13.2 million of the DPO balance was reclassified to short term trade and other receivables of which USD 12.3 million will become due in connection with the three ships' redeliveries in December 2022. See note 12 to the condensed consolidated financial statements for additional information on the DPO.

Cash held for specified uses includes minimum balances held in earnings accounts for each of the Company's respective bank loans.

Interest bearing debt as of 30 September 2022 was USD 520.1 million, net of USD 5.2 million in capitalized fees versus USD 538.6 million as of 31 December 2021. This debt relates to the bank financing for the Company's 10 vessels of USD 305.3 million and the unsecured bond of USD 220.0 million. AMSC was in compliance with all of its debt covenants as of 30 September 2022.

## Outlook

The entire U.S. Jones Act tanker fleet is presently fully employed on term charters and short-term charter rates are now around USD 65,000 per day. The combination of demand for clean products across the USA, increasing transportation needs for renewable diesel and favorable market conditions for transporting crude oil domestically, drives the demand side in the Jones Act tanker market. The supply side of the market remains stable with limited U.S. yard capacity and rising newbuilding costs, making it unlikely for newbuilds to enter the market for years to come. The combination of strong demand and stable supply is likely to maintain a strong Jones Act tanker market going forward.

MR tankers are a reliable means of transportation and a key part of the infrastructure transporting fuel and crude oil across the USA. AMSC's 10 tankers are a key part of the Jones Act fleet, represents about 30% of the modern tankers, and are attractive assets for first class charterers.

The offshore services market is currently experiencing increased activity and demand, particularly for subsea assets. The backlog for subsea EPC contracts, as reported by the three largest contractors, is continuing to grow and is currently at levels seen 10 years ago. Solstad continues to report promising outlook for this segment and is currently working on several shorter- and longer- term employment opportunities for the Normand Maximus after its current time charter expired in Q4 2022.

AMSC continues to enjoy downside protection with "come hell or high water" bareboat contracts with varying maturities as presented below:

Vessel	Charter Expiration	Operator	Remaining Charter Extension Options
Overseas Houston	Dec 2023	OSG	Unlimited 3 and 5 year
Overseas Long Beach	Dec 2023	OSG	Unlimited 3 and 5 year
Overseas Boston	Dec 2023	OSG	Unlimited 3 and 5 year
Overseas Nikiski	Dec 2023	OSG	Unlimited 3 and 5 year
Overseas Martinez	Dec 2023	OSG	Unlimited 3 and 5 year
Overseas Anacortes	Dec 2023	OSG	Unlimited 3 and 5 year
Overseas Tampa	Jun 2025	OSG	2 x 5 year followed by 5 x 1 year
Overseas Los Angeles	Dec 2025	OSG / Keystone	2 x 1 year
Overseas Texas City	Dec 2025	OSG / Keystone	2 x 1 year
Overseas New York	Dec 2025	OSG / Keystone	None
Normand Maximus	Oct 2027	Subsidiary of Solstad	2 x 5 year

## Risks

The risks facing AMSC principally relate to the operational and financial performance of its charterers. Indirectly AMSC is exposed to overall Jones Act tanker market risk and following the acquisition of the offshore construction vessel Normand Maximus, AMSC is also be exposed to the offshore services market risk.

AMSC is exposed to rechartering risk upon expiry of existing bareboat charters. Presently, six vessels have bareboat charters expiring in December 2023, three vessels have bareboat charters expiring in December 2025, one vessel is contracted through June 2025 and one vessel is contracted through October 2027. Three vessels will be redelivered to AMSC upon expiration in December 2022 and will be subsequently delivered under the new bareboat charters to Keystone.

AMSC is exposed to the risk of Solstad's ability to secure long-term time charters for the Normand Maximus and to perform under a bareboat charter with AMSC. AMSC is also exposed to refinancing risk related to the DNB's acquisition financing.

AMSC's activities also expose the Company to a variety of other financial risks, including but not limited to, currency, interest rate, refinancing, and liquidity risk.

For further details of AMSC's risks, refer to the 2021 Annual Report.

## Definitions

Jones Act - The U.S. cabotage law, referred to as Jones Act, requires all commercial vessels operating between U.S. ports to be built, owned, operated and manned by U.S. citizens and to be registered under the U.S. flag. In 1996 certain amendments were enacted to the U.S. vessel documentations laws, allowing increased non-U.S. participation in the ownership of vessels operating in the Jones Act trade under certain conditions, known as the finance lease exemption.

Lysaker, 21 November 2022  
The Board of Directors and President / CEO  
AMSC ASA

Annette Malm Justad  
Chairperson

Peter D. Knudsen  
Director

Frank O. Reite  
Director

Pål Magnussen  
President / CEO

## AMSC ASA GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2022

### CONDENSED INCOME STATEMENT

Amounts in USD million (except share and per share information) Note	<i>unaudited</i>			
	Q3 2022	Q3 2021	Year to date 2022 2021	
Operating revenues	22.3	22.3	66.1	65.9
Operating expenses	(0.5)	(0.8)	(3.2)	(3.4)
<b>Operating profit before depreciation - EBITDA</b>	<b>21.8</b>	<b>21.5</b>	<b>62.9</b>	<b>62.5</b>
Depreciation	(8.8)	(8.6)	(25.8)	(25.4)
<b>Operating profit - EBIT</b>	<b>13.1</b>	<b>12.9</b>	<b>37.0</b>	<b>37.1</b>
Net financial expense 10	(7.9)	(7.8)	(23.1)	(22.3)
Unrealized gain/(loss) on interest swaps	3.3	(0.2)	11.4	(0.3)
Net foreign exchange gain/(loss)	(1.5)	(0.4)	(2.7)	(0.4)
<b>Profit before income tax</b>	<b>7.0</b>	<b>4.5</b>	<b>22.6</b>	<b>14.1</b>
Income tax (expense) / benefit 6	(0.2)	(0.1)	(0.3)	(0.1)
Non-cash income tax (expense) / benefit 6	(1.8)	(0.9)	(5.1)	(3.0)
<b>Net profit for the period *</b>	<b>5.1</b>	<b>3.5</b>	<b>17.2</b>	<b>11.0</b>
Average number of common shares ** 7	61,209,493	60,616,505	60,816,340	60,616,505
<b>Basic and diluted earnings per share (USD)</b>	<b>0.08</b>	<b>0.06</b>	<b>0.28</b>	<b>0.18</b>

### CONDENSED STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

Amounts in USD million	<i>unaudited</i>			
	Q3 2022	Q3 2021	Year to date 2022 2021	
Net income/(loss) for the period	5.1	3.5	17.2	11.0
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income/(loss) for the period *</b>	<b>5.1</b>	<b>3.5</b>	<b>17.2</b>	<b>11.0</b>

\* Applicable to common stockholders of the parent company.

\*\* On 21 September 2022, 6,061,050 shares were issued. On 30 September 2022, 66,678,155 number of common shares were outstanding.

## CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in USD million	Note	<i>unaudited</i>		31-Dec 2021 *
		30-Sep 2022	30-Sep 2021	
<b>Assets</b>				
<b>Non-current assets</b>				
Vessels		594.3	624.1	615.1
Deferred tax assets		7.8	12.8	11.3
Interest-bearing long term receivables (DPO)	12	6.8	20.0	7.3
Derivative financial assets		15.1	-	3.6
<b>Total non-current assets</b>		<b>624.0</b>	<b>656.9</b>	<b>637.3</b>
<b>Current assets</b>				
Deposit for vessel		20.0	-	-
Trade and other receivables		14.0	2.8	14.9
Cash held for specified uses		6.5	4.5	5.4
Cash and cash equivalents		45.5	51.9	55.9
<b>Total current assets</b>		<b>86.0</b>	<b>59.2</b>	<b>76.2</b>
<b>Total assets</b>		<b>710.0</b>	<b>716.1</b>	<b>713.5</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>		<b>165.0</b>	<b>154.0</b>	<b>149.2</b>
<b>Non-current liabilities</b>				
Bond payable	8	220.0	220.0	220.0
Other interest-bearing loans	8	278.5	305.4	298.7
Derivative financial liabilities		-	1.5	-
Capitalized fees	8	(5.2)	(7.4)	(6.9)
Deferred tax liability	6	19.7	10.7	16.2
<b>Total non-current liabilities</b>		<b>513.0</b>	<b>530.2</b>	<b>528.0</b>
<b>Current liabilities</b>				
Interest-bearing short-term debt	8	26.8	26.8	26.8
Trade and other payables		5.2	5.1	9.5
<b>Total current liabilities</b>		<b>32.0</b>	<b>31.9</b>	<b>36.3</b>
<b>Total liabilities</b>		<b>545.0</b>	<b>562.1</b>	<b>564.3</b>
<b>Total equity and liabilities</b>		<b>710.0</b>	<b>716.1</b>	<b>713.5</b>

\* Derived from audited financial statements

**CONDENSED STATEMENT OF CHANGES IN TOTAL EQUITY**

Amounts in USD million	<i>unaudited</i>	
	Year to date	
	2022	2021
<b>Equity as of beginning of period</b>	<b>149.2</b>	<b>161.3</b>
Total comprehensive income for the period	17.2	11.0
Repurchase of treasury shares	-	(0.2)
Proceeds from sale of treasury shares	-	0.1
Dividends/return of capital	(21.8)	(18.2)
Proceeds from share capital issued	20.4	-
<b>Total equity as of end of period</b>	<b>165.0</b>	<b>154.0</b>

**CONDENSED CASH FLOW STATEMENT**

Amounts in USD million	<i>unaudited</i>	
	Year to date	
	2022	2021
Net cash flow from operating activities	37.3	38.9
Net cash flow used in investing activities	(25.1)	-
Net cash flow used in financing activities	(21.5)	(18.2)
<b>Net change in cash and cash equivalents</b>	<b>(9.3)</b>	<b>20.7</b>
Cash and cash equivalents, including cash held for specified uses at the beginning of period	61.3	35.7
<b>Cash and cash equivalents, including cash held for specified uses at end of period</b>	<b>52.0</b>	<b>56.4</b>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022**
**1. Introduction – AMSC ASA**

AMSC ASA (“AMSC”) is a company domiciled in Norway. The condensed interim financial statements for the three and nine months ended 30 September 2022 and 2021 comprise AMSC and its wholly owned subsidiaries. These interim financial statements have not been audited or reviewed by the Company’s auditors. AMSC has one operating segment.

The consolidated 2021 annual financial statements of AMSC are available at [www.amscasa.com](http://www.amscasa.com).

**2. Basis of Preparation**

These consolidated interim financial statements reflect all adjustments, in the opinion of AMSC’s management, that are necessary for a fair presentation of the results of operations for the periods presented. Operating results for the three- and nine-month periods are not necessarily indicative of the results that may be expected for any subsequent interim period or year.

**3. Statement of compliance**

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) applicable for interim reporting, *IAS 34 Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31 December 2021.

**4. Significant accounting principles**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended 31 December 2021.

There have not been any new IFRS standards or interpretations issued or effective after the completion of the annual consolidated financial statements for the year 2021 that have a significant impact on AMSC's financial reporting for the three and nine months ended 30 September 2022.

## 5. Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2021.

Certain prior period reclassifications were made to conform to current year presentation and include reclassification of short-term DPO receivables as well as reclassification between Cash and cash equivalents and Cash held for specified uses.

## 6. Tax

Income tax expense is recognized in each interim period based on the best estimate of the expected annual income tax rates.

Without the benefit of accelerated depreciation on vessels for U.S. income tax purposes, the Company would have U.S. taxable income. Accordingly, substantially all the deferred tax expense results from accelerated tax depreciation, which has created differences between accumulated depreciation for book and tax purposes and corresponding tax losses, the net of which is recognized as a deferred tax liability. The Company expects that the deferred tax liability will continue to grow until the U.S. subsidiaries are in a tax payable position for U.S. Federal income tax purposes, which is not expected until the vessels are fully depreciated for tax purposes and currently available tax operating losses are fully utilized. Deferred tax expense is a non-cash item.

Deferred tax assets include the Company's net operating losses in carryforward, unused interest expense deductions and capitalized loan fees. Deferred tax liabilities include the value of the vessels.

The Company has approximately USD 467.8 million of federal net operating losses in carryforward in the U.S. subsidiaries as of 31 December 2021, of which approximately USD 151.7 million are subject to certain limitations under Internal Revenue Service Code Section 382 (see note 5 of the 2021 consolidated financial statements for more details). The Company also has approximately USD 62.9 million of net operating losses in carryforward in Norway as of 31 December 2021.

## 7. Share capital and equity

As of 30 September 2022, AMSC had 66,678,155 ordinary shares at a par value of NOK 1 per share.

On 21 September 2022, 6,061,650 new shares were issued at a par value of NOK 1 per share, raising net proceeds of USD 20.4 million. Subsequent to the end of the third quarter, an additional 5,185,683 new shares were issued at a par value of NOK 1 per share, raising net proceeds of USD 17.2 million. AMSC currently has 71,863,838 ordinary shares outstanding as of the date of this report.

The Annual General Meeting on 22 April 2022 adopted a resolution to reduce the par value of AMSC's share capital from NOK 10 per share to NOK 1 per share. Upon completion of the creditor notice period during Q2 2022, the reduced amount was transferred to other equity and constitutes unrestricted other deposited equity.

Dividends paid (classified as repayment of previously paid in share premium)	2022			2021			
	14-Mar-22	10-Jun-22	7-Sep-22	1-Mar-21	4-Jun-21	3-Sep-21	6-Dec-21
NOK per share	1.0573	1.1517	1.1592	0.8470	0.8321	0.8872	1.071
USD per share	0.120	0.120	0.120	0.100	0.100	0.100	0.120
Aggregate NOK (millions)	64.1	69.8	70.3	51.3	50.4	53.8	64.9
Aggregate USD (millions)	7.3	7.3	7.3	6.1	6.1	6.1	7.3

## 8. Interest-bearing debt

The following table shows material changes in interest-bearing debt:

Amounts in USD million	9 months to	
	30-Sep-22	30-Sep-21
<b>Balance at beginning of period</b>	538.6	543.6
Repayment of debt / loan fees	(20.1)	(20.0)
Issuance of debt	-	20.0
Amortization of loan fees	1.7	1.1
<b>Balance at end of period</b>	520.2	544.7

The Company was in compliance with all of its debt covenants as of 30 September 2022.

## 9. Related party transactions

AMSC believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions and had no new related party agreements during the first nine months of 2022. Reference note 18 in the 2021 consolidated financial statements for the Group for further details.

## 10. Net financial expenses

Amounts in USD million	3 months to		9 months to	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Interest expense	(8.3)	(8.2)	(24.2)	(23.8)
Interest income	0.4	0.4	1.1	1.5
<b>Net financial expense</b>	<b>(7.9)</b>	<b>(7.8)</b>	<b>(23.1)</b>	<b>(22.3)</b>

### 11. Profit sharing agreement with OSG

AMSC and OSG have an agreement to share profits from OSG's operations of AMSC's 10 Jones Act vessels. The calculation of profit to share is complex and made on an aggregated fleet level. The calculation thus starts with total time charter vessel revenue, subtracted by defined cost elements including provisions for drydock costs. The profit share is reported quarterly, but is calculated on an aggregated fleet level over a full calendar year. Accordingly, one may have individual quarters with positive profit share offset by quarters with negative profit share. Nonetheless, AMSC's portion of the profit can never be negative on an annual basis.

In years of weak markets there may be shortfalls in net time charter revenues applied to cover provisions for future drydocks. Such shortfalls need to be recovered by net time charter revenues in subsequent years with stronger markets. Similarly, if drydock provisions deducted in the profit share calculation are too high, these are adjusted through a true-up mechanism once special surveys for individual vessels are completed. The concept of true-ups ensure that any shortfall or excess in drydock provisions are adjusted to reflect the actual cost of drydocks over the five-year special survey cycles.

AMSC's 50% share of the full year profit is used to reduce the OSG credit. In the agreement negotiated with OSG, the "OSG credit" is the amount of AMSC's profit sharing that OSG retains prior to having an obligation to remit profit sharing payments to AMSC. After the OSG credit has been fully reduced to zero, AMSC will receive its 50% share of the subsequent profit share in cash, and in no event is AMSC obligated to repay the credit. The OSG credit balance was as of 31 December 2021 USD 7.7 million.

### 12. Deferred Principal Obligation (DPO)

Pursuant to the current charter agreements with OSG, they had the right to defer payment of a portion of the bareboat charter hire for the first five vessels during the initial seven year fixed bareboat charter periods. OSG paid a reduced bareboat charter rate and assumed the DPO. The DPO accrued on a daily basis to a maximum liability from OSG of USD 7.0 million per vessel. The DPO is repaid to AMSC over 18 years including interest unless the bareboat charter is terminated earlier at which time the DPO becomes due immediately. OSG has made repayments on all five vessels delivered under the arrangement, and those vessels' cash bareboat charter hire resumed to its full contractual amount.

Amounts in USD million	9 months to	
	30-Sep-22	30-Sep-21
<b>Balance at beginning of period</b>	21.4	23.3
Repayments of principal	(1.5)	(1.5)
<b>Balance at end of period</b>	19.9	21.8
Reclassified to short-term receivables	(13.1)	(1.9)
<b>Long term balance at end of period</b>	6.8	20.0

### 13. Financial Instruments

The only financial instruments that the Company accounts for at fair value on an ongoing basis are the interest rate swaps, which are classified in the Level 2 category as is described in the 2021 consolidated financial statements. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the quarter ended 30 September 2022, there were no transfers between categories.

The fair values of financial instruments, the related fair value hierarchy, together with the carrying amounts shown in the balance sheet are as follows:

<i>Amounts in USD millions</i>	Carrying amount 30-Sep-22	Fair value 30-Sep-22	Fair value hierarchy *
Interest-bearing receivables (DPO)	19.9	18.7	3
Interest swap used for economic hedging	15.1	15.1	2
Unsecured bond issue (gross)	(220.0)	(207.4)	2
Secured loans (gross)	(305.3)	(303.0)	2

The fair value of cash, accounts receivable and accounts payable approximate the carrying values due to their short-term nature.

\* Described in the 2021 consolidated financial statements

#### 14. American Tanker, Inc. consolidated financial statements

In accordance with the bond loan agreement, below are the consolidated unaudited financial statements for American Tanker, Inc. and its subsidiaries for the first nine months of 2022.

##### CONDENSED INCOME STATEMENT

<b>Amounts in USD million (except share and per share information)</b>	<i>unaudited</i> <b>Year to date 2022</b>
Operating revenues	66.1
Operating expenses	(3.6)
<b>Operating profit before depreciation - EBITDA</b>	<b>62.5</b>
Depreciation	(25.8)
<b>Operating profit - EBIT</b>	<b>36.6</b>
Net interest expense	(29.7)
Unrealized gain/(loss) on interest swaps	11.4
Other financial expenses	(1.4)
<b>Profit/(loss) before income tax</b>	<b>16.9</b>
Income tax expense	(0.3)
Non-cash income tax benefit/(expense)	(3.5)
<b>Net profit/(loss) for the period *</b>	<b>13.1</b>
Average number of common shares	1,000
<b>Earnings/(loss) per share (USD thousands)</b>	<b>13.05</b>

\* Applicable to common stockholders of the parent company.

**CONDENSED STATEMENT OF FINANCIAL POSITION**

Amounts in USD million	<i>unaudited</i>
	<b>30-Sep 2022</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Vessels	593.4
Interest-bearing long term receivables (DPO)	6.7
Derivative financial assets	15.1
<b>Total non-current assets</b>	<b>615.2</b>
<b>Current assets</b>	
Other current assets	13.6
Cash held for specified uses	6.5
Cash and cash equivalents	25.0
<b>Total current assets</b>	<b>45.1</b>
<b>Total assets</b>	<b>660.3</b>
<b>Equity and liabilities</b>	
<b>Total equity</b>	<b>27.7</b>
<b>Non-current liabilities</b>	
Bond payable	220.0
Other interest-bearing loans	368.8
Capitalized fees	(5.2)
Deferred tax liability	20.2
<b>Total non-current liabilities</b>	<b>603.8</b>
<b>Current liabilities</b>	
Interest-bearing short-term debt	26.8
Trade and other payables	2.0
<b>Total current liabilities</b>	<b>28.8</b>
<b>Total liabilities</b>	<b>632.6</b>
<b>Total equity and liabilities</b>	<b>660.3</b>

**CONDENSED CASH FLOW STATEMENT**

Amounts in USD million	<i>unaudited</i>
	<b>Year to date 2022</b>
Net cash flow from operating activities	30.7
Net cash flow used in investing activities	(5.1)
Net cash flow used in financing activities	(44.1)
<b>Net change in cash and cash equivalents</b>	<b>(18.5)</b>
Cash and cash equivalents, including cash held for specified uses at the beginning of period	50.0
<b>Cash and cash equivalents, including cash held for specified uses at end of period</b>	<b>31.5</b>

**15. Subsequent events**

On 6 October 2022, AMSC held an Extraordinary General Meeting to approve the second tranche of shares issued in connection with the equity private placement. These shares were approved and were registered on 10 October 2022. The shareholders also voted in favor of changing the company's name from American Shipping Company ASA to AMSC ASA.

On 18 October 2022, AMSC, through a wholly owned subsidiary, took delivery of the offshore construction vessel, Normand Maximus. The vessel commenced a long-term bareboat charter with a subsidiary of Solstad ASA.

On 21 October 2022, AMSC announced it had fixed its third and last vessel being redelivered in December on a three-year bareboat charter contract to Keystone commencing in December.

On 21 November 2022, the Board authorized a dividend payment of USD 0.12 per share to the shareholders on record as of 29 November 2022. The shares in AMSC will be traded ex. dividend from and including 28 November 2022, and the dividend will be paid on or about 7 December 2022. The dividend is classified as a return of paid in capital.

### Alternative Performance Measures

Alternative performance measures are financial measures other than the financial measures defined under IFRS. In accordance with guidelines, AMSC publishes the explanation of the use of alternative performance measures used by the Company, definitions of the performance measures used and reconciliation with the IFRS financial statement.

AMSC discloses Normalized EBITDA and Adjusted Net Profit in order to provide meaningful supplemental information to management and investors as the Company believes these measures enhance an understanding of the Company's operating earnings. The Company also discloses its revenue backlog which includes its bareboat charter revenue from fixed bareboat contracts, not including options.

Normalized EBITDA is calculated as operating revenues (base bareboat revenue) minus operating expenses plus profit sharing plus DPO. Adjusted Net Profit includes net profit/(loss) after tax, adjusting for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to deferred tax. The tables below illustrate the comparative information for normalized EBITDA and reconciliation to the reported EBITDA and Adjusted net profit and a reconciliation to net profit/(loss) after tax.

	<i>unaudited</i>			
	Q3 2022	Q3 2021	Year to date	
<b>Normalized EBITDA (amounts in USD millions)</b>			<b>2022</b>	<b>2021</b>
Base bareboat revenue	22.3	22.3	66.1	65.9
Less operating expenses	(0.5)	(0.8)	(3.3)	(3.4)
<b>Reported EBITDA</b>	<b>21.8</b>	<b>21.5</b>	<b>62.8</b>	<b>62.5</b>
Plus DPO	0.8	0.8	2.4	2.5
<b>Normalized EBITDA</b>	<b>22.6</b>	<b>22.3</b>	<b>65.2</b>	<b>65.0</b>

	<i>unaudited</i>			
	Q3 2022	Q3 2021	Year to date	
<b>Adjusted net profit (amounts in USD millions)</b>			<b>2022</b>	<b>2021</b>
Net profit/loss after tax	5.1	3.5	17.2	11.0
Add back:				
Unrealized (gain)/loss on interest swaps	(3.3)	0.2	(11.4)	0.3
Net foreign exchange (gain)/loss	1.5	0.4	2.7	0.4
Non-cash income tax expense	1.7	0.9	5.1	3.0
Bond (premium)	-	-	-	(0.2)
<b>Adjusted net profit</b>	<b>5.0</b>	<b>5.0</b>	<b>13.6</b>	<b>14.5</b>

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