AMERICAN SHIPPING COMPANY ASA

ANNUAL REPORT

2021

American Shipping Company

Mission: to be the preferred ship owning and leasing partner to the US Jones Act market

CONTENT

KEY FIGURES

Profit and loss items		2021	2020	2019
Operating revenues	USD million	88.2	88.2	87.8
EBITDA	USD million	83.6	85.2	84.7
Net income	USD million	13.4	18.1	8.3
Normalized EBITDA	USD million			
Reported EBITDA	USD million	83.6	85.2	84.7
DPO	USD million	3.3	3.4	3.6
Normalized EBITDA	USD million	86.9	88.6	88.3

Cash flow				
Cash flow from operating activities	USD million	57.8	43.8	35.9
Cash flow from investing activities	USD million	-	(4.8)	15.4
Cash flow used in financing activities	USD million	(32.2)	(51.1)	(57.2)
Cash as of 31 December	USD million	61.3	35.7	47.9

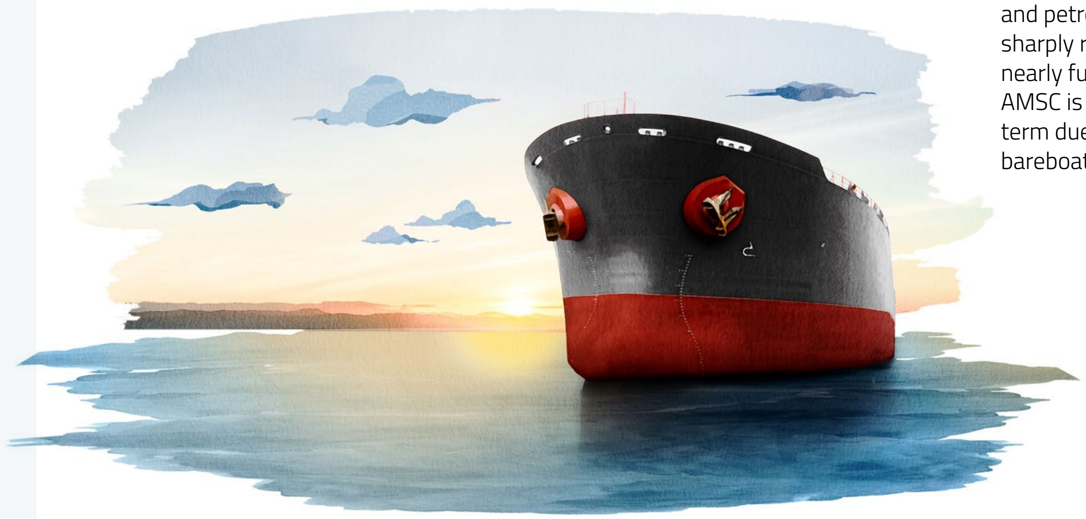
Balance sheet				
Interest bearing debt	USD million	538.6	543.6	567.0
Equity	USD million	149.2	161.3	165.0
Total assets	USD million	713.5	723.6	752.4
Equity ratio	Percent	20.9%	22.3%	21.9%

The AMSC share				
Share price as of 31 December	NOK	32.20	28.20	32.85
Dividend per share	NOK	3.85	3.44	2.90
Dividend per share	USD	0.44	0.38	0.32
Dividend yield	Percent	12.0%	12.2%	8.8%

KEY EVENTS 2021

UNSECURED BOND TAP ISSUE
In April 2021, AMSC executed a tap issue of USD 20 million in the senior unsecured bonds due 2 July 2025. The tap issue was made at an issue price of 101% of nominal amount. Following settlement, the outstanding amount of the bond is USD 220 million.

INCREASED DIVIDENDS
For the financial year 2021, the Company declared dividends of USD 0.42 per share, a 17% increase over 2020.



OSG BAREBOAT CHARTER UPDATE
In December 2021, the Company announced OSG's exercise of 1-year options for two ships, moving the charter expiry to December 2023, and redelivery notices for three ships in December 2022. The Company views the redeliveries as an opportunity to diversify its customer base and will work towards redeploying the vessels in the Jones Act tanker market during 2022 and beyond.

COVID 19 IMPACT
Demand for transportation of crude and petroleum products in the U.S. was sharply reduced during 2020, but has nearly fully recovered by the end of 2021. AMSC is insulated in the short to medium term due to its "come hell or high water" bareboat contracts with OSG.

FINANCIAL CALENDAR 2022

22 April	Annual General Meeting 2022
19 May	1st quarter interim results 2022
23 August	2nd quarter interim results 2022
22 November	3rd quarter interim results 2022

(dates subject to change)

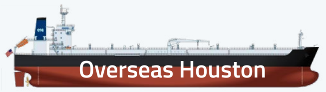
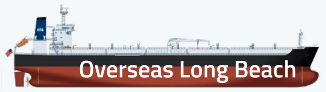
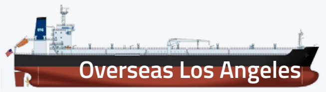
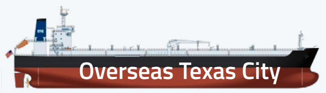
THIS IS AMERICAN SHIPPING COMPANY

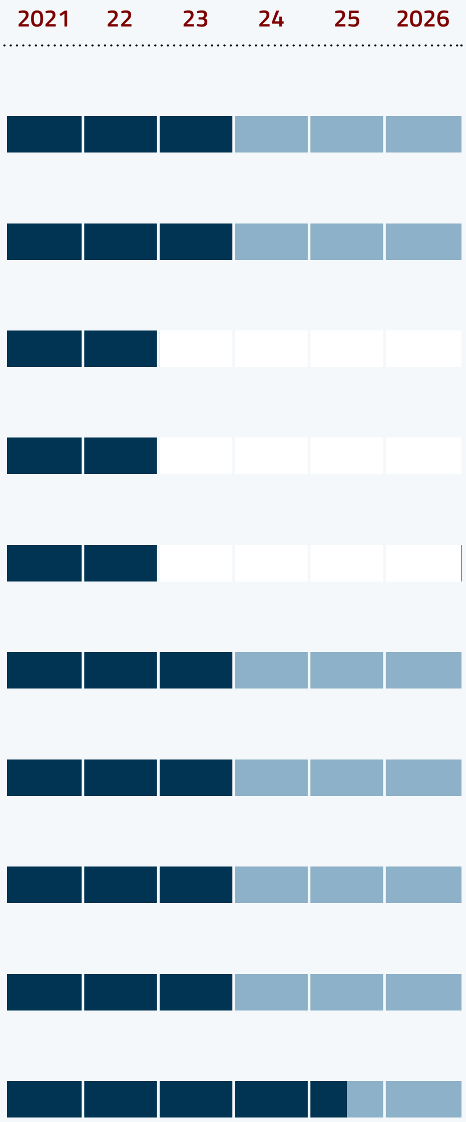
American Shipping Company ASA (AMSC) was established in 2005, and is listed on the Oslo Stock Exchange with the ticker AMSC (OTCQX: ASCJF). The business model of AMSC is to own and bareboat charter out U.S. built vessels to qualified U.S. citizen operators, making the Company a pure play Jones Act owner. The objective of the business model is to generate a stable and predictable cash flow from long term bareboat leases protected from short term market fluctuations, with upside potential through profit sharing arrangements with the charterers.

AMSC currently owns nine modern handy size product tankers and one modern handy size shuttle tanker, all built at Philly Shipyard (PHLY), a leading U.S. shipyard. All ten vessels are on fixed rate bareboat charters with Overseas Shipholding Group Inc. (OSG). In addition, there is a profit sharing arrangement in place with OSG, providing the Company with exposure to improving market conditions. OSG charters the vessels out on voyage and time charters to major oil companies and refineries. OSG has options to renew the bareboat charters for the life of the vessels, except for the three vessels being returned in December 2022.

AMSC is headquartered in Lysaker, Norway, with its principal operating subsidiaries located in Pennsylvania, USA.

FLEET OVERVIEW

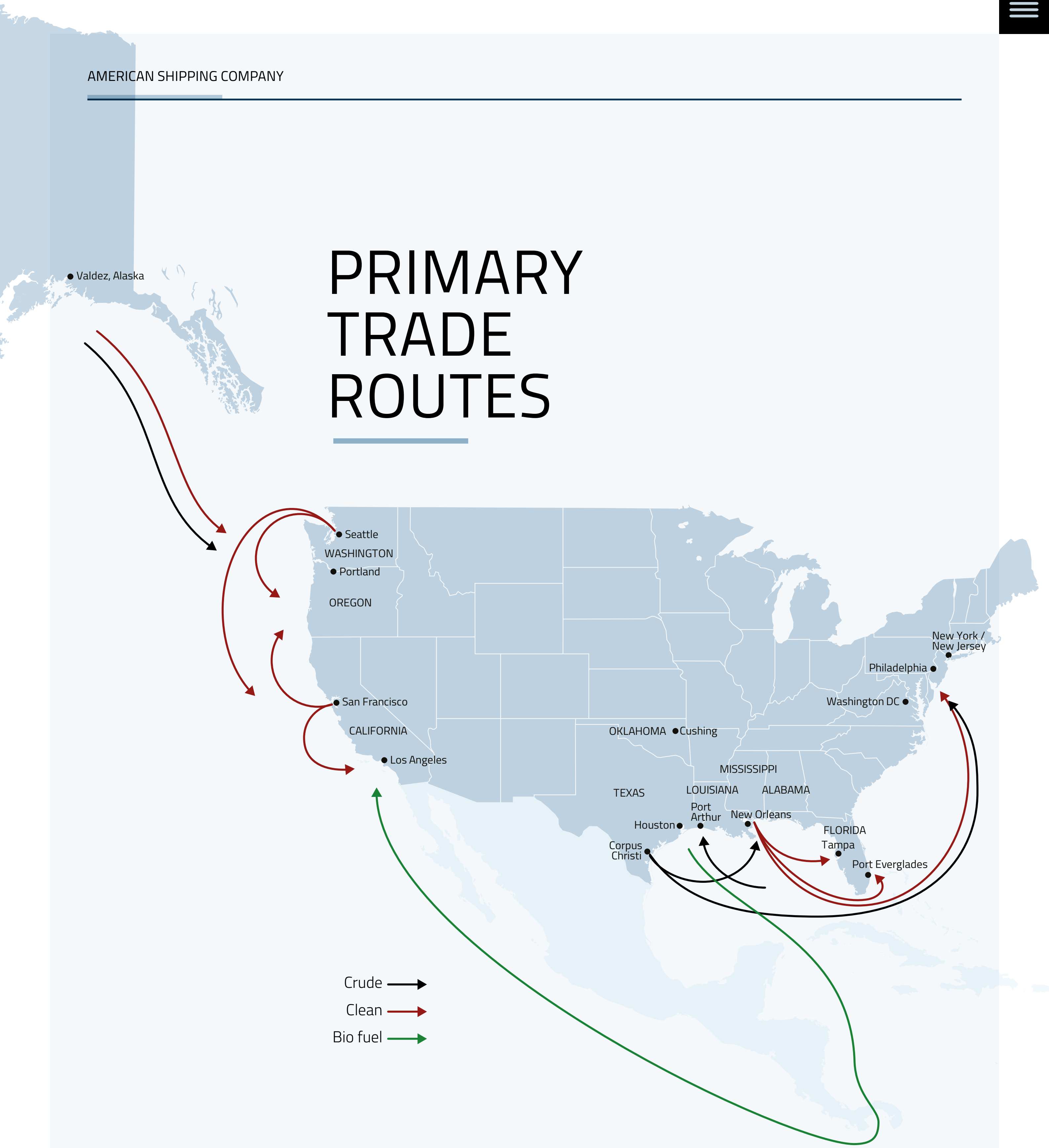
VESSEL	DESIGN	TYPE	DELIVERED
 Overseas Houston	Veteran Class MT 46	MR	2007
 Overseas Long Beach	Veteran Class MT 46	MR	2007
 Overseas Los Angeles	Veteran Class MT 46	MR	2007
 Overseas New York	Veteran Class MT 46	MR	2008
 Overseas Texas City	Veteran Class MT 46	MR	2008
 Overseas Boston	Veteran Class MT 46	MR	2009
 Overseas Nikiski	Veteran Class MT 46	MR	2009
 Overseas Martinez	Veteran Class MT 46	MR	2010
 Overseas Anacortes	Veteran Class MT 46	MR	2010
 Overseas Tampa	Veteran Class MT 46	ST	2011



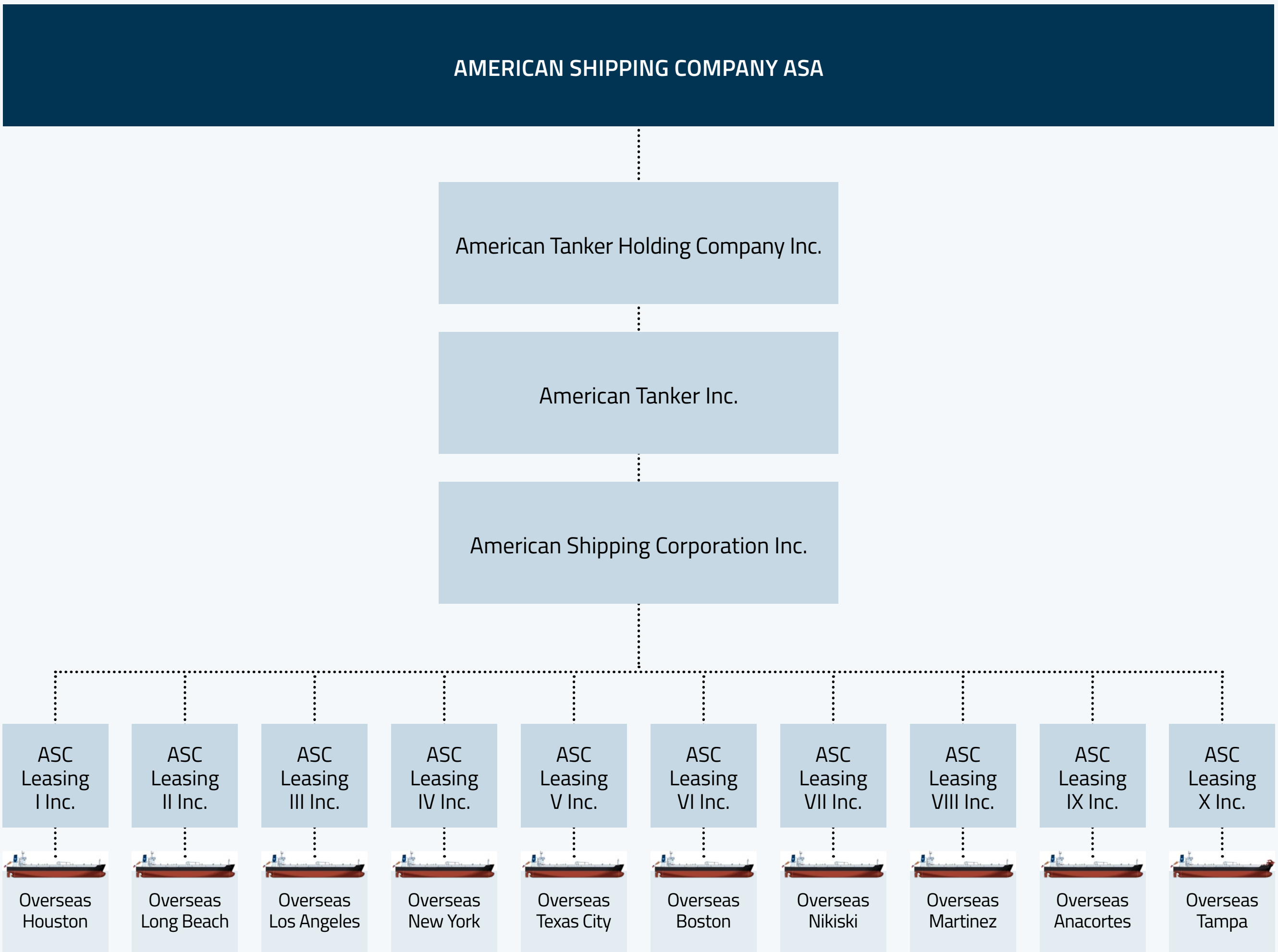
Bareboat from AMSC to OSG

OSG extension options for life

PRIMARY TRADE ROUTES



COMPANY STRUCTURE



COMPANY HISTORY

2005

- Aker American Shipping ASA (AKASA) established and listed on Oslo Stock Exchange
- Closed a ten ship bareboat charter agreement with Overseas Shipholding Group, Inc. (OSG), with ships delivered between 2007 and 2011

2007

- Obtained take-out financing for ten vessels and issued NOK 700 million bond for investments in vessels

2008

- Name changed to American Shipping Company ASA and trading ticker changed from AKASA to AMSC

2009

- Finalized settlement agreement with OSG that settled all commercial disputes between the companies

2011

- Extended maturity of the NOK bond for 6 years

2012

- Extended maturity of vessel debt to June 2016
- Achieved bareboat charter extensions with OSG to December 2019

2013

- Launched major recapitalization of the Company, completed in 2014, which raised USD 128 million in cash and increased equity by USD 166 million

2014

- Began paying quarterly dividends
- Overseas Tampa converted to a shuttle tanker for a ten year time charter to Shell beginning in 2015
- Invested USD 25 million for a 19.6% stake in Philly Tankers AS with orders for four product tankers

2015

- Refinancing of secured vessel debt completed with USD 450 million in new secured debt
- Philly Tankers secured long-term time charters on its first two ships, declared its two options and entered into agreement to sell all four tanker contracts upon delivery

2016

- First Philly Tankers newbuild contract and related assets sold to subsidiaries of Kinder Morgan. Transaction proceeds distributed during 2017, with a final liquidation proceed during 2018

2017

- Raised USD 220 million senior unsecured bond used to refinance the outstanding bond with maturity in February 2018
- Received USD 12.5 million in distributions from Philly Tankers from its sale of all four product tanker newbuild contracts

2018

- OSG elected to extend all nine vessels up for renewal, effectively increasing AMSC's average bareboat charter duration to 3.5 years

2019

- Liquidation of PTAS with USD 16.3 million received, USD 28.8 million in total after-tax proceeds
- OSG elected to extend four vessels up for renewal, effectively increasing AMSC's average bareboat charter duration to 3.7 years

2020

- Closed USD 305 million senior secured debt financing for nine ships with maturity in 2025
- Closed USD 200 million unsecured bond, maturing in 2025

2021

- Closed USD 20 million unsecured bond tap issue
- Increased quarter-over-quarter dividend by 20%, supported by Company's free cash flow
- OSG elected to extend two vessels for one year and redeliver three vessels in 2022

GOALS AND STRATEGIES

- Be a preferred ship owning and lease finance company in the Jones Act market
- Generate stable cash flow from long term bareboat charters
- Have a modern, safe and operationally friendly fleet
- Explore and invest in value creating opportunities for our stakeholders
- Ensure an optimal use of capital

MANAGEMENT

PÅL LOTHE MAGNUSSEN
President / CEO

Pål L. Magnussen was appointed President and CEO of AMSC effective 1 January 2015. He previously served as AMSC's CFO from 1 June 2014. A Norwegian national, Mr. Magnussen comes from the position as Director of the Investment Banking Division in DNB Markets where he worked since 2007 focusing on the shipping and offshore sectors. Prior to that, he worked for five years as Vice President of Corporate Banking in DNB Bank's shipping and offshore division. He has significant experience from international shipping finance and has been based in New York, Singapore and Oslo. Mr. Magnussen holds an MBA from Columbia University, New York and a Master of Science from the Norwegian School of Management, Oslo. He holds 110,000 share in the Company.

MORTEN BAKKE
CFO

Morten Bakke was appointed Chief Financial Officer from April 2016. He has multiple years of corporate finance, shipping and offshore experience of which 10 years with DVB Corporate Finance in London and Oslo and previously with Chartered Accountants Moore Stephens and Credit Suisse, both in London. Mr. Bakke holds a MSC in Shipping, Trade and Finance from Cass Business School in London and BA in Business Studies from University of Greenwich. Mr. Bakke is a Norwegian national and holds 100,000 shares in the Company through MB Capital AS.

LEIGH JAROS
Controller

Leigh Jaros joined AMSC as Controller in July 2008 and was employed by Philly Shipyard as its Accounting Supervisor from January 2007, prior to joining AMSC. Ms. Jaros has multiple years of corporate finance and accounting experience including financial reporting, analysis and budgeting. Ms. Jaros holds a Bachelor of Science in Finance and Economics from West Chester University. Ms. Jaros is a U.S. citizen and holds 2,000 shares in the Company.

BOARD OF DIRECTORS

ANNETTE MALM JUSTAD
Chair

Ms. Justad has been a member of American Shipping Company ASA's Board of Directors since December 2007 and was elected as chair of the Board in 2010. From 2006 through 2010, she held the position of CEO of Eitzen Maritime Services ASA, a Norwegian marine shipping services Company. Prior to that she has held various positions in large companies such as Yara International ASA, Norgas Carriers/IM Skaugen ASA, and Norsk Hydro ASA. Presently, Ms. Justad is a partner at Recore, chair of Norske tog AS and Store Norske Spitsbergen Kulkompani AS and Småkraft AS, vice chair REC Silicon, and a board member of Torm plc, Awilco LNG ASA and PowerCell Sweden AB. Ms. Justad holds a Master degree of Technology Management from NTH/MIT (Sloan School /NHH in addition to an MSc in Chemical Engineering from NTH. Ms. Justad is a Norwegian citizen. Ms. Justad holds 4,523 shares in the Company and has no stock options. She has been re-elected for the period 2021-2023.

PETER D. KNUDSEN
Board member

Peter D. Knudsen is the Managing Partner of NorthCape AS, a financial advisory firm. Mr. Knudsen was previously the CEO of Oslo listed Camillo Eitzen & Co. ASA from November 2008 to February 2012. Prior to Camillo Eitzen & Co. ASA, Mr. Knudsen was employed by Nordea Bank (Shipping Offshore and Oil Services) for 15 years, and his last position was as a General Manager of Nordea Bank in Singapore. Mr. Knudsen has also been employed with GIEK, Den norske Creditbank, Jøtun Fonds and Stemoco Shipping. He is presently a board member with OSX listed Pareto Bank ASA and Siem Offshore Ltd., as well as privately owned Uglands Rederi AS . Mr. Knudsen holds an MBA from Arizona State University. He is a Norwegian citizen and holds 5,000 shares of stock in the Company through Vilja AS. Mr. Knudsen has been a Board Member of American Shipping Company ASA since 2012 and has been re-elected for the period 2020-2022.

KRISTIAN RØKKE
Board member

Kristian Røkke is currently CEO of Aker Horizons, a holding company with a portfolio of companies in the renewable energy and green technologies space. He has extensive experience from offshore oil services, shipbuilding industry, M&A and other transactions. Prior to Aker Horizons, Mr. Røkke was CIO of Aker ASA. Mr. Røkke is chairman of the board of Philly Shipyard ASA, Aker Offshore Wind AS and Akastor ASA and a board member of Aker Carbon Capture ASA. He holds an MBA from The Wharton School, University of Pennsylvania. Mr. Røkke is a Norwegian and American citizen and holds zero shares in the Company. Mr. Røkke was elected to the Board of Directors at the Company's Annual General Meeting in 2018, and has been re-elected for the period 2020-2022.

BOARD OF DIRECTORS' REPORT

American Shipping Company ASA ("AMSC" or the "Company") is a ship owning and lease finance company with a modern fleet of nine product tankers and one shuttle tanker operating in the U.S. domestic ("Jones Act") trades. During 2021, all ten tankers were on bareboat charters to Overseas Shipholding Group, Inc. and its subsidiaries (collectively "OSG"), one of the largest operators in the Jones Act tanker market, and domiciled in Tampa, Florida.

THE GROUP'S BUSINESS ACTIVITIES

The main entities in the AMSC Group (the "Group") are the Norwegian holding company American Shipping Company ASA and its wholly owned U.S. subsidiaries American Tanker Holding Company, Inc. (ATHC), American Tanker, Inc. (ATI), American Shipping Corporation (ASC), and the ten single purpose leasing companies (ASC Leasing I through X, Inc.), each owning one of the ten tankers. American Shipping Company ASA is domiciled in Lysaker, Norway, and listed on the Oslo Stock Exchange, with the U.S. subsidiaries located in Kennett Square, Pennsylvania.

AMSC's business model is to own and long-term bareboat charter-out vessels for operation in the U.S. Jones Act market, earning fixed bareboat charter revenues generating stable cash flows to protect against short-term market fluctuations, and, in addition, with profit share potential generated by the bareboat charterers' operations in the time or voyage charter markets.

In accordance with this policy, all of AMSC's vessels are on fixed rate bareboat charters with OSG, together with a profit sharing agreement which gives AMSC the upside of sharing the profits generated by OSG. OSG employs the vessels on voyage and time charters to major oil companies, refineries and trading companies.

The vessels were built at Philly Shipyard ("PHLY"), a leading U.S. shipyard and delivered between 2007 and 2011.

The Company has no research and development activity.

THE JONES ACT MARKET

The U.S. cabotage law, commonly referred to as the Jones Act, requires all commercial vessels transporting cargoes between points in the United States to be U.S. built, owned, operated and manned by U.S. citizens, and registered under the U.S. flag. The Jones Act has existed since 1920 and enjoys strong bipartisan political support in the USA.

AMSC's operation in the Jones Act market is made possible by the lease finance exception of the Jones Act, which permits foreign ownership of the ships under certain conditions. Compliance with the lease finance exception requires, among other things, that the vessels are bareboat chartered to qualified U.S. citizen operators, such as OSG.

KEY EVENTS 2021

Unsecured bond tap issue

In April 2021, AMSC executed a tap issue of USD 20 million in the senior unsecured bonds due 2 July 2025. The tap issue was made at an issue price of 101% of nominal amount. Following settlement, the outstanding amount of the bond is USD 220 million.

OSG bareboat charter update

In December 2021, the Company announced OSG's decision to exercise its 1-year extension option for two ships, moving the charter expiry to December 2023, and redelivery notices for three ships, which expire in December 2022.

BOARD OF DIRECTORS' REPORT

Vessel	Charter Expiration	Remaining Charter Extension Options
Overseas Houston	Dec 2023	Unlimited 3 and 5 year
Overseas Long Beach	Dec 2023	Unlimited 3 and 5 year
Overseas Los Angeles	Dec 2022	None
Overseas New York	Dec 2022	None
Overseas Texas City	Dec 2022	None
Overseas Boston	Dec 2023	Unlimited 3 and 5 year
Overseas Nikiski	Dec 2023	Unlimited 3 and 5 year
Overseas Martinez	Dec 2023	Unlimited 3 and 5 year
Overseas Anacortes	Dec 2023	Unlimited 3 and 5 year
Overseas Tampa	Jun 2025	2 x 5 year followed by 5 x 1 year

The Company views the redeliveries as an opportunity to diversify its customer base and will work towards redeploying the vessels in the Jones Act tanker market during 2022 and beyond.

Increased dividends

For the financial year 2021, the Company declared dividends of USD 0.42 per share, USD 25.5 million in total, a 17% increase over 2020. The Company's fixed bareboat revenue currently supports this dividend level.

REVIEW OF THE CONSOLIDATED ANNUAL ACCOUNTS

AMSC prepares and presents its consolidated accounts according to International Financial Reporting Standards (IFRS) as adopted by the EU, and has one operating segment.

Consolidated Income statement

In 2021 and 2020, AMSC had operating revenues of USD 88.2 million each, a reflection of the Company's stable, predictable business model. Revenues are recognized on a monthly basis and represent the income from the bareboat charter agreements. There were no profits generated under the profit sharing agreement with OSG in 2021 or 2020.

Depreciation was USD 34.4 million in 2021 versus USD 34.2 million in 2020.

AMSC's operating profit (EBIT) was USD 49.2 million in 2021 versus USD 51.0 million in 2020.

Net financial items were negative USD 25.7 million in 2021 compared to negative USD 49.4 million in 2020. Net financial items of negative USD 25.7 million in 2021 consist primarily of net interest expense of USD 30.0 million and foreign exchange loss of USD 0.5 million, offset by non-cash gain on the mark-to-market valuation of interest rate swap agreements of USD 4.8 million. Net financial items of negative USD 49.4 million in 2020 consist primarily of net interest expense of USD 33.7 million and other financial expenses of USD 15.3 million, (mainly refinancing fees), and non-cash loss on the mark-to-market valuation of interest rate swap agreements of USD 0.4 million.

Net profit before tax for 2021 and 2020 was USD 23.5 million and USD 1.6 million, respectively.

Deferred income tax expense was USD 9.9 million in 2021. Deferred income tax benefit was USD 16.9 million in 2020. During 2020, AMSC recognized its net deferred tax assets in Norway that had not been previously recognized. The recognition of the deferred tax asset is due to expectations of future income to offset historical tax losses. Income tax expense in 2021 was USD 0.2 million (USD 0.4 million in 2020).

AMSC's 2021 net income was USD 13.4 million versus USD 18.1 million in 2020. The 2021 basic and diluted earnings per share (EPS) were USD 0.22. The corresponding figures for 2020 were USD 0.30, for both basic and diluted EPS.

Consolidated Cash flow statement

The Company's operating cash flow is primarily composed of bareboat charter hire and DPO received, less interest paid. Total net cash flow from operating activities in 2021 was positive USD 58.4 million (USD 43.8 million in 2020).

In 2021, there were no cash flows used in investing activities. Net cash flow used in investing activities in 2020 was USD 4.8 million, representing the Company's investment in two ballast water treatment systems.

Net cash flow used in financing activities in 2021 was USD 32.8 million, which included USD 26.9 million in vessel debt installments, USD 25.5 million in dividends paid/return of capital, USD 0.4 million in loan fees paid, offset by the bond tap issue raised in 2021 of USD 20.0 million. Net cash flow used in financing activities in 2020 was USD 51.1 million, which included USD 31.2 million in vessel debt installments, USD 21.8 million in dividends paid/return of capital, USD 10.1 million in loan fees paid, offset by net received from refinancing of USD 12.0 million.

Consolidated Statement of financial position

As of 31 December 2021, American Shipping Company had cash on deposit with banks totaling USD 61.3 million. Of this total amount, USD 5.4 million is cash held for specified uses. The corresponding amounts for 2020 were USD 34.9 million in cash on deposit with banks and

BOARD OF DIRECTORS' REPORT

USD 0.9 million in cash held for specified uses.

Other current assets were USD 14.9 million as of 31 December 2021 (USD 0.3 million as of 31 December 2020) and related mostly to the current portion of the long-term receivable due from OSG.

Property, plant and equipment as of 31 December 2021 was USD 615.1 million (USD 649.5 million as of 31 December 2020), consisting of ten vessels.

Interest-bearing long-term receivables totaled USD 7.3 million as of 31 December 2021 (USD 23.3 million as of 31 December 2020) and represent the DPO due from OSG.

Deferred tax assets totaled USD 11.3 million as of 31 December 2021 (USD 14.8 million as of 31 December 2020) and represent AMSC's Norwegian net operating losses in carryforward.

Derivative financial assets were USD 3.6 million as of 31 December 2021 (0 in 2020).

At 31 December 2021, total assets were USD 713.6 million (USD 723.6 million as of 31 December 2020).

At 31 December 2021 total equity was USD 149.2 million. The equity ratio was 20.9% of total assets. Corresponding amounts for 2020 were USD 161.3 million and 22.3%, respectively.

Total current liabilities as of 31 December 2021 were USD 36.4 million, consisting of USD 26.8 million in short-term interest bearing debt and USD 9.5 million in accrued interest and other payables and USD 0.1 million in tax payable. The corresponding total current liabilities as of 31 December 2020 were USD 35.1 million, consisting of USD 26.8 million in short-term interest bearing debt and USD 8.3 million in accrued interest and other payables.

Non-current liabilities totaled USD 528.0 million at 31 December 2021, consisting of long-term bank debt of USD 298.7 million related to the ten vessels owned by AMSC, a bond issue of USD 220.0 million, deferred tax liability of USD 16.2 million, offset by unamortized loan fees of USD 6.9 million. Non-current liabilities totaled USD 527.3 million at 31 December 2020, consisting of long-term bank debt of USD 325.6 million related to the ten vessels owned by AMSC, a bond issue of USD 200.0 million, deferred tax liability of USD 9.2 million and derivative financial liabilities of USD 1.2 million, offset by unamortized loan fees of USD 8.7 million.

Consolidated tax position

AMSC has federal net operating losses carryforward (NOLs) as of 31 December 2021 of USD 467.8 million in the U.S. and USD 62.9 million in Norway. These NOLs have been generated since inception from the tax losses of the Company, which in the U.S. are mostly due to the accelerated depreciation of the vessels for tax purposes (10 years) and in Norway are mainly due to the interest cost on the original 2007 bond loan.

See note 5 in the consolidated accounts and note 4 in the parent company accounts for further information.

REVIEW OF THE PARENT COMPANY ANNUAL ACCOUNTS

AMSC prepares and presents its parent company accounts according to the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Parent Company Income Statement

In 2021 and 2020, AMSC had operating revenues of USD 1.3 million and USD 1.4 million, respectively. Revenues are related to management fees billed to AMSC's U.S. subsidiaries and are recognized on a quarterly basis. The Company's operating loss was USD 1.1 million in 2021 compared to USD 0.3 million in 2020.

Net financial items were positive USD 21.5 million in 2021 compared to USD 20.5 million in 2020. Net financial items of positive USD 21.5 million in 2021 consist of dividends from U.S. subsidiaries of USD 11.0 million, interest income from intercompany loans of USD 8.8 million, guarantee fees from subsidiaries of USD 2.1 million, offset by foreign exchange loss of USD 0.4 million. Net financial items of positive USD 20.5 million in 2020 consist of dividends from U.S. subsidiaries of USD 7.0 million, interest income from intercompany loans of USD 8.7 million, a reversal of previously recognized impairment charges of USD 2.5 million, guarantee fees from subsidiaries of USD 2.2 million.

Net profit before tax for 2021 and 2020 was USD 20.3 million and USD 20.2 million, respectively.

Deferred income tax expense was USD 2.9 million in 2021. Deferred income tax benefit was USD 14.7 million in 2020. During 2020, AMSC recognized its net deferred tax assets in Norway that had not been previously recognized. The recognition of the deferred tax asset is due to expectations of future income to offset historical tax losses.

AMSC's 2021 net income was USD 17.4 million versus USD 34.9 million in 2020.

Parent Company Cash flow statement

The Company's operating cash flow is primarily composed of dividends, interest and other fees charged to the U.S. subsidiaries. Total net cash flow from operating activities in 2021 was positive USD 15.1 million (USD 16.3 million in 2020).

Net cash flow from investing activities in 2021 was USD 2.0 million, representing a return of capital payment from its U.S. subsidiaries (0 in 2020).

Net cash flow used in financing activities in 2021 was USD 19.4 million, which

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included dividends paid/return of capital (based on the accrual method under Norwegian GAAP). Net cash flow used in financing activities in 2020 was USD 23.1 million.

Parent Company Statement of financial position

As of 31 December 2021, American Shipping Company ASA had cash on deposit with banks totaling USD 11.3 million (USD 13.7 million as of 31 December 2020).

Other current assets were USD 0.1 million as of 31 December 2021 and USD 0.2 million as of 31 December 2020 and related mostly to prepaid expenses and withheld taxes.

Shares in subsidiaries totaled USD 36.5 million as of 31 December 2021 (USD 38.5 million as of 31 December 2020) and represent AMSC's book value of its investment in ATHC.

Interest-bearing long-term receivables totaled USD 89.6 million as of 31 December 2021 (USD 89.5 million as of 31 December 2020) and represents the intercompany receivable due from ATI.

Deferred tax assets totaled USD 11.3 million as of 31 December 2021 (USD 14.8 million as of 31 December 2020) and represent AMSC's Norwegian net operating losses in carryforward.

At 31 December 2021, total assets were USD 148.8 million (USD 156.5 million as of 31 December 2020).

At 31 December 2021 total equity was USD 140.8 million. The equity ratio was 94.6% of total assets. Corresponding amounts for 2020 were USD 150.1 million and 95.9%, respectively.

Total current liabilities as of 31 December 2021 were USD 8.0 million, consisting of dividend and other payables. The corresponding total current liabilities as of 31 December 2020 were USD 6.4 million, for dividend and other payables.

RISKS

Counterparty risk and charter renewal risk

The risks facing AMSC principally relate to the commercial and financial performance of OSG and from OSG's operation of our vessels, re-chartering risk as well as overall Jones Act market risk.

Following the December 2021 announcement, three vessels have bareboat charters expiring in December 2022, six vessels have bareboat charters expiring in December 2023, and one vessel is contracted through June 2025. Three vessels will be redelivered to AMSC upon expiration in December 2022. There is no guarantee that AMSC will be successful in finding alternative employment for the three vessels, and there could be additional costs and capital expenditures required to maintain the vessels.

Since OSG is currently AMSC's only counterparty, AMSC is exposed to OSG's credit risk. As charterer of all of the Company's vessels, OSG continued to service its financial obligations to AMSC in 2021 on time, including payments on the DPO receivable. AMSC enjoys downside market protection with "come hell or high water" bareboat contracts and through the twelve month notice period to redeliver vessels which provides management with ample time to find alternative employment for the assets. The redelivery of three vessels presents an opportunity to diversify the Company's customer base.

The long-term fundamentals in the Jones Act tanker market remain stable. Although the impact of the COVID-19 pandemic temporarily reduced demand for crude oil and clean products in the U.S., the markets are now close to full recovery.

AMSC continues to closely monitor its employment and counterparty risk, as well as Jones Act tanker market fundamentals.

AMSC considered its climate risk. AMSC's business could be affected by climate change through increased financing costs and costs for regulatory changes to its vessels, amongst other things. These factors were considered by the Company for the purpose of identifying impairment triggers.

Financial risk and risk management

AMSC's activities expose it to a variety of financial risks: market risk, currency risk, interest rate risk, counterparty risk, price risk, credit risk, and liquidity risk. AMSC's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on AMSC's financial performance. AMSC uses derivative financial instruments to hedge certain risk exposure.

AMSC operates in a business environment that is capital intensive. The Company is dependent upon having access to long-term funding for the vessels and other loan facilities to the extent its own cash flow from operations is insufficient to fund its operations. With the closing of the secured bank debt and unsecured bond during 2020, all of the Company's debt matures in 2025.

Through the vessel financing, the Company is exposed to fluctuations in interest rates on its long-term debt. The interest rate risk related to the vessel financing is partially mitigated by the use of interest rate swap agreements to hedge the interest rate risk. The Company has interest rate swaps to convert its floating rate debt to fixed rates for a portion of its vessel debt (USD 195.4 million as of 31 December 2021).

AMSC is subject to financial covenants under the secured bank loans relating

BOARD OF DIRECTORS' REPORT

to minimum liquidity and collateral, and leverage and debt service ratios. AMSC is subject to financial covenants under the bond related to minimum liquidity and maximum leverage. AMSC was in compliance with all of its debt covenants as of 31 December 2021.

THE GOING CONCERN ASSUMPTION

In view of AMSC's financial position, the Board confirms the going concern assumptions and that the 2021 annual accounts have been prepared based on the assumption of a going concern.

Parent company accounts and allocation of income for the year

The profit and loss account of American Shipping Company ASA ("AMSC ASA") shows an after-tax profit for the year 2021 of USD 17.4 million, due to dividends received, management and guarantee fees to its subsidiaries and interest income on intercompany loans. AMSC ASA is the Norwegian parent company owning 100% of the U.S. subsidiaries.

The Board of Directors has allocated the profit for the year as shown below:

Dividend payments	USD 25.5 million
Transferred from share premium	(USD 25.5 million)
Transferred to other equity	USD 17.4 million
Total allocated	USD 17.4 million

The Board of Directors was granted authorization to pay dividends based on the Company's annual accounts for 2020 at the Annual General Meeting in 2021, which is valid up to the Company's Annual General Meeting in 2022 subject to the Board evaluating the liquidity position of the Company. Such authorization facilitates payment of dividend by the Board of Directors on a quarterly basis.

Subsequent to year-end, the Board declared a dividend/return of capital of USD 0.12 per share (USD 7.3 million in aggregate) on 24 February 2022. The dividend was paid on 14 March 2022.

CORPORATE SOCIAL RESPONSIBILITY AND ESG REPORTING

In accordance with the Norwegian Accounting Act §3-3, section c, the Board has assessed AMSC's Corporate Social Responsibility (CSR) in the following areas: human rights, labor standards, environment and corruption. In addition, AMSC is committed to report on ESG, which is the consideration of environmental, social and governance factors in the day-to-day operations of the Company.

Environment

AMSC's modern, double-hulled tanker fleet meets the current requirements of the U.S. Coast Guard. AMSC's fleet was delivered between 2007 and 2011, and represents 28% of all modern tankers in the U.S. Jones Act below 20 years. Under its lease agreements, OSG is responsible for the day to day operation of the vessels. In addition, the ships' crews are managed by OSG. OSG is one of the largest ship operators in the U.S. Jones Act and OSG has a commitment to meeting and exceeding environmental regulations and social responsibility and safety standards. AMSC's bareboat contracts are based on the BIMCO standard bareboat charter, BARECON 2001, and include requirements for the charterer to maintain the vessels to the standards of the American Bureau of Shipping and international environmental regulations. The lease agreements also include requirements for OSG to insure the vessels for marine risk, war risk and protection and indemnity insurance.

Because AMSC is a passive lessor of vessels, the Company has limited direct environmental impact. OSG is obligated to notify AMSC if (i) any of the vessels are involved in an accident involving repairs, the cost of which is likely to exceed $500,000, (ii) events have occurred whereby any of the vessels are likely to become a total loss, or (iii) any of the vessels have been arrested or someone has exercised or purports to exercise a lien on the vessel. If OSG makes a claim under its hull policy in connection with an accident involving damage to the vessel in excess of $500,000, AMSC would be notified by the hull underwriters. There have been no such reported incidents during 2021.

The ships owned by AMSC are operated under the North American Emissions Control Area. The fleet is therefore subject to heightened scrutiny of sulfur emissions for its fuel which is limited to 0.1% sulfur content as opposed to the less rigid International Maritime Organization (IMO 2020) regulation of 0.5% sulfur content.

AMSC will install ballast water treatment systems on all ten tankers; three have been installed to date, while the remaining 7 ships are scheduled for installation between 2022 and 2024, complying with U.S. Coast Guard requirements.

AMSC's Jones Act tankers also facilitate short haul transportation of crude and clean petroleum products which is a substitute for longer haul transportation from Africa, Europe, Middle- or Far-East of the same commodities. Such short haul transportation has a substantial impact on the environment by reducing fuel emissions per barrel transported.

Jones Act vessels typically trade until after its 35th anniversary compared with 20-25 years in international shipping and has accordingly a longer life span which leads to less frequent reproduction of ships. Once the ship is sold for demolition, the steel is recycled and used in steel melting mills to produce various steel products.

Social

All of AMSC's vessels are operated and crewed by OSG and the Company does accordingly not have any formal policies

BOARD OF DIRECTORS' REPORT

covering safety of personnel, workers' rights and the environment. Nevertheless, our policy is to meet our responsibilities by choosing a reputable business partner to operate our vessels and by following the laws and regulations applicable to our employees. We believe both AMSC and OSG share a common commitment to work safely and in a manner that protects and promotes the health and well-being of the employees and the environment. Crews on Jones Act tankers are typically unionized U.S. citizens which are paid and have benefits according to U.S. tariffs which are considerably better than international crew compensation.

The Company has three full time employees who are senior executives who work in offices in the United States and Norway. AMSC has agreements with Aker ASA and Aker U.S. Services, LLC which primarily include office services and tax services. The Company allows a flexible working schedule and work location for its employees.

American Shipping Company ASA seeks to be an attractive employer, focused on employee retention, and maintains a working environment with competitive compensation and benefits that is open and fair. AMSC is committed to providing equal opportunity regardless of race, ethnic background, gender, religion, age or any other legally protected status. Because the Company has so few employees, its human resource policies, including those on discrimination, are not formalized but follow the laws and practices customary to the geographical location of each of its offices.

At year-end 2021, one of AMSC's employees is a woman (Controller). In addition, the chair of the board of directors is a woman.

Governance

As an Oslo Stock Exchange listed company, AMSC complies with stringent governance rules. American Shipping Company ASA's corporate governance policy exists to ensure an appropriate division of roles among the company's owners, board of directors, and executive management. Such a separation of roles ensures that goals and strategies are prepared, adopted corporate strategies are implemented, and the results achieved are subject to verification and follow-up. With the small size of AMSC's staff and the location and nature of its operations, the Board sees the risk of corruption as low. AMSC does not have any other ongoing initiatives to address corruption. An appropriate division of responsibilities and satisfactory internal controls will contribute to the greatest possible value creation over time, to the benefit of shareholders and other stakeholders. AMSC's corporate governance guidelines are presented in greater detail on page 71 of this annual report and it is the Board's opinion that the Company's corporate governance policy is effectively applied. Based on the relatively simple business model and small size of the Company's staff, the Board believes that adequate steps have been taken to mitigate the internal control risk.

Good corporate governance, that is, proper board conduct and company management, are key to AMSC's efforts to build and maintain trust. AMSC is committed to maintaining an appropriate division of responsibilities between the Company's governing bodies, its Board of Directors, and management. AMSC has compared the Norwegian requirements and recommendations on corporate governance for listed companies with the Company's own corporate governance procedures and practice. The findings show that the Company is in compliance with respect to the requirements and substantially in conformance with those recommendations. Any deviations from the recommendations are explained in the Corporate Governance report on page 71.

AMSC carries Director and Officer Liability insurance in the amount of USD 50 million.

The Company's board chair is elected at the Company's annual shareholders' meeting and the shareholder-elected directors are elected for two year terms.

The Board members of AMSC as of 31 December 2021 are as follows:

Chair	Annette Malm Justad
Board Member	Peter D. Knudsen
Board Member	Kristian Røkke

Two of the three members of the Board are independent of the Company's significant shareholders and significant business associates. Further description of the Board Members is provided on page 12.

The Company is required to periodically report information to its banks and bondholders relating to collateral valuations and other financial ratios.

OUTLOOK

The Jones Act tanker market during 1H 2021 was negatively impacted by COVID-related measures, effectively reducing demand for crude oil and clean petroleum products in the USA. During 2H 2021, the Jones Act tanker market recovered significantly as a number of time charters were fixed at firming rates and of durations ranging from 3 months to 5 years. This trend has continued in 2022 and fixtures are concluded on the back of U.S. domestic demand for clean petroleum products returning to historical levels, increased demand for crude transportation and increasing demand for transportation of renewable diesel. Only one MR tanker remain in warm layup, down from eight during the summer last year, and it is expected that the entire Jones Act tanker fleet will be operational during the second half of 2022.

BOARD OF DIRECTORS' REPORT

During 2021, demand for clean products in the USA has recovered to pre-COVID levels. U.S. refinery utilization is still lagging somewhat, but is expected to improve as the global economic recovery continues.

Demand for crude oil transportation from the U.S. Gulf to the U.S. Northeast increased on the back of a widening spread between WTI priced in Houston and Brent/Bonny Light. We are optimistic that this trade will continue to grow as U.S. shale production increases driven by higher energy prices.

As previously predicted, the supply side of the market has retracted with two older tankers sold for scrap towards the end of 2021. Due to limited US yard capacity and rising newbuilding costs, such vessels are unlikely to be replaced in the market for many years to come.

AMSC's business model is not directly affected by the present conflict in Ukraine, but is likely to be indirectly affected by continued volatility in oil prices and changing trade patterns for international crude and clean petroleum products going forward.

The long-term fundamentals in the Jones Act tanker market remain positive. 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 and represent about 30% of the modern tankers. AMSC continues to enjoy downside protection with "come hell or high water" bareboat contracts, with three product tankers on contract until December 2022, six product tankers on contract until December 2023 and one shuttle tanker on contract until June 2025.

Lysaker, 29 March 2022
The Board of Directors
American Shipping Company ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Kristian Røkke
Board Member

Pål Magnussen
President/CEO

BOARD RESPONSIBILITY STATEMENT

Today, the Board of Directors and the President/CEO reviewed and approved the Board of Directors' Report and the consolidated and parent company annual financial statements for American Shipping Company ASA as of and for the year ended 31 December 2021 (Annual Report 2021).

American Shipping Company ASA's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for American Shipping Company ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31 December 2021. The Board of Directors' Report for the group and the parent company is in accordance with the requirements in the Norwegian Accounting Act and Norwegian Accounting Standard no. 16 as of 31 December 2021.

To the best of our knowledge:
The consolidated and parent annual financial statements for 2021 have been prepared in accordance with the applicable accounting standards.

The consolidated and parent annual financial statements give a true and fair view of the assets, liabilities, financial position and profit as a whole as of and for the year ended 31 December 2021 for the group and the parent company.

The Board of Directors' Report for the group and the parent company includes a true and fair review of:

- the development and performance of the business and the position of the group and the parent company.
- the principal risks and uncertainties the group and the parent company face.

Lysaker, 29 March 2022
The Board of Directors
American Shipping Company ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Kristian Røkke
Board Member

Pål Magnussen
President/CEO

AMERICAN SHIPPING COMPANY

ANNUAL ACCOUNTS GROUP

GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in USD thousands	Note	31. Dec. 2021	31. Dec. 2020
ASSETS			
Property, plant and equipment	6	615 117	649 521
Deferred tax assets	5	11 333	14 751
Interest-bearing long-term receivables	7, 16	7 292	23 333
Derivative financial assets	9, 16	3 631	-
Total non-current assets		637 373	687 605
Other receivables	8, 16	14 553	325
Tax receivable	5	317	-
Cash held for specified uses	16	5 449	872
Cash and cash equivalents	16	55 872	34 861
Total current assets		76 192	36 058
TOTAL ASSETS		713 564	723 663
EQUITY AND LIABILITIES			
Share capital and share premium	11	158 347	183 806
Accumulated deficit		(9 141)	(22 521)
Total equity attributable to equity holders of the parent		149 205	161 284
Total equity		149 205	161 284
Interest-bearing loans	13, 16	511 761	516 767
Deferred tax liabilities	5	16 172	9 212
Derivative financial liabilities	9, 16	-	1 211
Total non-current liabilities		527 933	527 190
Interest-bearing loans	13, 16	26 862	26 862
Trade and other payables	15	9 455	8 309
Tax payable	5	110	18
Total current liabilities		36 427	35 189
Total liabilities		564 359	562 379
TOTAL EQUITY AND LIABILITIES		713 565	723 663

Lysaker, 29 March 2022
The Board of Directors
American Shipping Company ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Kristian Røkke
Board Member

Pål Magnussen
President/CEO

GROUP

CONSOLIDATED INCOME STATEMENT

Amounts in USD thousands	Note	2021	2020
Operating revenues	14	88 193	88 203
Wages and other personnel expenses	2, 17	(1 683)	(1 127)
Other operating expenses	3	(2 900)	(1 899)
Operating profit before depreciation		83 610	85 177
Depreciation	6	(34 404)	(34 170)
Operating profit		49 206	51 007
Financial income	4	6 623	1 736
Financial expenses	4	(32 268)	(51 076)
Income before income tax		23 561	1 667
Income tax (expense) / benefit	5	(10 151)	16 513
Net income for the year *)		13 409	18 181
Basic and diluted earnings per share	10	0.22	0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD thousands (except per share)	Note	2021	2020
Net income for the year		13 409	18 181
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the year *)		13 409	18 181

*) Applicable to common shareholders of the parent company.

GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in USD thousands	Note	Share Capital	Share Premium	Accum. deficit	Total equity
Balance at 31 December 2019		96 366	109 261	(40 656)	164 971
Total comprehensive income for the year		-	-	18 181	18 181
Repurchase of treasury shares		-	-	(148)	(148)
Proceeds from sale of treasury shares		-	-	102	102
Dividends paid / return of capital	11	-	(21 822)	-	(21 822)
Balance at 31 December 2020		96 366	87 439	(22 521)	161 284
Total comprehensive income for the year		-	-	13 409	13 409
Repurchase of treasury shares		-	-	(164)	(164)
Proceeds from sale of treasury shares		-	-	135	135
Dividends paid / return of capital	11	-	(25 459)	-	(25 459)
Balance at 31 December 2021		96 366	61 980	(9 141)	149 205

GROUP

CONSOLIDATED CASH FLOW STATEMENT

Amounts in USD thousands	Note	2021	2020
Net income before taxes		23 561	1 667
Non-cash amortization of loan fees and other non-cash items		2 790	6 177
Unrealized (gain)/loss interest swaps	9	(4 841)	371
Net interest expense	4	27 594	33 715
Depreciation	6	34 404	34 170
(Increase)/decrease in:			
Other current assets	8	(507)	(325)
Other long-term operating assets	7	1 944	1 944
Increase/(decrease) in:			
Accrued liabilities and other payables	15	570	(545)
Interest paid	4	(28 603)	(35 026)
Interest received	4	1 452	1 736
Net cash flow from operating activities		**58 363**	**43 885**
Investments in ships	6	-	(4 840)
Net cash flow used in investing activities		**-**	**(4 840)**
Repayment of interest bearing loans	13	(26 863)	(524 230)
Loan fees paid	13	(423)	(10 063)
Proceeds from interest bearing debt	13	20 000	505 000
Repurchase of treasury shares		(164)	(148)
Proceeds from sale of treasury shares		135	101
Dividends paid / return of capital	11	(25 459)	(21 822)
Net cash flow used in financing activities		**(32 774)**	**(51 162)**
Net change in cash and cash equivalents		**25 589**	**(12 117)**
Cash and cash equivalents, including cash for specified uses as of 1 January		35 733	47 850
Cash and cash equivalents, including cash for specified uses as of 31 December		**61 322**	**35 733**

GROUP

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1: ACCOUNTING PRINCIPLES

CORPORATE INFORMATION

American Shipping Company ASA (the Company, the Group or AMSC) is incorporated and domiciled in Norway. The address of the main office is Oksenøyveien 10, P.O. Box 230, NO-1366 Lysaker, Norway. American Shipping Company ASA is listed on the Oslo Stock Exchange.

The principle activity of the business is to purchase and bareboat charter out product tankers, shuttle tankers and other vessels to operators and end users in the U.S. Jones Act market.

STATEMENT OF COMPLIANCE

The consolidated financial statements of American Shipping Company ASA and all its subsidiaries (AMSC) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) as well as additional information requirements in accordance with the Norwegian Accounting Act.

These accounts have been approved for issue from the Board of Directors on 29 March 2022 for adoption by the General Meeting on 22 April 2022.

BASIS FOR PREPARATION

These consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value . Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The consolidated financial statements are presented in USD (thousands), except when indicated otherwise.

USE OF ESTIMATES, ASSUMPTIONS AND SIGNIFICANT JUDGMENTS

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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects that period or in the period of revision and future periods if the revision affects both current and future periods.

The following areas involve a significant degree of judgment and complexity, and may result in significant variation in amounts:

Impairment of property, plant and equipment

AMSC has significant investments in Jones Act tankers. Evaluating whether there are impairment indicators present, or if a vessel is impaired, requires significant judgment and may to a large extent depend upon the selection of key future assumptions such as charter rates, useful life of vessels, potential impact of climate changes, vessel values, expected status of Jones Act legislation and determination of cash-generating unit ("CGU"). See note 6 for further discussions.

Useful life of property, plant and equipment

In accounting for property, plant and equipment, judgments and assumptions are applied for useful life of vessels, including its salvage value, when determining annual depreciation. Estimated useful lives may change due to changes in the industry, and in environmental and legal requirements. In addition, salvage value may vary due to changes in market prices for scrap value.

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

Deferred tax assets
Deferred income tax assets are recognized when it is probable that they will be realized. Determining probability requires AMSC to estimate the sources of future taxable income from operations, including reversing taxable temporary differences. Determining these amounts is subject to uncertainty and is based primarily upon historical earnings, reversals of taxable temporary differences and expected earnings.

The significant factors that affect these estimates and assumptions are detailed in the accompanying financial statements and footnotes.

BASIS OF CONSOLIDATION
The consolidated financial statements of AMSC Group include the parent company American Shipping Company ASA and its subsidiaries. Subsidiaries are those entities over which American Shipping Company has control. Control is normally achieved through ownership, directly or indirectly, of more than 50% of the voting power. Currently, all of AMSC's subsidiaries are wholly owned. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS
Functional currency
Items included in the financial statements of each subsidiary in the Group are initially recorded in the functional currency, i.e. the currency that best reflects the economic substance of the underlying events and circumstances relevant to that subsidiary.

The consolidated financial statements are presented in United States dollars (USD), which is the functional and reporting currency of the parent company and subsidiaries.

Transactions and balances
Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities in foreign currencies are translated into USD at the exchange rates ruling on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Foreign exchange differences arising in respect of operating business items are included in operating profit in the appropriate income statement account, and those arising in respect of financial assets and liabilities are recorded as a net financial item.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment acquired by Group companies are recognized at acquisition cost. Vessels are depreciated to their salvage value on a straight-line basis and adjusted for impairment charges, if any. Each vessel's salvage value is equal to the product of its lightweight tonnage and an estimated scrap rate less estimated costs of disposal. The carrying value of the property, plant and equipment in the statement of financial position represents the cost less accumulated depreciation and any impairment charges. Cost includes expenditures that are directly attributable to the acquisition of the asset. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Expected useful lives and salvage value estimates of long-lived assets are reviewed annually and, where they differ significantly from previous estimates, depreciation is changed prospectively. Ordinary repairs and maintenance costs, to the extent they are AMSC's responsibility, are charged to the income statement during the financial period in which they are incurred. The cost of improvements is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Improvements are depreciated over the useful lives of the related assets.

Ordinary repairs and maintenance costs, to the extent they are AMSC's responsibility, are charged to the income statement during the financial period in which they are incurred. The cost of improvements is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset. Improvements are depreciated over the useful lives of the related assets.

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

Property, plant and equipment and other non-current assets are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable, mainly independent, cash flows. The Company considers the vessels' cash generating unit ("CGU") as the group of ten product tankers. Although each of the tankers produces its own cash inflows through the bareboat charter contracts, the profit sharing agreement with Overseas Shipholding Group ("OSG") is based on the aggregate results of the group of ten vessels. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is estimated as the higher of the CGU's fair value less cost of disposal, or its value in use. The value in use is determined by reference to discounted cash flows. Most critical in determining the value in use of vessels is determining the estimated profit share on existing contracts and estimating future revenues from leases. These estimates are primarily influenced by expectations of future demand in the Jones Act market.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an extent higher than the carrying amount that would have been determined had no impairment loss been recognized in prior years.

LEASES

At inception of a contract, AMSC assesses whether a contract is, or contains, a lease. Leased assets with a remaining lease period of less than 12 months at inception are excluded from lease accounting. Further, leases of assets of a low value (small asset leases), mainly such items as PCs, office equipment and similar, are excluded from lease accounting.

Income from lease contracts where American Shipping Company is a lessor is accounted for in accordance with IFRS 16, and classified as Operating Revenues in the Income Statement.

As a lessor, AMSC classifies its leases as an operating or a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by AMSC are classified as operating leases. Revenue from operating leases is recognized straight-line over the charter period.

OTHER NON-CURRENT ASSETS

Other non-current assets represent a long-term receivable balance due from a customer which is accounted for using the amortized cost method.

TRADE RECEIVABLES

Trade receivables are carried at their anticipated realizable value, which is the original invoice amount less an estimated valuation allowance for impairment of these receivables. The Company performed an analysis of expected credit losses in accordance with IFRS 9.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Cash held for specified uses is restricted to debt service payments and is comprised of cash on deposit with banks..

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity.

INTEREST-BEARING LIABILITIES

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium.

Gains and losses are recognized in net profit or loss when the liabilities are derecognized, significant modifications to or settlements of existing financing agreements.

REVENUE RECOGNITION

Income from lease contracts where American Shipping Company is a lessor is accounted for in accordance with IFRS 16, and classified as Operating Revenues in the Income Statement. Lease revenues related to fixed term vessel bareboat charter agreements are recognized straight line over the charter period. Revenue related to profit sharing agreements (see note 19) is recognized when the amount becomes fixed and determinable.

INCOME TAXES

Current income taxes

Income tax receivable and payable for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax law as used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred income taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Expected utilization of tax losses are not discounted when calculating the deferred tax asset.

Deferred income tax assets are recognized when it is probable that they will be realized. Determining probability requires the Group to estimate the sources of future taxable income from operations and reversing taxable temporary differences. Determining these amounts is subject to uncertainty and is based primarily on expected earnings from existing contracts and expected profit sharing participation.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

PROVISIONS

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

The amount of the provision is the present value of the risk adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the carrying amount of provision increases in each period to reflect the unwinding of the discount by the passage of time. This increase is recognized as interest expense.

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

PENSIONS

The Group has defined contribution pension plans that cover its employees whereby contributions are paid to qualifying pension plans. Once the contributions have been paid, there are no further payment obligations. Plan contributions are charged to the income statement in the period to which the contributions relate. The Company's retirement schemes meet the minimum requirement of the Norwegian Act of Mandatory Occupational Pension.

ACCOUNTING FOR DERIVATIVE FINANCING INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are recognized initially and on a recurring basis at fair value. AMSC does not apply hedge accounting to derivative contracts held.

Changes in the fair value of any derivative instruments are recognized immediately in the income statement.

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Estimates of the fair value of interest rate swaps are based on broker quotes, with an adjustment for the Company's credit risk as described in note 9. The fair value of derivative short-term and long-term financial liabilities is disclosed in note 16 regarding financial instruments.

RELATED PARTY TRANSACTIONS

All transactions, agreements and business activities with related parties are, in the Group's opinion, conducted on an arm's length basis according to ordinary business terms and conditions.

OPERATING AND GEOGRAPHIC SEGMENT INFORMATION

AMSC has only one operating segment. All operations and bareboat charter revenues are in the U.S.

BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the period. The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while giving effect to all dilutive potential ordinary shares that were outstanding during the period. The Group currently has no potentially dilutive shares outstanding.

EVENTS AFTER THE BALANCE SHEET DATE

A distinction is made between events both favorable and unfavorable that provide evidence of conditions that existed at the balance sheet date (adjusting events) and those that are indicative of conditions that arose after the balance sheet date (non-adjusting events). Financial statements will only be adjusted to reflect adjusting events (although there are disclosure requirements for non-adjusting events).

CHANGES IN ACCOUNTING PRINCIPLES AND NEW PRONOUNCEMENTS

AMSC had not implemented any new accounting standards or otherwise made any changes to accounting policies during 2021.

None of the issued, not yet effective, accounting standards or amendments to such standards are expected to have significant effects for AMSC's financial reporting. Further, none of the recently issued IFRS Interpretations Committee agenda decisions are expected to significantly change AMSC's accounting policies or practices.

NOTE 2: WAGES AND OTHER PERSONNEL EXPENSES

Wages and other personnel expenses consist of:

Amounts in USD thousands	2021	2020
Wages and bonuses	1 494	931
Social security contributions	137	137
Pension costs	22	27
Other expenses	30	33
Total expense	1 683	1 127
Average number of employees	3	3
Number of employees at year-end	3	3

The Group has a defined contribution plan for its employees which provides for a contribution based upon a fixed matching amount plus discretionary percentage of salaries. This expense is included in pension costs above.

NOTE 3: OTHER OPERATING EXPENSES

Other operating expenses consist of:

Amounts in USD thousands	2021	2020
Rent and leasing expenses	75	73
Other operating expenses	2 825	1 826
Total other operating expenses	2 900	1 899

Other operating expenses primarily relate to selling, general and administrative expenses including legal and outside consulting costs and fees to auditors for the American Shipping Company ASA Group. Audit expenses for 2021 and 2020 included only ordinary audit fees and were as follows (excluding VAT).

Ordinary audit fee	59	80
Total	59	80

NOTE 4: FINANCIAL ITEMS

Amounts in USD thousands	2021	2020
Financial income		
Interest income	1 782	1 736
Change in mark to market value of interest rate swaps	4 841	-
Financial income	6 623	1 736
Financial expenses		
Interest expense	(29 376)	(35 452)
Net foreign exchange gain/(loss)	(458)	24
Change in mark to market value of interest rate swaps	-	(371)
Other financial expenses	(2 435)	(15 277)
Financial expenses	(32 268)	(51 076)
NET FINANCIAL ITEMS	(25 645)	(49 339)

Interest income in 2021 includes interest received from Overseas Shipholding Group ("OSG") of USD 1.7 million on the DPO receivable (see note 7) and interest earned on bank deposits of USD 0.1 million. Interest income in 2020 includes interest received from OSG of USD 1.5 million on the DPO receivable and interest earned on bank deposits of USD 0.2 million.

The Company has interest rate swaps, related to a portion of its vessel debt financing, with BNP Paribas ("BNP"), Skandinaviska Enskilda Banken AB ("SEB"), National Australia Bank ("NAB") and CIT Bank, N.A. ("CIT"). Estimates of the fair value of the interest rate swaps are obtained from a third party, with an adjustment for the Company's credit risk as described in note 9.

Interest expense in 2021 includes interest paid of USD 28.6 million. Interest paid during 2020 totaled USD 35.0 million, including a one-time fee of USD 1.9 million to terminate the previous interest rate swap agreements.

Net foreign exchange gain/(loss) in 2021 and 2020 relates to the translation of cash held in NOK into USD as well as the foreign exchange revaluation of the Norwegian deferred tax assets from NOK to USD.

Other financial expenses in 2021 relate to amortization of loan fees of USD 2.4 million. Other financial expenses in 2020 relate to the cost of early redemption of bonds of USD 9.2 million, write-off of capitalized loan fees of USD 3.4 million and amortization of loan fees of USD 2.7 million.

NOTE 5: TAX

INCOME TAX EXPENSE

Recognized in the income statement:

Amounts in USD thousands	2021	2020
Current tax expense/(benefit):		
Current year	247	404
Total current tax expense/(benefit)	247	404
Deferred tax expense/(benefit):		
Origination and reversal of temporary differences	9 905	(16 917)
Total deferred tax expense/(benefit)	9 905	(16 917)
Total income tax expense/(benefit) in income statement	10 151	(16 513)

The change in net recognized deferred tax deviates from the origination and reversal of temporary differences due to a foreign exchange loss on the translation of NOK balances to USD of USD 0.5 million.

Reconciliation of income tax expense/(benefit):

Amounts in USD thousands	2021	2020
Profit/(loss) before tax	23 561	1 621
	22.0%	22.0%
Expected tax expense/(benefit) using nominal Norwegian tax rate	5 183	357
Effect of differences between nominal Norwegian tax rate and U.S. federal and state tax rate	(142)	90
State taxes	(16)	(1 436)
Expenses not deductible for tax purposes	132	15
Foreign exchange	614	(180)
Change in valuation allowance and derecognized NOLs	5 765	1 206
Recognition of net deferred tax assets in Norway	-	(14 744)
Utilization of Norwegian tax losses for which no deferred tax asset was previously booked	-	(2 173)
U.S. federal and state tax (expense)/benefit of change in effective rates	(1 207)	190
Other differences	(178)	163
Total income tax expense/(benefit) in income statement	10 151	(16 513)

The foreign exchange difference arises as the Company's functional currency is USD, whilst the tax calculation in Norway is performed based on the accounts in NOK. As such, the tax calculation for the Company is in NOK, but presented in USD. In addition, there is a foreign exchange component of the Norwegian operating losses carried forward.

INCOME TAX EXPENSE

During 2021, AMSC recognized an income tax expense of USD 0.2 million relating to state franchise taxes (USD 0.4 million in 2020).

DEFERRED TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority, which through 31 December 2021 for the Group was primarily Norway, the U.S., and other local states in the U.S. where the vessels operate.

NOTE 5: TAX (CONTINUED)

Deferred tax assets and (liabilities) were as follows at 31 December:

United States Amounts in USD thousands	2021	2020
Net operating losses	105 857	121 546
Financial derivatives	(800)	284
Vessels	(135 654)	(148 690)
Unused interest deductions	22 234	24 951
Other	116	77
Net deferred tax assets/(liabilities)	(8 248)	(1 832)
Net deferred tax assets not recorded	(7 924)	(7 380)
Net deferred tax assets/(liabilities)	(16 172)	(9 212)

The Group has federal tax losses in carryforward as of 31 December 2021 of USD 467.8 million in the U.S., the last of which expires in 2038. Unused interest deductions inlcude differences between book and tax interest expense deductions based upon tax limitations in accordance with IRC Section 163(j). IRC Section 163(j) limits the amount of interest expense that is deductible in the current year to 30% of EBITDA. Net deferred tax assets not recorded include valuation allowances for state tax assets in certain individual reporting states that the company has determined may expire before they can be used.

On 3 January 2014, American Tanker Holding Company, Inc. (ATHC) and subsidiaries experienced a change of ownership in the U.S. as defined by Internal Revenue Code Section 382 due to a greater than 50% shift in owners of AMSC stock. The utilization of the tax losses in carryforward as of that date are subject to annual limitations. The NOLs subject to limitations totaled USD 381.3 million.

Based on the IRC 382 limits, AMSC expects to be able to utilize USD 12.6 million per year from 2022-2033 of its U.S. tax losses to reduce U.S. taxable income. Any net tax losses recovered but not used in a year will carry over to the following year. Therefore, USD 151.7 million of the total IRC 382 limited losses of USD 381.3 million NOLs have not been used through 31 December 2021 and are carried forward.

The Group's U.S. Federal tax losses in carryforward are comprised of the remaining IRC 382 limited NOLs of USD 151.7 million and the freely useable NOLs through 31 December 2021 of USD 316.1 million. There are no restrictions on the use of the USD 316.1 million net operating loss, the last of which expires in 2038.

In 2021, the Company recognized a deferred tax expense of USD 2.9 million (USD 1.9 million benefit in 2020) related to U.S. Federal income taxes.

In 2021, the Company recognized a deferred tax expense of USD 4.1 million (USD 0.3 million benefit in 2020) related to income taxes in the states where the vessels have operated.

Norway Amounts in USD thousands	2021	2020
Operating losses	13 829	16 683
Financial instruments	(2 510)	(1 933)
Other	14	1
Net deferred tax assets/(liabilities)	11 333	14 751
Net deferred tax assets not recorded	-	-
Net deferred tax assets/(liabilities)	11 333	14 751

The Group has net operating losses in carryforward as of 31 December 2021 of USD 62.9 million in Norway, with no expiration date. Net deferred tax assets were recognized during 2020 since it is expected that future taxable profit will be available against which the Group can utilize the benefits therefrom. The Company recognized a deferred tax expense of USD 2.9 million related to Norwegian income tax in 2021.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for 2021 are shown below:

Amounts in USD thousands	Ships
Cost balance at 1 January 2021	1 082 333
Purchases	-
Cost balance at 31 December 2021	1 082 333
Depreciation at 1 January 2021	432 813
Depreciation charge for the year	34 404
Depreciation at 31 December 2021	467 217
Book value at 31 December 2021	615 117

Movements in property, plant and equipment for 2020 are shown below:

Amounts in USD thousands	Ships
Cost balance at 1 January 2020	1 077 493
Purchases	4 840
Cost balance at 31 December 2020	1 082 333
Depreciation at 1 January 2020	398 643
Depreciation charge for the year	34 170
Depreciation at 31 December 2020	432 813
Book value at 31 December 2020	649 521
Depreciation period	30 years
Depreciation method	straight-line

Each vessel's salvage value is equal to the product of its lightweight tonnage and an estimated scrap rate of USD 365 per ton less estimated costs of disposal.

SECURED PROPERTY, PLANT AND EQUIPMENT

At 31 December 2021 vessels with a carrying amount of USD 615.1 million are subject to a registered debenture to secure bank loans (see note 13).

The BNP, Prudential and CIT credit facilities are secured by, among other things, a first preferred mortgage on five of the ten product tankers in the case of the BNP facility, four of the ten product tankers in the case of the Prudential facility and one of the ten product tankers in the case of the CIT facility. In addition, the credit facilities are secured by collateral assignments of the insurances, earnings and bareboat charters for those vessels (and certain related guarantees of those bareboat charters and related supplemental indemnifications by OSG).

IMPAIRMENT TRIGGER ASSESSMENT

The Company evaluates any potential impairment of its vessels annually. During 2021 and 2020, the Company performed an impairment trigger assessment. Triggers that are considered include: newbuild values and second-hand vessel sales; shipbroker valuations on a charter-free basis versus book values; market rates, Jones Act legislation status; and vessel option extensions. The company has also evaluated the potential impact of climate changes and considered the determination of CGUs. No impairment triggers were identified in 2021 or 2020.

NOTE 7: INTEREST-BEARING LONG-TERM RECEIVABLES

Financial interest-bearing long-term receivables consist of the following items:

Amounts in USD thousands	2021	2020
DPO balance at beginning of period	23 333	25 278
Repayments of principal	(1 944)	(1 945)
Long-term DPO balance at end of period	21 389	23 333
Reclassified to short-term receivables	(14 097)	0
Long-term DPO balance at end of period	7 292	23 333

Other interest-bearing long-term receivables relate to a deferred principal obligation (DPO). Pursuant to the current charter and financing agreements, OSG 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 of USD 7.0 million per vessel. The DPO during the initial seven year period was discounted using the estimated market discount rate at lease inception. After the initial seven years, the DPO is repaid over 18 years including interest at 6.04% unless the bareboat charter is terminated earlier at which time the DPO becomes due immediately.

The Company assessed the Expected Credit Loss ("ECL") in accordance with IFRS 9 and determined that the ECL is immaterial as of 31 December 2021 and 2020.

NOTE 8: OTHER RECEIVABLES

Trade and other receivables consist of the following items:

Amounts in USD thousands	2021	2020
Trade receivables	366	52
Prepaid fees / withheld taxes	90	273
Other short-term interest-bearing receivables	14 097	0
Total	14 553	325

Trade receivables and other short-term interest-bearing receivables both relate to the DPO receivable from OSG (see note 7). Accrued and unpaid interest of USD 0.3 million is included in trade receivables in 2021. The portion of the DPO balance relating to the three vessels that OSG opted not to extend during 2021 will become due upon redelivery of the vessels in Q4 2022 and is thus classified as short-term.

NOTE 9: DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Derivative financial assets and liabilities comprise the following items:

Amounts in USD thousands	2021	2020
Fair value of interest rate swaps	3 631	-
Derivative financial assets	3 631	-
Fair value of interest rate swaps	-	1 211
Derivative financial liabilities	-	1 211

The Company entered into interest rate swaps in 2020 for USD 226 million of the principal amount of the secured loans (USD 195.4 million as of 31 December 2021). The previous interest rate swaps were terminated in Q1 2020 for USD 1.9 million. As of 31 December 2021 and 2020 the market value of derivative financial instruments was positive USD 3.6 million and negative USD 1.2 million, respectively. The fair value of the interest swaps is based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. In accordance with IFRS 9, the Company considered the impact of credit risk on the valuation in the market. The result is immaterial in 2021 and 2020.

AMSC generally aims to coincide its interest rate swap contracts with the underlying debt instrument. Therefore, it is swapping a floating LIBOR rate with an average fixed rate of 49 bps for 60% of the secured loans.

Refer to note 16 for additional information regarding financial instruments.

NOTE 10: EARNINGS PER SHARE

Basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares.

Amounts in USD thousands (except share and per share data)	2021	2020
Profit/(loss) attributable to equity holders of the Company for the period for determination of earnings per share	13 409	18 181
Weighted average number of ordinary shares in issue	60 616 505	60 616 505
Basic and diluted earnings per share	0.22	0.30

NOTE 11: PAID IN CAPITAL

The issued share capital of AMSC as of 31 December 2021 is 60,616,505 ordinary shares, each with a par value of NOK 10, fully paid. No common shares were issued in 2021. The Annual General Meeting (AGM) in 2021 granted an authorization to the Board to purchase treasury shares in connection with the Company's incentive scheme for employees. The Board was also granted an authorization to increase the share capital in connection with strengthening of the Company's equity capital or to raise equity capital for future investments within the Company's scope of operations. These authorizations are valid up to the AGM in 2022.

The changes in equity are:

	Common shares of equity holders of the parent		
Amounts in USD thousands	Share Capital	Share premium	Total paid in equity
31 December 2019	96 366	109 262	205 627
Dividends paid / return of capital	-	(21 822)	(21 822)
31 December 2020	96 366	87 440	183 806
Dividends paid / return of capital	-	(25 459)	(25 459)
31 December 2021	96 366	61 981	158 347

Subsequent to year-end, the Board authorized a quarterly dividend payment of USD 0.12 per share to the shareholders on record as of 4 March 2022 in line with prior guidance. The shares in AMSC were traded ex. dividend from and including 3 March 2022, and the dividend was paid on 14 March 2022. The dividend is classified as a return of paid in capital.

NOTE 12: SUBSIDIARIES

The subsidiaries included in the American Shipping Company ASA's Group account were as follows. Companies owned directly by American Shipping Company ASA are highlighted.

2021	AMSC's common holding %	AMSC's voting share %	Principal place of business	Country
American Tanker Holding Company, Inc. (ATHC)	100%	100%	Kennett Square, PA	USA
American Tanker, Inc. (ATI)	100%	100%	Kennett Square, PA	USA
American Shipping Corporation (ASC)	100%	100%	Kennett Square, PA	USA
ASC Leasing I - X, Inc. (10 legal entities)	100%	100%	Kennett Square, PA	USA

American Shipping Company ASA ("AMSC ASA") is the Norwegian parent company and is listed on Oslo Børs. AMSC ASA owns ATHC 100%. The unsecured bond is issued by ATI. ATHC, ATI and ASC are intermediary holding companies. Each of the Company's ten vessels are owned by an individual leasing company, ASC Leasing I - X, Inc. Each of the individual leasing companies have contracts directly with OSG and vessel debt directly with BNP Paribas, Prudential or CIT Bank which are covered by overall agreements that tie the arrangements together through either a framework agreement and/or guarantees.

CAPITAL MANAGEMENT RISK

AMSC's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, while maintaining an optimal capital structure to minimize the cost of capital. To meet these capital structure objectives, AMSC will review annually with its Board any proposed dividends, covenant requirements as well as any needs to raise additional equity for future business opportunities or to reduce debt.

NOTE 13: INTEREST-BEARING LOANS AND LIABILITIES

Following is information about the contractual terms of AMSC's interest-bearing loans and borrowings.

Amounts in USD thousands	2021	2020
Non-current liabilities		
Secured loans, net of capitalized fees	294 922	320 397
Unsecured bond issues, net of capitalized fees	216 838	196 370
Total long term interest bearing loans	511 761	516 767
Current liabilities		
Current portion of secured loans	26 862	26 862
Total interest-bearing short term debt	26 862	26 862

Summary of secured Loans as of 31 December	2021	2020
BNP Paribas gross borrowings	136 667	150 000
Prudential gross borrowings	130 074	138 603
CIT Bank gross borrowings	58 750	63 750
Less unamortized loan fees	(3 706)	(5 093)
Total Secured Loans	321 784	347 259

On 9 April 2020, AMSC closed on the refinancing of its senior secured debt for nine of the vessels with new and existing lenders. The refinancing is structured in two separate facilities; one being a USD 160 million facility secured by five vessels with a club of three banks consisting of BNP Paribas, SEB and National Australia Bank and the other, a USD 145 million facility secured by four vessels, with a syndicate of four lenders consisting of Prudential Private Capital, Siemens Financial Services, Wintrust Asset Finance and Atlantic Union Equipment Finance. The CIT facility remains secured by one vessel.

The two facilities are summarized below:

BNP Paribas:

- 5 year loan secured by 5 vessels
- USD 160 million, of which USD 90 million is a term loan and USD 70 million is a revolving credit facility
- Pricing: LIBOR + 270 bps
- Annual amortization: USD 13.3 million, 12 year repayment profile

Prudential facility:

- 5 year loan secured by 4 vessels
- USD 145 million
- Pricing LIBOR + 325 bps
- Annual amortization: USD 8.5 million, 17 year repayment profile

The refinancing repaid the previous BNP vessel debt of USD 228.0 million and part of the CIT vessel debt of USD 45.0 million, which had a maturity in Q2 2021. The Company paid USD 5.2 million in fees for the new borrowing arrangements, which were capitalized and will be amortized as additional interest expense over the term of the loans.

The Company entered into interest rate swap contracts in 2020 that swap the LIBOR for an average rate of 49 bps for USD 226 million of the debt (USD 195.4 million as of 31 December 2021).

There are no undrawn amounts on the Company's credit facilities as of 31 December 2021.

NOTE 13: INTEREST-BEARING LOANS AND LIABILITIES (CONTINUED)

Unsecured bond issue as of 31 December	Maturity	2021	2020
Gross bond balance at beginning of period	2025	200 000	200 000
New bond raised		20 000	-
Repayment of old bond		-	-
Plus write-off of discount		-	-
Less unamortized loan fees		(3 162)	(3 630)
Total unsecured bond issue		216 838	196 370

On 7 July 2020, American Tanker, Inc. ("ATI"), a fully owned subsidiary of AMSC, closed on the refinancing of the then oustanding USD 220 million unsecured bond, with a new USD 200 million bond plus USD 25 million from the Company's revolving credit facility. The new bond has a 7.75% semiannual coupon and matures 2 July 2025. On 25 January 2021, the ATI bond was listed on the Oslo Stock Exchange under the ticker ATI02. On 9 April 2021, the Company completed a tap issue of USD 20 million at an issue price of 101% of nominal amount. ATI capitalized USD 0.4 million in fees for the tap issue.

The following table shows the reconciliation between the opening and closing balance of interest-bearing loans:

	2021	2020
Balance at beginning of period	543 629	566 976
Repayment of debt	(26 863)	(524 230)
Payment of loan fees	(423)	(9 913)
Issuance of debt	20 000	505 000
Amortization of loan fees	2 280	5 797
Balance at end of period	538 623	543 629

RESTRICTIONS ON DIVIDEND PAYMENTS

Subject to certain exceptions, as of 31 December 2021, the BNP, Prudential and CIT credit agreements restrict the payment of dividends by AMSC and its subsidiaries. Specifically, AMSC and its subsidiaries may pay cash dividends only if there is no default and the Company is in compliance with its financial covenants under the loans. Dividends may be paid only if all ships remain on bareboat charter contract.

FINANCIAL COVENANTS

AMSC is subject to financial covenants under the secured bank loans relating to minimum liquidity and collateral, and leverage and debt service ratios. AMSC is subject to financial covenants under the bond related to minimum liquidity and maximum leverage.

AMSC was in compliance with all of its debt covenants as of 31 December 2021.

NOTE 14: OPERATING LEASES

Non-cancellable operating lease rentals for bareboat charter hire are receivable as follows:

Amounts in USD thousands	2021	2020
Less than one year	86 775	88 185
Between one and two years	59 031	88 185
Between two and three years	9 168	45 298
Between three and four years	4 534	9 168
Between four and five years	-	4 534
More than five years	-	-
Total	159 508	235 371

In December 2021, OSG exercised its one year extension options for the bareboat charter agreements for two of AMSC's vessels, moving these charter expiries to December 2023. In addition, OSG provided notice not to extend the bareboat contracts for three vessels, which will expire in December 2022. For all vessels excluding the Overseas Tampa, OSG has options to extend the charter terms for one, three or five years for the remaining useful lives of the vessels. The one-year extension options may only be used once for each vessel and OSG has exhausted the opportunity to declare a one year extension for six vessels. OSG holds two five year extension options on the Overseas Tampa, followed by five one year extensions that may be declared after the two five year extensions are exhausted. All extension options must be declared 12 months prior to the expiry of the individual bareboat charter.

Non-cancellable lease rentals for office space are payable as follows:

Amounts in USD thousands	2021	2020
Less than one year	44	47
Between one and five years	61	16
More than five years	-	-
Total	105	63

NOTE 15: TRADE AND OTHER PAYABLES

Trade and other payables comprise the following items:

Amounts in USD thousands	2021	2020
Trade accounts payable	113	140
Accrual of financial costs	8 501	7 785
Other short-term interest free liabilities	841	384
Total	9 455	8 309

Financial costs include interest accrued but unpaid on the unsecured bond issue.

NOTE 16: FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, cash-flow interest-rate risk and foreign exchange risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk-management is carried out under policies approved by the Board of Directors. The Board of Directors provides principles for overall financial risk management as well as policies covering specific areas such as foreign exchange risk, interest-rate risk, credit risk, and use of derivative financial instruments and non-derivative financial instruments.

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. Derivative financial instruments are used from time to time to hedge exposure to fluctuations in foreign exchange rates and interest rates for business purposes. The Company entered into interest rate swaps for a portion of the secured bank debt.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure.
At 31 December the maximum exposure to credit risk is as follows:

Amounts in USD thousands	2021	2020
Loans and receivables	21 845	23 658
Cash and cash equivalents	55 872	34 861
Cash held for specified uses	5 449	872
Total	83 167	59 391

AMSC regularly monitors the financial health of the financial institutions which it uses for cash management services and in which it makes deposits and other investments. AMSC responds to changes in conditions affecting its deposit relationships as situations warrant.

Receivables are to be collected from the following types of counterparties:

Amounts in USD thousands	2021	2020
Type of counterparty:		
End-user customer *)	21 755	23 333
Other receivables	90	325
Total	21 845	23 658

*) Due to the nature of the Group's operations, revenues and related receivables, including the DPO, are currently concentrated amongst OSG and its affiliates. The Group continually evaluates the credit risk associated with customers. No expected credit loss has been recorded for financial assets as of 31 December 2021 or 2020.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. With regards to making the debt service payments on the secured loans, the Group has established cash accounts ("Earnings Accounts") whereby all charter hire payments are deposited and utilized for debt service prior to being available for general corporate purposes. When these Earnings Accounts are restricted under the relevant loan agreement, the balances in the accounts are classified as "Cash held for specified uses".

NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

The following are the contractual maturities of financial liabilities including interest payments:

31. December 2021 Amounts in USD thousands	Book value	Contract. cash flow	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bonds (gross)	(220 000)	(288 153)	(8 525)	(8 431)	(17 050)	(254 147)	-
Long-term interest bearing external liabilities (gross)	(325 490)	(370 897)	(19 393)	(20 086)	(41 021)	(290 397)	-
Derivative financial assets							
Interest rate swaps	3 631	5 222	(111)	524	2 031	2 778	-
Total as of 31 December 2021	(541 859)	(653 828)	(28 029)	(27 993)	(56 040)	(541 766)	-

31. December 2020 Amounts in USD thousands	Book value	Contract. cash flow	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bonds (gross)	(200 000)	(277 542)	(7 835)	(7 665)	(15 500)	(246 542)	-
Long-term interest bearing external liabilities (gross)	(352 353)	(402 070)	(19 703)	(19 501)	(38 287)	(324 579)	-
Derivative financial liabilities							
Interest rate swaps	(1 211)	(446)	(324)	(363)	(581)	822	-
Total as of 31 December 2020	(553 564)	(680 058)	(27 862)	(27 529)	(54 368)	(570 299)	-

Currency risk

American Shipping Company is exposed to foreign currency risk related to certain cash accounts; however, the Group may enter into foreign exchange derivative instruments, from time to time, to mitigate that risk.

The Group incurs foreign currency risk on purchases and borrowings that are denominated in a currency other than USD. The currency giving rise to this risk is primarily NOK.

Foreign exchange gains and losses relating to the monetary items are recognized as part of "net financing costs" (see note 4). The Company did not have any exchange contracts at 31 December 2021 or 31 December 2020.

NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to currency risk

The company's exposure to currency risk at 31 December 2021 and 2020 primarily related to amounts denominated in NOK, as follows:

Amounts in USD thousands	2021	2020
Gross balance sheet exposure		
Trade payables (-)	(243)	(202)
Cash	137	167
Gross balance sheet exposure	**(106)**	**(35)**
Estimated forecast expenses (-)	(2 462)	(2 416)
Gross forecasted exposure	**(2 462)**	**(2 416)**
Forward exchange contracts	-	-
Net exposure	**(2 568)**	**(2 451)**

Estimated forecast expenses include NOK-denominated overhead expenses for the next 12 months.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

It is estimated that a general strengthening of ten percent in the value of the USD against the NOK would have had an immaterial impact on the Group's earnings before tax for the years ended 31 December 2021 and 2020. This analysis assumes that all other variables remain constant.

Exposure to interest rate risk

The Group is exposed to fluctuations in interest rates for its variable interest rate debt. With regards to the secured debt financing, the Group has entered into interest swap agreements to lock in the interest rate paid on a portion of the loans. The bond issued in 2020 has a fixed interest rate.

Sensitivity analysis

An increase of 100 basis points in interest rates in the reporting year would have increased /(decreased) pre-tax equity and profit or loss by the amounts shown below. This analysis assumes thal all other variables remain constant.

Amounts in USD thousands	2021	2020
Increase/(decrease)		
Bank deposits	540	372
Financial liabilities	(581)	(739)
Change in interest swap valuation	7 776	6 417
P&L sensitivity (net)	**7 735**	**6 050**

NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

Fair value hierarchy

IFRS requires companies to disclose certain information about how fair value is determined in a "fair value hierarchy" for financial instruments recorded at fair value, which for AMSC are derivative financial instruments, or disclosures about fair value measurements which have been identified below. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 includes assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly.

The only financial instruments that the Company accounts for at fair value are the interest rate swaps as of 31 December 2021 and 2020, which are classified in the Level 2 category described above. 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 year ended 31 December 2021, 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 as of 31 December 2021 are as follows:

Amounts in USD thousands	Carrying amount 2021	Fair value 2021	Fair value hierarchy	Valuation technique
Interest-bearing receivables from external companies, maturity greater than 3 years	21 389	19 622	3	Discounted cash flows at 10%
Interest swap used for economic hedging:				
Liabilities	3 631	3 631	2	Market comparison from a third party
Unsecured bonds (gross)	(220 000)	(221 650)	2	OSE trading price at year-end
Secured loans (gross)	(325 490)	(335 650)	2	Discounted cash flows at 3.5%

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

In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives where hedge accounting is not applied are accounted for as trading instruments.

NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of financial instruments, the related fair value hierarchy, together with the carrying amounts shown in the balance sheet as of 31 December 2020 are as follows:

Amounts in USD thousands	Carrying amount 2020	Fair value 2020	Fair value hierarchy	Valuation technique
Interest-bearing receivables from external companies, maturity greater than 3 years	23 333	19 521	3	Discounted cash flows at 10%
Interest swap used for economic hedging:				
Liabilities	(1 211)	(1 211)	2	Market comparison from a third party
Unsecured bonds (gross)	(200 000)	(201 620)	2	OSE trading price at year-end
Secured loans (gross)	(352 353)	(353 069)	2	Discounted cash flows at 3.5%

The discounted cash flow valuation model considers the present value of expected payments, discounted using the risk adjusted discount rate noted.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

NOTE 17: SHARES OWNED AND REMUNERATION PAID TO BOARD OF DIRECTORS AND SENIOR EMPLOYEES OF THE AMERICAN SHIPPING COMPANY GROUP

Shares in American Shipping Company ASA of 31 December 2021

Name	Position	Company	No. of shares
Pål Magnussen	President and CEO	AMSC	110 000
Morten Bakke	CFO	AMSC	100 000
Peter Knudsen	Board Member	AMSC	5 000
Annette Malm Justad	Chair of the Board	AMSC	4 523
Leigh Jaros	Controller	AMSC	2 000

There is no share option agreement between American Shipping Company ASA and senior management or Directors.

Remuneration to the board of directors through 31 December 2021

Name	Position	Company	Remuneration
Annette Malm Justad	Chair	AMSC	64 648
Peter Knudsen	Board Member	AMSC	50 931
Kristian Røkke	Board Member	AMSC	48 228
Total Directors' fee			163 807

The Chair and the Board of Directors have not received benefits other than Directors' fees. The Board of Director's term runs from 1 April through 31 March and the above remuneration reflects cash payments to board members during the calendar year 2021.

The Directors' fee for Kristian Røkke is paid to Aker ASA. The Company has no obligations to pay Board members extraordinary compensation upon termination of appointment.

Remuneration to the nomination committee
The nomination committee of AMSC has the following members: Ove A. Taklo (chair) and Ingebret G. Hisdal. Remuneration earned by each member of the committee in 2021 was NOK 25,000.

Guidelines for remuneration of senior management
The basis of remuneration of senior management has been developed in order to create a performance-based system which is founded on the Company's values. This system of reward was designed to contribute to the achievement of good financial results and increase in shareholder value.

The senior management receives a base salary and may also be granted a variable pay.

The senior management is entitled to 6 months' severance payment. Except for this, the members of the management are not entitled to special benefits beyond ordinary severance pay during available termination notice periods. The senior management participate in a standard pension and insurance scheme.

NOTE 17: SHARES OWNED AND REMUNERATION PAID TO BOARD OF DIRECTORS AND SENIOR EMPLOYEES OF THE AMERICAN SHIPPING COMPANY GROUP (CONTINUED)

In 2021, the senior management received a base salary in addition to a variable pay based on the award of synthetic shares in order to align performance payments with shareholder value creation. The system is based on awarding a certain number of synthetic shares to each member of the management team. The holder of the synthetic shares receives cash payments equal to the dividend paid to the shareholders. Further, the annual share price increase, if any, is paid as a cash bonus at the end of the year. There is a cap on the maximum compensation payable to each member of the management team. The remuneration of the senior management is in accordance with the guidelines for remuneration for 2021.

During 2021, Mr. Magnussen was awarded 437,500 synthetic shares. Under his synthetic share agreement, the total bonus earned during 2021 was USD 382 thousand. The cap on his salary for 2021 was NOK 7.5 million. During 2021, Mr. Bakke was awarded 200,000 synthetic shares, resulting in bonus earned of USD 175 thousand. The cap on his salary for 2021 was NOK 4.3 million. During 2021, Ms. Jaros was awarded 50,000 synthetic shares, resulting in bonus earned of USD 44 thousand. The cap on Ms. Jaros' salary for 2020 was USD 300 thousand per year.

The Company's Remuneration Policy was adopted in the annual general meeting held on 20 April 2021, and shall remain in effect until the earlier of an extraordinary general meeting resolving material changes to the Policy or until the annual general meeting to be held in 2025, in accordance with section 6-16a (5) of the Norwegian Public Limited Liability Companies Act. The Board of Directors have prepared a report on the remuneration paid to the Company's executive management for 2021 in accordance with the Norwegian Public Limited Liability Companies Act section 6-16 b, which is subject to an advisory vote of the shareholders in the 2022 annual general meeting.

The Company also has an incentive scheme for the management, where the Company can offer the management to purchase shares in the Company, subject to lock-up restrictions, with a view to incentivize long-term value creation and performance by the management.

The Company does not offer share option programs to the management.

Remuneration to Senior Management during 2021

			Base salary	Bonus	Other Benefits	Pension Contribution	Total (USD)	Severance pay
Pål Magnussen	CEO	Jan. - Dec.	400 959	428 198	1 119	9 427	839 703	6 months
Morten Bakke	CFO	Jan. - Dec.	238 211	195 747	1 119	8 925	444 002	6 months
Leigh Jaros	Controller	Jan. - Dec.	199 669	43 676	11 372	3 300	258 017	6 months

The above amounts reflect salary and bonus earned during 2021, and include Norwegian vacation pay.

Remuneration to Senior Management during 2020

			Base salary	Bonus	Other Benefits	Pension Contribution	Total (USD)	Severance pay
Pål Magnussen	CEO	Jan. - Dec.	359 624	175 941	1 045	8 194	544 804	6 months
Morten Bakke	CFO	Jan. - Dec.	208 567	80 787	1 071	7 987	298 412	6 months
Leigh Jaros	Controller	Jan. - Dec.	197 618	18 000	6 855	5 685	228 158	6 months

The above amounts reflect salary and bonus earned during 2020, and include Norwegian vacation pay.

NOTE 18: TRANSACTIONS AND AGREEMENTS WITH RELATED PARTIES

AMSC's largest shareholder is a subsidiary of Aker ASA which holds 19.1 percent of the Company's shares.

The Group has service agreements with Aker ASA and Aker US Services, LLC which provide certain office services and tax services. The cost of these services was not significant, however they are important to the Company's operations. In addition, the Company has a lease for office space in Norway from a company affiliated with Aker ASA.

The Company believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions and the table below summarizes the related party transactions.

Counterparty	Description of services	Annual amount (USD thousands)
Aker US Services, Inc.	Tax consulting	81
Aker IT Services	IT consulting and support	17
Akastor	Office lease	29

NOTE 19: AGREEMENTS WITH OSG

AMSC's only customer is OSG. The key agreements with OSG include the bareboat charter agreements, DPO agreements and profit sharing agreement.

Under the bareboat charter agreements, OSG pays AMSC a fixed daily rate for leasing the vessels and OSG is responsible for operating costs and maintenance of the vessels. The fixed terms of three of the bareboat charters run through December 2022; six of the bareboat charters run through December 2023; and the Overseas Tampa runs to 2025, with options for OSG to extend the charters for 1, 3 or 5 years for the useful lives of the vessels.

Under the DPO agreement (see note 7), OSG deferred payment of a portion of the daily bareboat charter hire for the first seven years of vessels 1-5. This deferred payment accrued on a daily basis to a maximum of USD 7.0 million per vessel and is now repayable over 18 years after the initial 7 year period.

Under the profit sharing agreement, AMSC and OSG share in the profits from OSG's operations of AMSC's 10 vessels. The calculation of profit to share is made on an aggregated fleet level. The calculation thus starts with total vessel revenue, subtracted by defined cost elements, as described below

Time Charter Hire	Fleet revenue
Less:	
BBC hire	Bareboat rate paid from OSG to AMSC
OPEX	Crew, maintenance & repairs, insurance, fees & vetting, lubes
OSG profit layer	Fixed daily rate of USD 4,000/day per vessel
Management fee	Fixed daily rate plus annual escalation
Auditor expenses	Actual OSG auditor expenses
Amortization of conversion costs	Amortized over ten years
= Profit to share before Drydock Reserve Provision, Drydock Reserve True-Up	Income subject to Profit Share before covering drydocking costs

NOTE 19: AGREEMENTS WITH OSG (CONTINUED)

The profit to share is then reduced by a drydock reserve provision, adjusted for a drydock reserve true-up once a drydock has been completed. The drydock reserve provision includes the estimated costs for each Intermediary Repair Period (IRP), which occurs every 3 years and each special survey occurring every 5 years. 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.

After drydock expenses are covered, AMSC's portion of the profit share must be used to reduce the USD 7.7 million credit negotiated with OSG in 2009 (originally USD 18.2 million, accruing interest annually, and repaid to current level with historical profits), which is the amount of AMSC's profit sharing OSG retains prior to having an obligation to remit cash payments to AMSC. After the OSG credit has been fully reduced to zero, AMSC will receive its 50% of subsequent profits under the formula above in cash and will recognize profit sharing revenue. AMSC's portion of the profit can never be negative on an annual basis. For the full year 2021 and 2020, the profit share was zero. The calculation of profit sharing for the full year 2021 and 2020 are shown with aggregated, rounded figures in USD millions below.

AMSC's 50% share of the profit (0 for 2021) is used to reduce the OSG credit, which accrues interest at 9.5% per year. The cumulative balance as of the end of 2021 and 2020 for the OSG credit is shown in the table below and as described above, must be covered prior to AMSC being entitled to receive cash profit share from OSG. The profit share credit is an off-balance sheet liability and is contingent on actual profits being generated to repay the credit. AMSC has no obligation to pay OSG this credit at the end of the charter period in case future profits are not sufficient to repay the amounts.

Balance per 31 Dec. 2021, USDm	Beginning balance as of 31 Dec. 2020	Accrued interest	Reduction	Ending balance as of 31 Dec. 2021
OSG credit	7.1	0.6	-	7.7

Balance per 31 Dec. 2020, USDm	Beginning balance as of 31 Dec. 2019	Accrued interest	Reduction	Ending balance as of 31 Dec. 2020
OSG credit	6.5	0.6	-	7.1

NOTE 20: EVENTS AFTER THE BALANCE SHEET DATE

On 24 February 2022, the Board authorized a quarterly dividend payment of USD 0.12 per share to the shareholders on record as of 4 March 2022 in line with prior guidance. The shares in AMSC were traded ex. dividend from and including 3 March 2022, and the dividend was paid on 14 March 2022. The dividend is classified as a return of paid in capital.

AMERICAN SHIPPING COMPANY

ANNUAL ACCOUNTS PARENT

PARENT

STATEMENT OF FINANCIAL POSITION

Amounts in USD thousands	Note	31. Dec. 2021	31. Dec. 2020
ASSETS			
Shares in subsidiaries	3	36 457	38 457
Deferred tax asset	4	11 333	14 751
Long-term receivable group companies	5	89 604	89 451
Total financial non-current assets		137 393	142 659
Total non-current assets		137 393	142 659
Tax receivable		-	18
Other short-term receivables		97	134
Cash and cash equivalents	7	11 339	13 711
Total current assets		11 436	13 863
TOTAL ASSETS		148 830	156 522
EQUITY AND LIABILITIES			
Share capital		96 366	96 366
Share premium reserve		54 707	81 378
Total paid in capital		151 073	177 744
Other equity		(10 255)	(27 632)
Total retained earnings		(10 255)	(27 632)
Total equity	6	140 818	150 112
Dividend payable	6	7 274	6 062
Other short-term debt		738	348
Total short-term liabilities		8 012	6 410
TOTAL EQUITY AND LIABILITIES		148 830	156 522

Lysaker, 29 March 2022
The Board of Directors
American Shipping Company ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Kristian Røkke
Board Member

Pål Magnussen
President/CEO

PARENT

INCOME STATEMENT

Amounts in USD thousands	Note	2021	2020
Management fee from subsidiaries, U.S. based		1 271	1 404
Other operating expenses	2	(2 381)	(1 701)
Operating loss		(1 110)	(297)
Interest income from group companies	5	8 839	8 739
Dividends from subsidiaries		11 000	7 000
Other interest and financial income	2	2 225	4 762
Other interest and financial expenses	2	(607)	(1)
Profit after financial items		20 347	20 203
Deferred income tax benefit / (expense)	4	(2 945)	14 744
Income tax expense	4	4	-
Profit / (loss) for the period		17 406	34 947
Allocation of net profit / (loss):			
Profit / (loss)		17 406	34 947
Other equity	6	(17 406)	(34 947)

PARENT

CASH FLOW STATEMENT

Amounts in USD thousands	Note	2021	2020
Profit / (loss) before tax		20 347	20 202
Unrealized foreign exchange (gain)/loss and unpaid interest expense		320	(2 513)
Non-cash expense/(income) from equity accounted investee / subsidiaries		-	(2 509)
Changes in short term receivables		59	(8)
Changes in short term liabilities		390	1 134
Cash flow from operating activities		21 116	16 306
Changes in long term investments	3	2 000	-
Cash flow from investing activities		2 000	-
Dividends / return of capital paid	6	(25 459)	(23 034)
Repurchase of treasury shares	6	(164)	(148)
Proceeds from sale of treasury shares	6	135	101
Cash flow used in financial activities		(25 488)	(23 081)
Cash flow for the year		(2 372)	(6 775)
Cash and cash equivalents 1 January		13 711	20 486
Cash and cash equivalents 31 December		11 339	13 711

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING PRINCIPLES

The annual report is prepared according to the Norwegian Accounting Act and generally accepted accounting principles in Norway.

SUBSIDIARIES

Subsidiaries are valued by the cost method in the company accounts. The investment is valued at the cost of acquiring shares in the subsidiary, providing that a write down is not required. A write down to fair value will be carried out if the reduction in value is caused by circumstances which may not be regarded as incidental, and deemed necessary by generally accepted accounting principles. Write downs are reversed when the cause of the initial write down is no longer present.

If dividends exceed withheld profits after acquisition, the exceeding amount represents reimbursement of invested capital, and the distribution will be subtracted from the value of the acquisition in the balance sheet.

CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

Assets and liabilities are presented as current when they are due within one year or they are part of the operating cycle. Other assets and liabilities are classified as non-current.

Current assets are valued at the lowest of cost and fair value. Current liabilities are valued at nominal value at the time of recognition.

Non-current receivables are measured at cost less impairment losses that are not considered to be temporary. Non-current liabilities are initially valued at transaction value less attributable transaction cost. Subsequent to initial recognition, interest bearing non-current borrowings are measured at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowing on an effective interest basis.

TRADE AND OTHER RECEIVABLES

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts.

FOREIGN CURRENCY TRANSLATION

The company's functional currency is U.S. dollars (USD). Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities in foreign currencies are translated into USD at the exchange rates ruling on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. The NOK/USD foreign exchange rate as of 31 December 2021 was 8.82 and the average rate during 2021 was 8.67 NOK/USD.

SHORT TERM INVESTMENTS

Short term investments (stocks, short-term bonds, liquid placements and shares) are valued at the lower of acquisition cost or fair value at the balance sheet date. Dividends and other distributions are recognized as other investment income.

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

INCOME TAX AND DEFERRED TAXES

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at the percent on the basis of existing temporary differences (22%) between accounting profit and taxable profit together with tax deductible deficits at year end. Temporary differences, both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilized.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short-term highly liquid deposits with original maturities of three months or less.

REVENUE RECOGNITION

The Company's revenues consist of management fees charged to foreign subsidiaries and are recognized when earned.

PENSIONS

The Company has a defined contribution pension plan that covers its employees whereby contributions are paid to qualifying pension plans. Once the contributions have been paid, there are no further payment obligations. Plan contributions are charged to the income statement in the period to which the contributions relate.

USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Contingent losses that are probable and quantifiable are expensed as occurred.

Certain prior year reclassifications were made to conform to current year presentation.

NOTE 2: OTHER OPERATING AND FINANCIAL EXPENSES

Fees to the auditors of USD 109 thousand (without VAT) for ordinary audit was expensed in 2021. The audit fees are split 60/40 between the US group and AMSC ASA. For more information on fees paid to KPMG, see note 3 in the consolidated accounts.

The Company has no other employees than the CEO and CFO. See note 17 in the consolidated accounts for more information regarding remuneration to senior management. Pension costs totaled USD 18 thousand in 2021 and covered two employees. Board of directors expenses were USD 214 thousand in 2021.

Other interest and financial income in 2021 includes USD 2.1 million of guarantee fees from subsidiaries and USD 0.1 million in realized currency gain. Other interest and financial expenses in 2021 includes realized and unrealized currency losses.

Refer to note 18 in the consolidated accounts for information regarding transactions and agreements with related parties.

NOTE 3: SHARES IN SUBSIDIARIES AND ASSOCIATES

This item comprises the following as of 31 December 2020:

Amounts in USD thousands	Ownership of common shares (%)	Voting rights (%)	Business address	Historical cost	Book value
American Tanker Holding Company, Inc. (ATHC)	100%	100%	Kennett Square, PA	36 457	36 457
Total shares				36 457	36 457

	ATHC
Subsidiaries' 2021 results after tax in USD thousands	7 023
Subsidiaries' equity attributable to common shareholders at 31 December 2021 in USD thousands	36 577

American Shipping Company ASA ("AMSC ASA") is the Norwegian parent company and is listed on Oslo Børs. AMSC ASA owns ATHC 100%. ATHC, ATI and ASC are intermediary holding companies. Each of the Company's ten vessels are owned by an individual leasing company, ASC Leasing I - X, Inc. Each of the individual leasing companies have contracts directly with OSG and vessel debt directly with BNP Paribas or CIT Bank which are covered by overall agreements that tie the arrangements together through either a framework agreement and/or guarantees.

AMSC analyzes the value of its investments in subsidiaries on an annual basis, or sooner if conditions change or events occur which could cause the carrying values to change. Detailed analysis, including discounted cash flows and third party appraisals, are prepared and reviewed by management supporting the carrying value of each of its investments. AMSC considers many factors, including the appropriate cost of capital, asset lives, market values and likelihood of events, in reviewing its investment value.

During 2021, USD 2.0 million was paid from ATHC to AMSC as a return of capital and corresponding reduction in AMSC's investment in subsidiaries. The funds were used for general corporate purposes.

NOTE 4: TAX

The table below shows the difference between book and tax values at the end of 2021 and 2020, and the amounts of deferred taxes at these dates and the change in deferred taxes.

Norwegian tax payable: Amounts in USD thousands	2021	2020
Profit/(loss) before tax USD accounts in USD	20 347	20 202
Difference between NOK and USD accounts	3 203	(1 193)
Result before tax measured in NOK for taxation purposes	23 550	19 010
Permanent differences (dividends, reversal of impairment)	(10 211)	(9 460)
Change in temporary differences	(2 879)	2 855
Other differences	48	-
FX effect on opening balance of loss carried forward	2 466	(2 481)
Estimated result for tax purposes	12 975	9 923
Utilization of loss carried forward	(12 975)	(9 923)
Taxable income / (loss)	-	-
Tax payable	-	-

The result before taxes in NOK are different from the result before taxes in USD primarily due to currency exchange differences. The foreign exchange difference arises as the Company's functional currency is USD, whilst the tax calculation in Norway is performed based on the accounts in NOK. As such, the tax calculation for the Company is in NOK, but presented in USD. The change in net recognized deferred tax deviates from the change in temporary differences due to a foreign exchange loss on the translation of NOK balances to USD of USD 0.5 million.

Norwegian deferred tax: Amounts in USD thousands	2021	2020
Other differences	(11 345)	(8 784)
Operating loss carried forward	62 858	75 833
Total differences	51 513	67 049
Deferred tax asset	11 333	14 751
Book value tax asset	11 333	14 751

The Group has net operating losses in carryforward as of 31 December 2021 of USD 62.9 million in Norway, with no expiration date. Net deferred tax assets were recognized during 2020 since it is expected that future taxable profit will be available against which the Group can utilize the benefits therefrom.

NOTE 4: TAX (CONTINUED)

U.S. tax expense/(benefit): Amounts in USD thousands	2021	2020
Current receivable tax charged to the income statement	(4)	-
Change in deferred tax	-	-
Total tax expense / (benefit)	(4)	-

AMSC recorded U.S. taxes in the income statement and balance sheet related to the U.S. income taxes on AMSC's investment in Philly Tankers, which was liquidated in Q1 2019. Philly Tankers elected to be taxed as a partnership under the Internal Revenue Code, with the consent of its shareholders. As such, AMSC as a shareholder separately accounts for their pro rata shares of the Company's income, deductions, losses and credits in their separate income tax returns. The Company received a tax refund in excess of the receivable in 2021.

NOTE 5: LONG-TERM RECEIVABLES

Long-term receivables are:

Amounts in USD thousands	2021	2020
American Tanker, Inc. (ATI)	89 604	89 451
Total	89 604	89 451

As of 31 December 2021, AMSC holds a USD 28.9 million loan to ATI. The loan to ATI is unsecured and bears interest at the higher of 9.5% or LIBOR plus 7% (9.5% at 31 December 2021) and with an option to pay in kind semi-annually. During 2021, ATI paid USD 2.6 million in interest payments to AMSC.

In 2015, in connection with the vessel debt refinancing, AMSC made a second loan of USD 52.2 million loan to ATI. The loan to ATI is unsecured and bears interest at 10%, with an option to pay in kind each quarter. The balance as of 31 December 2021 is USD 60.6 million. During 2021, ATI paid USD 6.1 million in interest payments to AMSC. The ATI note is payable on demand by AMSC, provided that demand may not be made prior to the maturity date of the secured vessel debt.

NOTE 6: TOTAL EQUITY

Changes in equity are:

2021 Amounts in USD thousands	Share capital	Share premium	Total paid-in capital	Other equity	Total equity
Equity as of 1 January 2021	96 366	81 378	177 744	(27 632)	150 112
Repurchase of treasury shares	-	-	-	(164)	(164)
Proceeds from sale of treasury shares	-	-	-	135	135
Dividends paid / return of capital	-	(19 397)	(19 397)	-	(19 397)
Dividend payable	-	(7 274)	(7 274)	-	(7 274)
Net result	-	-	-	17 406	17 406
Equity as of 31 December 2021	96 366	54 706	151 073	(10 255)	140 818

The total outstanding shares of AMSC are 60,616,505 shares each with a par value of NOK 10 per share.

No treasury shares were held as of 31 December 2021.

Subsequent to year-end, the Board declared a dividend/return of capital of USD 0.12 per share (USD 7.3 million in aggregate) on 24 February 2022. The dividend was paid on 14 March 2022.

2020 Amounts in USD thousands	Share capital	Share premium	Total paid-in capital	Other equity	Total equity
Equity as of 1 January 2020	96 366	104 412	200 778	(62 533)	138 245
Repurchase of treasury shares	-	-	-	(148)	(148)
Proceeds from sale of treasury shares	-	-	-	102	102
Dividends paid / return of capital	-	(16 973)	(16 973)	-	(16 973)
Dividend payable	-	(6 062)	(6 062)	-	(6 062)
Net result	-	-	-	34 947	34 947
Equity as of 31 December 2020	96 366	81 378	177 744	(27 632)	150 112

The total outstanding shares of AMSC are 60,616,505 shares each with a par value of NOK 10 per share.

No treasury shares were held as of 31 December 2020.

Subsequent to year-end, the Board declared a dividend/return of capital of USD 0.10 per share (USD 6.1 million in aggregate) on 11 February 2021. The dividend was paid on 1 March 2021.

NOTE 6: TOTAL EQUITY (CONTINUED)

The shares were owned by the following 20 largest parties as of 31 December 2021:

Name	Number	Percent
AKER CAPITAL AS	11 557 022	19.10%
DNB Markets Aksjehandel/-analyse	9 463 308	15.60%
SKANDINAVISKA ENSKILDA BANKEN AB	9 182 520	15.10%
Goldman Sachs & Co. LLC	5 491 215	9.10%
B.O. STEEN SHIPPING AS	2 500 000	4.10%
TRETHOM AS	2 000 111	3.30%
Pershing LLC	1 078 810	1.80%
Citibank, N.A.	818 538	1.40%
Skandinaviska Enskilda Banken AB	628 515	1.00%
THOM	611 111	1.00%
MAGNESTAD	500 000	0.80%
NORDNET LIVSFORSIKRING AS	389 784	0.60%
Avanza Bank AB	342 449	0.60%
BEDDINGEN FINANS AS	313 216	0.50%
CLEARSTREAM BANKING S.A.	311 973	0.50%
Nordnet Bank AB	274 888	0.50%
Citibank, N.A.	252 155	0.40%
Citibank, N.A.	236 690	0.40%
UBS Switzerland AG	216 000	0.40%
NÆRINGSLIVETS HOVEDORGANISASJON	213 533	0.40%
Total 20 largest shareholders	46 381 838	76.50%
Other shareholders	14 234 667	23.50%
Total	60 616 505	100.00%

NOTE 7: CASH AND CASH EQUIVALENTS

There is no restricted cash, except cash in a tax withholding account for employees' salaries of USD 70 thousand at 31 December 2021.

NOTE 8: SHARES OWNED BY THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

For information regarding shares owned by the members of the board of directors and the senior management, see note 17 in the consolidated accounts.

NOTE 9: GUARANTEES

The company has made the following guarantees:

Description	Beneficiary	Amount (USD thousands)	Guarantee party
Senior secured credit facility	Agent (BNP Paribas), Arranger, Lenders and Hedging Banks	160 000	ASC Leasing I-V, Inc.
Senior secured credit facility	Agent (PGIM, Inc.), Security Trustee and Lenders	145 000	ASC Leasing VI-IX, Inc.
Senior secured credit facility	Agent (CIT Bank), Security Trustee and Lenders	90 000	ASC Leasing X, Inc.

AMSC has also agreed to indemnify OSG for any losses resulting from any breach by a vessel owning company of its obligations under its agreements with OSG.

NOTE 10: EVENTS AFTER THE BALANCE DATE

On 24 February 2022, the Board authorized a quarterly dividend payment of USD 0.12 per share to the shareholders on record as of 4 March 2022 in line with prior guidance. The shares in AMSC were traded ex. dividend from and including 3 March 2022, and the dividend was paid on 14 March 2022. The dividend is classified as a return of paid in capital.

AUDITORS' REPORT

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Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of American Shipping Company ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of American Shipping Company ASA, which comprise:

- The financial statements of the parent company American Shipping Company ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of American Shipping Company ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 laws and regulations 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 the Company for 17 years from the election by the general meeting of the shareholders on 25 April 2005 for the accounting year 2005.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

AUDITORS' REPORT

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.

Assessment of the carrying value of Property, plant and equipment
Refer to Note 1 (Accounting principles), and Note 6 (Property, plant and equipment)

The key audit matter	*How the matter was addressed in our audit*
As at 31 December 2021 the Group has reported Property, plant and equipment of USD 615.1 million, which includes vessels on operating lease contracts with customers. Management reviews Property, plant and equipment for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Due to the potential impact on the Group's consolidated financial statements given the size of the balance and the current economic environment, and the auditor judgment required when evaluating whether management's assumptions are reasonable and supportable, the assessment of impairment indicators of the carrying value of Property, plant and equipment was considered to be a key audit matter.	• Our audit procedures in this area included: • Assessing management's process and results for identification and classification of CGUs to ensure they were appropriate and in accordance with relevant accounting standards; • Evaluating management's impairment trigger assessment and assessing any additional potential indicators of impairment through our review of possible external and internal indicators; • Obtaining corroborating evidence for management's conclusions, including independent vessel valuation reports; and external information on market rates and Jones Act newbuild values and relevant transactions; and • Assessing the adequacy of the disclosures related to the assessment of impairment.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises 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 information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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

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

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

AUDITORS' REPORT

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements 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 and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITORS' REPORT

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXHXNC41-2021-12-31-en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 29 March 2022
KPMG AS

M. Han

Monica Hansen
State Authorised Public Accountant

SHARE AND SHAREHOLDER INFORMATION

American Shipping Company is committed to maintaining an open and direct dialogue with its shareholders, potential investors, analysts, brokers, and the financial community in general. The timely release of information to the market that could affect the Company's share price helps ensure that American Shipping Company ASA's share price reflects its underlying value.

American Shipping Company's goal is that the Company's shareholders will, over time, receive competitive returns on their investment. The Board considers the amount of dividend, if any, to be recommended for approval by the shareholders on an annual basis. The recommendation is based upon earnings for the year just ended, the financial situation at the relevant point in time and applicable restrictions under AMSC's financial agreements.

DIVIDENDS

The Company paid dividends totaling USD 0.42 per share (USD 25.5 million) in 2021. The dividends were classified for accounting purposes as repayment of previously paid in share premium.

The Norwegian Public Limited Liability Companies Act allows for the Board of Directors to pay dividends on the basis of an authorization from the General Meeting. At the 2021 Annual General Meeting, the Board of Directors were granted an authorization to pay dividends up to an approved amount at their discretion based on the Company's annual accounts for 2020, valid up to the Company's Annual General Meeting in 2022. Such authorization facilitated payment of dividend by the Board of Directors on a quarterly basis.

Payment of dividends by AMSC is subject to restrictions under its vessel debt facilities and the bond loan. Subject to certain exceptions, as of 31 December 2021, the BNP, Prudential and CIT credit agreements restrict the payment of dividends by AMSC and its subsidiaries. Specifically, AMSC and its subsidiaries may pay cash dividends only if there is no default, the Company is in compliance with its financial covenants under the loans and all ships remain on bareboat charter contract.

SHARES AND SHARE CAPITAL

As of 31 December 2021, American Shipping Company ASA had 60 616 505 ordinary common shares; each share with a par value of NOK 10 (see Note 11 to the Company's 2021 accounts).

As of 31 December 2021, the Company had 2,358 shareholders, of whom 8.1 percent were non-Norwegian shareholders.

American Shipping Company ASA currently has a single share class. Each share is entitled to one vote, but is subject to certain voting and ownership restrictions due to the fact that the Company is operating under an exception from the U.S. ownership requirement in the Jones Act (see Articles of Association available on the Company's web page). The Company held no own (treasury) shares as of 31 December 2021.

STOCK-EXCHANGE LISTING

The Company's shares are listed on the Oslo Stock Exchange's main (OSEBX) list (ticker: AMSC). American Shipping Company's shares are registered in the Norwegian Central Securities Depository; the shares have the securities registration number ISIN NO 0010272065. DNB Bank is the Company's registrar.

SIGNIFICANT SHAREHOLDER

American Shipping Company ASA's largest shareholder is Aker Capital AS, which holds 19.1 percent of the Company's shares.

SHARE AND SHAREHOLDER INFORMATION

From time to time, agreements are entered into between two or more former related companies. The boards of directors and other parties involved in the decision-making processes related to such agreements are all critically aware of the need to handle such matters in the best interests of the involved companies, in accordance with good corporate governance practice and on an arm's length basis. If needed, external, independent opinions are sought.

CURRENT BOARD AUTHORIZATIONS

The Annual General Meeting in 2021 granted an authorization to the Board to purchase own (treasury) shares in connection with the Company's incentive scheme for employees. The Board was also granted an authorization to increase the share capital in connection with strengthening of the Company's equity capital or to raise equity capital for future investments within the Company's scope of operations.

The Board of Directors has authorization to pay dividends, to facilitate payment of dividends on a quarterly basis.

All of these Board authorizations are valid up to the Annual General Meeting in 2022.

SHARE INCENTIVE PROGRAM

The Company currently does not have any share or stock option plans, but the Annual General Meeting approved the establishment of an incentive program for its employees, giving the Board of Directors the ability to offer its employees to purchase shares in the Company on favorable terms, subject to certain lock-up restrictions.

INVESTOR RELATIONS

American Shipping Company ASA seeks to maintain an open and direct dialogue with shareholders, financial analysts, and the financial market in general.

20 LARGEST SHAREHOLDERS

as of 31 December 2021

Shareholder	Number of shares held	Ownership (in %)
AKER CAPITAL AS	11 557 022	19.1%
DNB Markets Aksjehandel/-analyse	9 463 308	15.6%
SKANDINAVISKA ENSKILDA BANKEN AB	9 182 520	15.1%
Goldman Sachs & Co. LLC	5 491 215	9.1%
B.O. STEEN SHIPPING AS	2 500 000	4.1%
TRETHOM AS	2 000 111	3.3%
Pershing LLC	1 078 810	1.8%
Citibank, N.A.	818 538	1.4%
Skandinaviska Enskilda Banken AB	628 515	1.0%
THOM	611 111	1.0%
MAGNESTAD	500 000	0.8%
NORDNET LIVSFORSIKRING AS	389 784	0.6%
Avanza Bank AB	342 449	0.6%
BEDDINGEN FINANS AS	313 216	0.5%
CLEARSTREAM BANKING S.A.	311 973	0.5%
Nordnet Bank AB	274 888	0.5%
Citibank, N.A.	252 155	0.4%
Citibank, N.A.	236 690	0.4%
UBS Switzerland AG	216 000	0.4%
NÆRINGSLIVETS HOVEDORGANISASJON	213 533	0.4%
Total 20 largest shareholders	46 381 838	76.5%
Other shareholders	14 234 667	23.5%
Total	60 616 505	100.0%

GEOGRAPHIC DISTRIBUTION

as of 31 December 2021

Nationality	Number of shares held	Ownership (in %)
Non-Norwegian	11 973 314	19.8%
Norwegian	48 643 191	80.2%
Total	60 616 505	100%

SHARE AND SHAREHOLDER INFORMATION

Visitors to American Shipping Company's website at www.americanshippingco.com can subscribe to email delivery of American Shipping Company news releases.

American Shipping Company's press releases and investor relations (IR) publications for the current and prior years are available at the Company's website: www.americanshippingco.com. This online resource includes the Company's quarterly and annual reports, prospectuses, corporate presentations, articles of association, financial calendar, and its Investor Relations and Corporate Governance policies, along with other information.

Shareholders can contact the Company at ir@amshipco.com.

SAVE THE ENVIRONMENT – READ REPORTS ONLINE

Annual reports are published on the Company's website (www.americanshippingco.com) at the same time as they are made available via website release by the Oslo Stock Exchange: www.newsweb.no (ticker: AMSC).

American Shipping Company ASA encourages its shareholders to subscribe to the Company's annual reports via the electronic delivery system of the Norwegian Central Securities Depository (VPS). Please note that VPS services (VPS Investortjenester) are designed primarily for Norwegian shareholders. Subscribers to this service receive annual reports in PDF format by email.

Electronic distribution is the fastest channel for accessing Company information; it is also cost-effective and environmentally friendly.

Quarterly reports, which are generally only distributed electronically, are available from the Company's website and other sources. Shareholders who are unable to receive the electronic version of interim and annual reports, may subscribe to the printed version by contacting American Shipping Company.

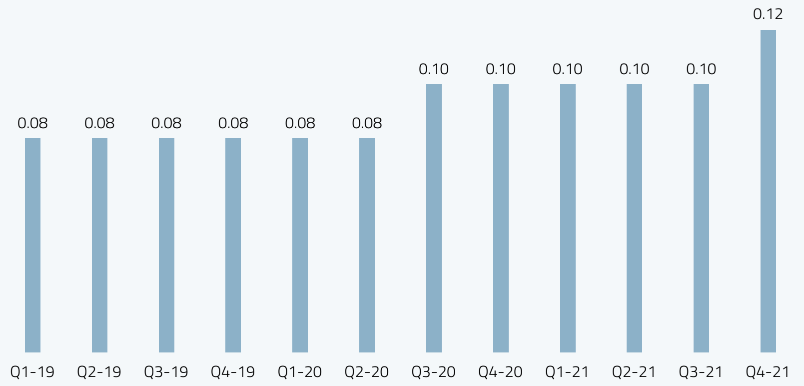
OWNERSHIP STRUCTURE

as of 31 December 2021

Shares owned	Number of shareholders	Percent of share capital
1-100	552	0.03%
101-1000	772	0.63%
1001-10,000	725	4.57%
10,001-100,000	268	13.15%
100,001-500,000	31	10.13%
over 500,000	10	71.48%
Total	2 358	100.00%

DIVIDEND HISTORY

USD per share



ANNUAL SHAREHOLDERS' MEETING

American Shipping Company ASA's annual shareholders' meeting is normally held in April. Written notification is sent to all shareholders individually or to shareholders' nominee. To vote at shareholders' meetings, shareholders (or their duly authorized representatives) must either be physically present, vote by proxy or vote electronically prior to the shareholders' meeting.

2021 SHARE DATA

The Company's total market capitalization as of 31 December 2021 was NOK 1,952 million. During 2021, a total of 12,662,490 American Shipping Company ASA shares traded. The shares traded on 252 trading days.

CORPORATE GOVERNANCE

American Shipping Company ASA's focus is on building a premier ownership position in the Jones Act market to create maximum value for its shareholders. Good corporate governance will help to reduce risk and ensure sustainable value creation.

The Board of Directors (the "Board") of American Shipping Company ASA has reviewed and updated the Company's principles for corporate governance. The Board's statement of corporate governance is included in the annual report. The principles are based on the Norwegian Code of Practice for Corporate Governance, dated 14 October 2021 (the "Code of Practice"), the principles set out in the continuing obligations of companies admitted to trading on the Oslo Stock Exchange, and the relevant Norwegian background law such as the Norwegian Accounting Act and the Norwegian Public Limited Liability Companies Act. The Code of Practice is available at www.nues.no and the continuing obligations for companies listed on the Oslo Stock Exchange may be found at www.oslobors.no . The principles also apply to American Shipping Company ASA's subsidiaries where relevant.

The following presents American Shipping Company ASA's (hereinafter "American Shipping Company", "AMSC", the "Company" or the "Group") practice regarding each of the recommendations contained in the Code of Practice. Any deviations from the recommendations are found under the item in question. In addition to the Code of Practice, the Norwegian Accounting Act section 3-3b stipulates that companies must provide a report on their policies and practices for corporate governance either in the annual report or in a document referred to in the annual report. This report is integrated in this corporate governance statement.

PURPOSE

American Shipping Company's Corporate Governance principles are intended to ensure an appropriate division of roles and responsibilities among the Company's owners, its Board, and its executive management and that the Company's activities are subject to satisfactory control. These principles contribute to the greatest possible value creation over time, to the benefit of owners and other stakeholders. It is the responsibility of the Board of AMSC to ensure that the Company implements sound corporate governance.

CORPORATE GOVERNANCE

BUSINESS

The Company's business model is to own and bareboat charter vessels for operation in the U.S. Jones Act market through its wholly owned subsidiary leasing companies. The corporate structure of American Shipping Company, through its operating subsidiaries in the United States, is in conformance with the applicable requirements of the Jones Act. All of its vessels are fully qualified to participate in the domestic maritime trades of the United States.

Pursuant to clause 3 of the Company's articles of association, the objective of the Company is "to own and carry out industrial business and other activities related hereto, including ownership of vessels, capital management and other functions for the group, as well as participation in or acquisition of other companies."

The function of the business purpose clause is to ensure that shareholders have control of the business and its risk profile, without limiting the Board or management's ability to carry out strategic and financially viable decisions within the defined purpose. The Group's financial goals and main strategies are as follows:

- Be a preferred ship owning and lease finance company in the Jones Act market
- Generate stable cash flow from long term bareboat charters
- Have a modern, safe and operationally friendly fleet
- Explore and invest in value creating opportunities for our shareholders
- Ensure an optimal use of capital

The Board defines clear objectives, strategies and risk profiles for the Company's business activities such that the Company creates value for shareholders in a sustainable manner. When carrying out this work, the board of directors will take into account financial, social and environmental considerations. The Board evaluates these objectives, strategies and risk profiles at least yearly. These objectives, goals, strategies and risk profiles are presented in more detail on page 10 of this report and in the Board's report.

American Shipping Company has not adopted specific guidelines on equality and diversity due to its limited number of employees. The company is however focused on carrying on its business in line with the principles of equality and diversity with respect to the composition of its management and board, and its management currently comprise of three members whereof one is female. The board of directors is also comprised of three members whereof one is female.

The Norwegian Accounting Act section 3-3c stipulates that companies must report on what they do to integrate corporate social responsibility into their activities and this is presented in more detail on page 17 in the Board of Director's report.

EQUITY AND DIVIDENDS

Equity

The Group's book equity as of 31 December 2021 was USD 149.2 million corresponding to an equity ratio of 20.9 percent. The Company's Board frequently monitors the Company's equity level according to the Norwegian Public Limited Liability Companies Act sections 3-4 and 3-5. As such, the Company regards the Group's current equity as sound. The Board also monitors the Company's capital structure and ensures that the Company's capital structure is appropriate to AMSC's objective, strategy and risk profile.

Dividends

American Shipping Company's dividend policy is included in the section "Shares and shareholder information", on pages 68-70 of this annual report. The Company's goal is that its shareholders shall, over time, receive competitive returns on their investment. Any payment of dividend will be based upon the Group's earnings for the last year ended and other factors, the financial situation at the relevant point in time and applicable restrictions under AMSC's financial agreements and applicable laws and regulations.

Board authorizations

The Board's proposals for Board authorizations to increase the Company's share capital are to be limited to defined issues and to be valid only until the next annual general meeting.

The annual general meeting in 2021 granted an authorization to the Board to purchase own (treasury) shares in connection with the Company's incentive scheme for employees. The Board was also granted an authorization to increase the share capital in connection with strengthening of the Company's equity capital or to raise equity capital for future investments within the Company's scope of operations. The Board has authorization to pay dividends, to facilitate payment of dividends on a quarterly basis.

All of these Board authorizations are valid up to the annual general meeting in 2022.

EQUAL TREATMENT OF SHAREHOLDERS

The Company has a single class of shares, and all shares carry the same rights in the Company. However, the shares are subject to certain ownership and voting restrictions due to the fact that the Company is operating under an exception from the U.S ownership requirement in the Jones Act (see the Company's articles of association section 8, which are available on the Company's web page).

CORPORATE GOVERNANCE

Equal treatment of all shareholders is crucial. If existing shareholders' pre-emptive rights are waived upon an increase in share capital, the Board must justify the waiver and the justification must me disclosed in the stock exchange announcement of the increase in share capital. Transactions in own (treasury) shares must be executed on the Oslo Stock Exchange or by other means at the listed price.

SHARES AND NEGOTIABILITY

American Shipping Company's shares are freely negotiable. However, the transferability of shares is subject to certain voting and ownership restrictions on "Shipping Operators" due to the fact that the Company is operating under an exception from the U.S ownership requirement in the Jones Act. A "Shipping Operator" is defined in the Company's articles of association as a person or entity that operates any vessel for hire or directly or indirectly controls, is controlled by, or is under common control with any company or person who operates any vessel for hire. For further details, see the Company's articles of association section 8, which are available on the Company's web page.

GENERAL MEETINGS

The Board encourages shareholders to participate in its general meetings. It is the Board's priority to hold the annual general meeting as early as possible after the year-end. Notices convening general meetings, with comprehensive documentation relating to the items on the agenda, including the recommendations from the nomination committee, are made available on the Company's website no later than 21 days prior to the general meeting. The deadline for shareholders to register to the shareholders' meetings is set as close to the date of the meeting as possible and the deadline for registration may not expire earlier than five days prior to the date of the general meeting.

The notice materials include a thorough explanation of all procedures for registration, voting and attendance. In addition, information on how to propose a resolution to the items on the agenda at the annual shareholders' meeting will be included in the notice. If a general meeting is held as a physical meeting, the shareholders will also be given the opportunity to participate virtually unless the board of directors finds there is sufficient cause for it to refuse to allow this. The proxy form includes instructions for representation at the meeting through a proxy or by virtual participation and allows shareholders to nominate a person who will be available to vote on behalf of the shareholders. In addition, to the extent possible, the proxy form includes separate voting instructions to be given for each matter to be considered by the meeting. The shareholders may also vote electronically in advance of the general meeting.

Pursuant to the Company's articles of association, the Chair of the Board or an individual appointed by the Chair of the Board will chair shareholder's meetings. Thus, the articles of association of the Company deviates from the Code of Practice in this respect. Having the Chair of the Board or a person appointed by her chairing the general meetings simplifies the preparations for the general meetings significantly. Board members and the chair of the nomination committee are required to attend general meetings. The auditor shall attend shareholders' meetings when items to be considered are of such a nature that the auditor's attendance is regarded as essential.

The shareholders are invited to vote on the composition of the Board proposed by the nomination committee as a group, and not on each board member separately. Hence, the Company deviates from the Code of Practice in this regard as it is important to the Company that the Board works in the best possible manner as a team, and that the background and competence of the board members complement each other.

Minutes of general meetings are published as soon as practically possible via the Oslo Stock Exchange messaging service www.newsweb.no (ticker: AMSC) and on the Company's website www.americanshippingco.com.

NOMINATION COMMITTEE

American Shipping Company has a nomination committee , as set forth in its articles of association. Pursuant to the articles of association, the nomination committee is to comprise no fewer than two members. Each member is normally elected for a two-year period. The composition of the nomination committee reflects the interests of the shareholders, and its members are independent from the Board and executive management. The members and Chair of the nomination committee are elected by AMSC's annual shareholders' meeting, which also approves the remuneration payable to committee members.

Pursuant to American Shipping Company's articles of association, the nomination committee recommends candidates for members of the Board. The nomination committee also makes recommendations as to remuneration of Board members and members of the nomination committee. The current members of the nomination committee, as elected by the general meeting, are Ove A. Taklo (chair) and Ingebret G. Hisdal.

The general meeting of the Company has adopted guidelines for the nomination committee. According to these guidelines, the nomination committee shall emphasize that candidates for the Board have the necessary experience, competence and capacity to perform their duties in a satisfactory manner. Furthermore,

CORPORATE GOVERNANCE

attention should be paid to ensure that the Board can function effectively as a collegiate body. A reasonable representation with regard to gender and background should also be emphasized, and the nomination committee should present its nomination of Directors to the Board, and also justify its nominations. The guidelines for the nomination committee are available on the Company's website.

The Chair of the nomination committee has the overall responsibility for the work of the committee. In the exercise of its duties, the nomination committee may contact, amongst others, shareholders, the Board, management and external advisors. The nomination committee shall also ensure that its recommendations are endorsed by the largest shareholders. The Company will provide their shareholders with information on how to submit proposals to the nomination committee for candidates for election to the Board on the Company's website.

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the Company's articles of association and corporate governance policy, the Board comprises between three and nine members, which are elected for a period of two years. Further, up to three shareholder-elected deputy board members may be elected annually. The Chair of the Board is elected by the general meeting. The Board may elect a Deputy Board Chair.

The majority of the shareholder-elected Board members are to be independent of the Company's executive management, its significant business associates and its significant shareholders. Representatives of American Shipping Company's executive management shall not be board members. The current composition of the Board is presented on page 12 of this annual report, which also includes the board members' expertise, capabilities and independence. The current members of the Board are Annette Malm Justad ((Chair) Peter Knudsen and Kristian Røkke. Two of the three members of the Board are independent of the Company's significant shareholders and significant business associates. The Company encourages the board members to invest in the Company shares, and the shareholdings of the board members are presented in Note 17 to the consolidated accounts.

The board members represent a combination of expertise, capabilities, and experience from various finance, industry, and non-governmental organizations. Based on the current board members' experience and expertise, the Board functions effectively as a collegiate body.

Two of the three shareholder-elected Board members is up for election in 2022.

THE WORK OF THE BOARD OF DIRECTORS

The Board has adopted informal guidelines that regulate areas of responsibility, tasks, and division of roles of the Board, Chair and CEO. These instructions feature rules governing Board schedules, rules for notice and chairing of Board meetings, decision-making rules, the CEO's duty and right to disclose information to the Board, professional secrecy, impartiality, and other issues. In general, four ordinary board meetings are convened each year, with one meeting held every quarter. These instructions also state how the board of directors and the CEO shall handle agreements with related parties, including whether an independent valuation is considered necessary. The transaction of agreements with related parties should be carried out in a manner that ensures sufficient clarity with regard to the balance of the agreement. The board should also present any such agreements in the annual report. See information on transactions with related parties in Note 18 to the consolidated accounts.

To ensure a more independent consideration of matters of a material nature in which the Chair is, or has been, personally involved, the Board's consideration of such matters should be chaired by another member of the Board. The Board itself assesses the need to elect a deputy chair.

The Norwegian Public Limited Liability Companies Act requires that companies listed on a regulated market shall have an audit committee. Due to the small size of the Company's Board, the entire Board acts as the audit committee, thus the Company deviates from The Code of Practice in this respect. The majority of the members of the audit committee are independent of the Company's operations.

With the exception of the audit committee, the Board has not deemed it necessary to establish other board committees at this time. The Board has considered appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to executive personnel. However, due to the small size of the Board and since no members of the executive personnel are also members of the Board, the Board does not deem it necessary to appoint a remuneration committee at this time. If the Board decides to appoint a remuneration committee, the membership of the committee shall be restricted to members of the Board who are independent of the Company's executive personnel.

American Shipping Company has prepared guidelines designed to ensure that members of the Board and executive management notify the Board of any direct or indirect stake they may have in agreements entered into by the Group.

CORPORATE GOVERNANCE

The Board evaluates its own performance and expertise once a year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is to ensure that the Company maintains solid in-house control practices and appropriate risk management systems tailored to the Company's business activities. The Board annually reviews the Company's most important risk areas and internal control systems and procedures, and the main elements of these assessments are mentioned in the Board' report.

Audit Committee

The audit committee has reviewed the Company's internal reporting systems, internal control and risk management and had dialogue with the Company's auditor. The audit committee has also considered the auditor's independence.

AMSC's financial policies ensure follow-up of financial risk. Key targets are identified by the Board and management to ensure timely control of currency exposure, interest rate exposure and compliance with loan covenants.

From 1 January 2021, a new Audit Act was implemented in Norway.

Financial Statement Close Process

Consolidation and control over the financial statement close process is the Controller's responsibility. The Company's current business includes bareboat chartering of its ten vessels and therefore means that the activities of its employees are managing the financing of vessels and overhead. The Company has a small organization with three employees, who all have direct communication with the Board. Meetings between management, the external auditor and members of the Board, to identify significant accounting issues or other issues are held prior to completion of the annual report and in connection with management's reporting to the audit committee. The purpose of these meetings is to focus on new and amended accounting principles or other issues in the financial statements. Financial results and cash development are analyzed and compared to the budget by the CFO and Controller and reported to the Board quarterly.

Because of the inherent segregation of duties matters caused by having only three employees, special actions have been implemented. In Norway, disbursements are managed by accounting services purchased from an accounting firm, with normal control procedures in place such as management approval of invoices for payment and two signatories required for payments.

The Board approves the Company's yearly budget and reviews deviations to the budget on a quarterly basis.

REMUNERATION OF THE BOARD OF DIRECTORS

Board remuneration is to reflect the Board's responsibility, expertise, time spent, and the complexity of the business. Remuneration does not depend on American Shipping Company's financial performance and the Company does not grant share options to the board members. Board members and companies with whom they are associated must not take on special tasks for the Company beyond their Board appointments unless such assignments are disclosed to the full Board and remuneration for such additional duties is approved by the Board. The Chair and the Board have not received benefits other than directors' fees.

Additional information on remuneration paid to board members for 2021 is presented in Note 17 to the consolidated accounts.

REMUNERATION OF EXECUTIVE MANAGEMENT

The Board has adopted guidelines for remuneration of executive management in accordance with the Norwegian Public Limited Company Act section 6-16a. Salary and other remuneration of American Shipping Company's CEO are determined by the Board. The guidelines are prepared with the aim to contribute to the company's commercial strategy, long-term interests and financial viability.

The Board's guidelines for remuneration of executive management will be presented to the annual general meeting and be subject to the shareholders' approval every fourth year, as a minimum. The guidelines currently approved by the shareholders are available on the Company's website.

The board of directors will prepare and present a report on remuneration of executive management every year as part of the annual general meeting, in accordance with the Norwegian Public Limited Company Act section 6-16b. This report is subject to the shareholders' advisory vote only.

INFORMATION AND COMMUNICATIONS

The Board has established guidelines for the reporting of financial and other information and is based on openness and on equal treatment of shareholders, the financial community, and other interested parties. The long-term goal of American Shipping Company's investor relations activities is to ensure the Company's access to capital at competitive terms and to ensure shareholders' correct pricing of shares.

These goals are to be accomplished through correct and timely distribution of information that can affect the Company's share price; the Company is also to comply with current rules and market practices, including the requirement

CORPORATE GOVERNANCE

of equal treatment. All stock exchange notifications and press releases are made available on the Company's website www.americanshippingco.com; stock exchange notices are also available from www.newsweb.no. All information that is distributed to shareholders is simultaneously published on American Shipping Company's website. The Company's financial calendar is also found on page 4 of this annual report.

TAKE-OVERS

The overriding principle is equal treatment of shareholders. The principles are based on the bidder, the Company and the management all having an independent responsibility for fair and equal treatment of the shareholders in a takeover process, and that company operations are not unnecessarily disturbed. It is the responsibility of the Board to ensure that the shareholders are kept informed and that they have reasonable time to assess the offer.

Unless the Board has particular reasons for so doing, it will not take steps to prevent or obstruct a take-over bid for the Company's business or shares, nor use share issue authorizations or other measures to hinder the progress of the bid, without such actions being approved by the shareholders' meeting after the takeover offer has become public knowledge.

If an offer is made for the Company's shares, the Board will make a statement to the shareholders that provides an assessment of the bid, the Board's recommendations, and reasons for these recommendations. If the Board cannot make a recommendation to the shareholders, the Board shall explain their reasoning for no such recommendation. For each bid, an assessment will be made as to the necessity of bringing in independent expertise. In a situation where a competing bid is made and the bidder has a connection to any member of the Board or executive personnel, or if the bidder is a main shareholder, the Board shall seek an independent valuation. The valuation is to be recorded in the Board's statement.

Transactions that have the effect of sale of the Company or a major component of it are to be decided on by shareholders at a shareholders' meeting.

AUDITOR

The auditor will make an annual presentation to the Board of a plan for the auditing work for the year. Further, the auditor is to provide the Board with an annual written confirmation that the requirement of independence has been met. The auditor must also submit an annual additional report to the audit committee in which it declares its independence and explains the results of the statutory audit carried out by providing a range of information about the audit.

The auditor participates in at least one Board meeting annually, including the meeting prior to the annual general meeting. At this meeting, the auditor reviews any material changes in the Company's accounting policies, comments on any material estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the executive management of the Company. The auditor also presents to the Board a review of the Company's internal control procedures, including identified weaknesses and proposals for improvements.

One meeting a year is held between the auditor and the Board, at which no representatives of executive management are present. Auditors are to provide the Board with an annual overview of services other than auditing that have been supplied to the Company. Remuneration for auditors, presented in note 3 to the consolidated accounts, is stated for the four categories of ordinary auditing, other attestation services, tax assistance and other assurance services. In addition, these details are presented at the annual general meeting. The auditor has provided the Board with written confirmation of its independence.

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