ANNUAL REPORT

2022

Mission: To be an attractived tonnage provider and leasing partner to the maritime industry

AMSC ASA

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KEY FIGURES

Profit and loss items		2022	2021	2020
Operating revenues	USD million	93.7	88.2	88.2
EBITDA	USD million	88.5	83.6	85.2
Net income	USD million	18.7	13.4	18.1

Cash flow				
Cash flow from operating activities	USD million	62.5	57.8	43.8
Cash flow from/(used in) investing activities	USD million	(172.1)	-	(4.8)
Cash flow from/(used in) financing activities	USD million	98.8	(32.2)	(51.1)
Cash as of 31 December	USD million	50.5	61.3	35.7

Balance sheet				
Interest bearing debt	USD million	622.5	538.6	543.6
Equity	USD million	175.0	149.2	161.3
Total assets	USD million	829.3	713.5	723.6
Equity ratio	Percent	21.1%	20.9%	22.3%

The AMSC share				
Share price as of 31 December	NOK	43.65	32.20	28.20
Dividend per share	NOK	4.56	3.85	3.44
Dividend per share	USD	0.48	0.44	0.38
Dividend yield	Percent	10.4%	11.9%	12.2%

KEY EVENTS 2022

ACQUISITION OF NORMAND MAXIMUS

In October 2022, AMSC completed the acquisition of the subsea construction vessel Normand Maximus for USD 157 million, funded with USD 110 million secured loan, proceeds from an equity private placement and cash on hand. The vessel commenced a five-year bareboat charter to a single-purpose subsidiary of Solstad Offshore ASA, adding USD 151.5 million in contracted lease backlog. The charterer has two 5-year extension options.

PRIVATE PLACEMENT

During 2022, the Company raised USD 37.6 million in net proceeds through the allocation of 11,247,333 new shares at a subscription price of NOK 36 per share.

KEYSTONE CHARTERS

During December 2022, the Company took redelivery of three U.S. Jones Act tankers from OSG which were subsequently employed to a subsidiary of Keystone Shipping Co. on three-year bareboat charters. Keystone has two 1-year extension options on two of the three vessels, and all bareboat charters are secured by back-to-back time charters with U.S. Jones Act end users. The contracts added almost USD 90 million in fixed lease backlog.

OSG BAREBOAT CHARTER UPDATE

In December 2022, the Company announced OSG's exercise of 3-year options for six ships, moving the charter expiries to December 2026, and adding another USD 159.5 million in contracted lease backlog. Following the extensions, AMSC has seven vessels on bareboat charter to OSG, of which OSG has options to extend the charter terms for three or five years for the remaining useful lives of the vessels.

FINANCIAL CALENDAR 2023

25 April	Annual General Meeting 2023
24 May	1st quarter interim results 2023
23 August	2nd quarter interim results 2023
21 November	3rd quarter interim results 2023

(dates subject to change)

THIS IS AMSC ASA

AMSC ASA (AMSC) was established in 2005 and is listed on the Euronext Oslo Stock Exchange with the ticker AMSC (AMSC:NO). The business model of AMSC is to own and bareboat charter out modern vessels, generating stable and predictable cash flows from long and medium term bareboat leases, which should be protected from short term market fluctuations.

AMSC currently owns nine handy size product tankers, one handy size shuttle tanker and one subsea construction vessel on bareboat charters with various counterparties. AMSC has a significant contract backlog, as well as profit sharing agreements which offer visibility with respect to future earnings and potential dividend capacity. The Company has an ambition to pay attractive dividends to its shareholders.

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

HIGHLIGHT ACQUISITION:

NORMAND MAXIMUS

Built in 2016 in VARD Brattvåg, Norway, the Normand Maximus is one of the most modern heavy duty subsea construction vessels globally. AMSC completed the acquisition in October 2022 for USD 157 million, and the vessel commenced a long-term bareboat agreement with a single-purpose subsidiary of leading offshore provider Solstad Offshore ASA.

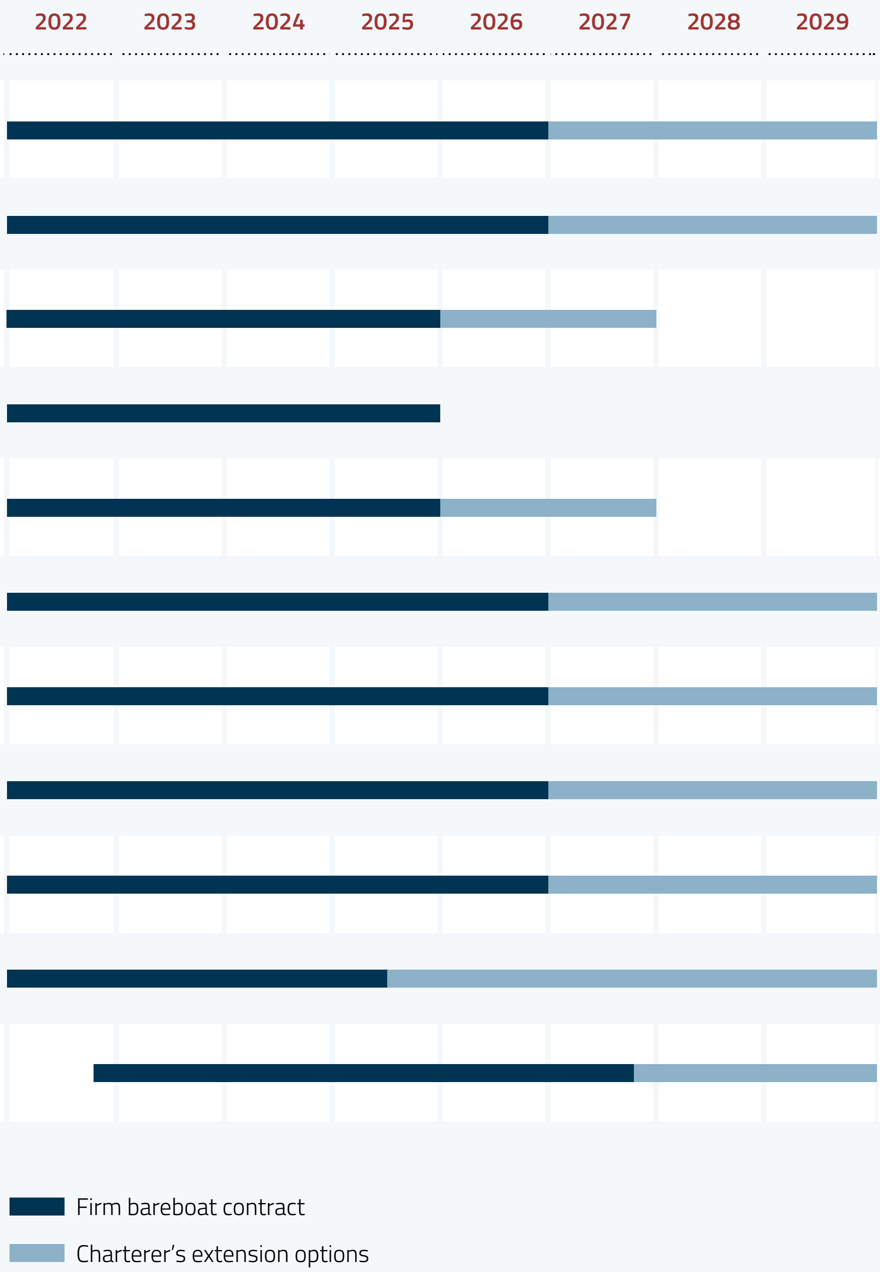
The main work scope of the Normand Maximus is loading and transporting flexible pipes and umbilical cables and installation of subsea equipment. The vessel has accommodation capacity for 180 people and 2400m2 working deck and is also low emission and low fuel consumption.

The vessel marks AMSC's first acquisition outside the U.S. Jones Act market and was funded with a USD 110 million secured loan, proceeds from an equity private placement and cash on hand. The five-year fixed bareboat charter adds backlog of USD 151.5 million and has two five-year extension options.

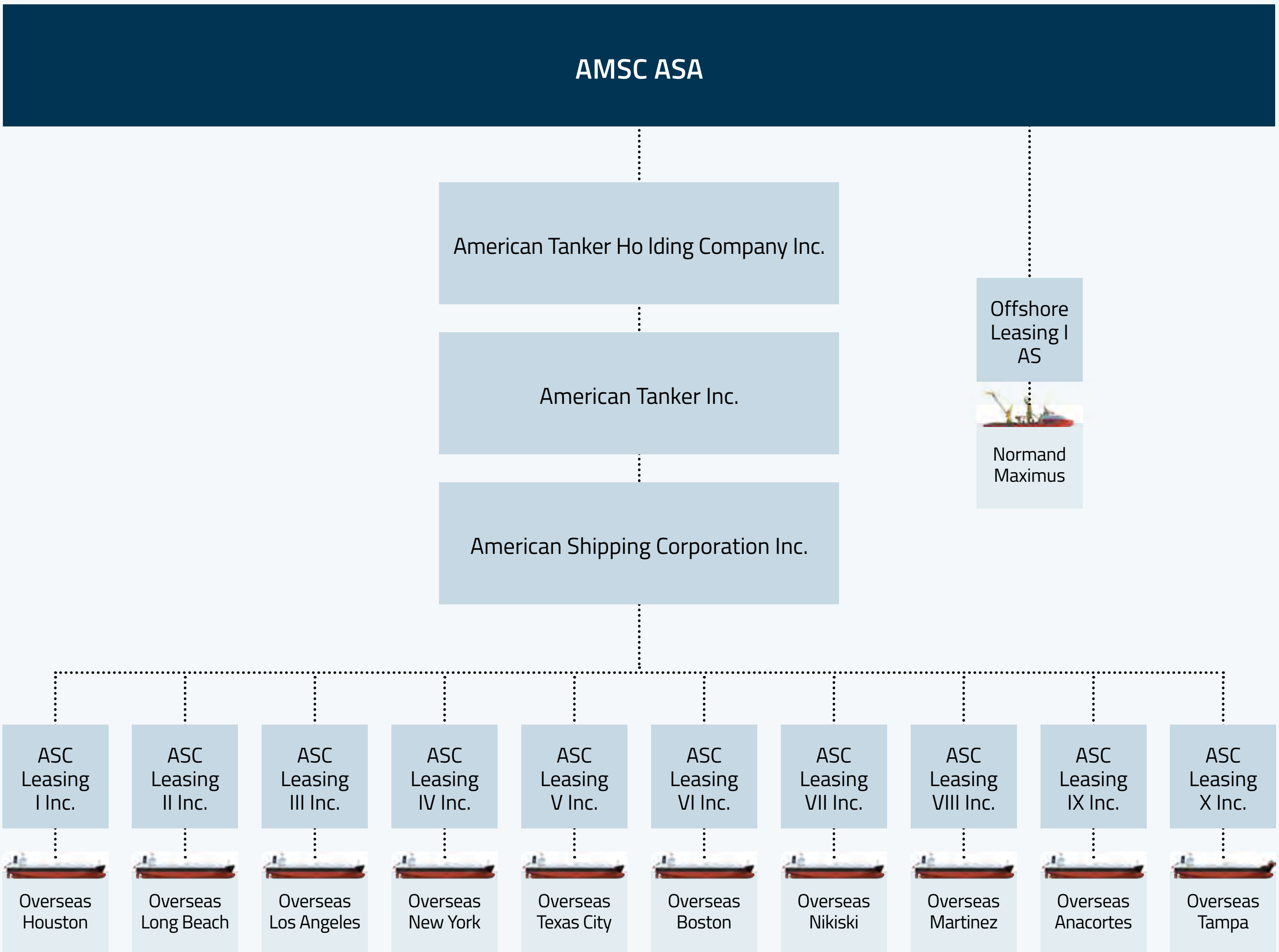
Solstad announced in December it had secured contracts for a duration of minimum 200 days in 2023 plus additional option periods, with minimum revenue of approximately USD 50 million.

FLEET OVERVIEW

VESSEL	DELIVERED
Overseas Houston Veteran Class MT46	2007
Overseas Long Beach Veteran Class MT46	2007
Seakay Star Veteran Class MT46	2007
Seakay Valor Veteran Class MT46	2008
Seakay Sky Veteran Class MT46	2008
Overseas Boston Veteran Class MT46	2009
Overseas Nikiski Veteran Class MT46	2009
Overseas Martinez Veteran Class MT46	2010
Overseas Anacortes Veteran Class MT46	2010
Overseas Tampa Veteran Class MT46	2011
Normand Maximus Subsea / Construction Vessel	2016



COMPANY STRUCTURE



COMPANY HISTORY

2022

- Acquisition of the subsea construction vessel, Normand Maximus for USD 157 million funded with USD 110 million secured loan, proceeds from an equity private placement and cash on hand adding USD 151.5 million in contracted lease backlog
- Issued 11.2 million new shares in a private placement raising USD 37.6 million net proceeds
- Employed three U.S. Jones Act tankers to a new counterparty for AMSC, securing almost USD 90 million in contracted lease backlog
- OSG elected to extend six vessels for three years, adding almost USD 160 million in contracted lease backlog

2021

- Closed USD 20 million unsecured bond tap issue
- Increased quarterly dividends by 20% supported by company's free cash flow

2020

- Closed USD 305 million senior secured financing for 9 ships with maturity in 2025
- Closed USD 200 million unsecured bond with maturity in 2025

2019

- Philly Tankers AS dissolved with USD 16.3 million received of total of USD 28.8 million in total after-tax proceeds
- OSG elected to extend four vessels for 3 years increasing AMSC's charter backlog

2018

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

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

2016

- First Philly Tankers newbuild contract and related assets sold to subsidiaries of Kinder Morgan

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 with Philly Shipyard and entered into an agreement to sell all four tanker contracts upon delivery to a subsidiary of Kinder Morgan, Inc. for a total consideration of USD 568 million

2014

- Effective 5 August 2014, OSG emerged from bankruptcy and all of AMSC's contracts with OSG were assumed and accepted.
- In July, AMSC made its first quarterly dividend distribution of USD 0.10. AMSC expects to continue paying regular quarterly dividends and aims to grow the dividend distribution over time, as the company's cash flow improves.
- Invested in Philly Tankers AS, together with key financial investors, to build two product tankers at Aker Philadelphia Shipyard, to be delivered in Q3 2016 and Q1 2017, for operations in the Jones Act market

2013

- Completed a major recapitalization of the Company (January 2014) including USD 120 million private placement, conversion of subordinated debt to equity and amendments to vessel debt and bond loan
- Negotiated agreement with OSG for conversion of one of the ten product tankers into a shuttle tanker for a long term time charter with Shell
- OSG remained in Chapter 11; all charter hire payments were made in accordance with the bareboat charter agreements

2012

- Negotiated extension of maturity of vessel debt to June 2016
- Achieved bareboat charter extensions with OSG to December 2019
- OSG filed for Chapter 11 bankruptcy protection

2011

- Took delivery of final product tanker in build series with AKPS
- Extended maturity of the NOK bond for 6 years
- Maintained ongoing compliance with conditions of OSG Settlement

2010

- Took delivery of two product tankers
- Sold second shuttle tanker contract to OSG

2009

- Finalized settlement agreement with OSG that settled all commercial disputes between the companies
- Took delivery of two additional tankers; sold first of two shuttle tanker contracts to OSG

2008

- Aker ASA reduced its ownership interest to 19.9% in compliance with U.S. Jones Act fo reign ownership restrictions
- Name changed from Aker American Shipping ASA to American Shipping Company ASA. Trading ticker also changed from AKASA to AMSC
- Took delivery of two more product tankers

2007

- Obtained take-out financing for the ten vessels and issued NOK 700 million bond for investments in vessels and operations
- Split of Aker American Shipping's ship owning operations from its ship building operations, establishing Aker Philadelphia Shipyard ASA (AKPS)
- Took delivery of the first three product tankers

2005

- Closed a ten ship bareboat charter agreement with Overseas Shipholding Group, Inc. (OSG) and placed corresponding ten ship order at Philadelphia Shipyard
- Aker American Shipping ASA (AKASA) established, Philadelphia Shipyard acquired and company listed on Oslo Stock Exchange

GOALS AND STRATEGIES

- Be an attractive tonnage provider and leasing partner to the maritime industry
- Generate stable cash flow from long to medium term bareboat charters
- Have a modern, safe and operationally friendly fleet
- Explore and invest in value creating opportunities
- 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 worked 12 years for DNB Markets and DNB Bank in its investment banking and corporate banking divisions focusing on the shipping and offshore industries. He has significant international experience 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. As of 31 December 2022, he holds 140,000 shares 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 has advised multiple offshore, shipping and private equity firms on a variety of M&A deals and holds a MSC in Shipping, Trade and Finance from Bayes Business School in London and BA in Business Studies from University of Greenwich. Mr. Bakke is a Norwegian national and as of 31 December 2022, 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 as of 31 December 2022.

BOARD OF DIRECTORS

ANNETTE MALM JUSTAD
Chair

Annette Malm Justad (born1958) has been a member of AMSC 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, a board member of Torm plc, Awilco LNG ASA and PowerCell Sweden AB. Ms. Justad holds a Master's degree of Technology Management from NTH/MIT (Sloan School) /NTH/NHH in addition to an MSc in Chemical Engineering from NTH. Ms. Justad serves as an independent director. As of 31 December 2022, Ms. Justad holds 12,523 shares in the Company, and has no stock options. Ms. Justad is a Norwegian citizen. She has been re-elected for the period 2021-2023.

PETER D. KNUDSEN
Board member

Peter D. Knudsen (born 1957) is the Chairman 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 privately owned Uglands Rederi AS . Mr. Knudsen holds an MBA from Arizona State University. Mr. Knudsen serves as an independent director. He is a Norwegian citizen and as of 31 December 2022, holds 23,000 shares of stock in the Company through Vilja AS. Mr. Knudsen has been a Board Member of AMSC ASA since 2012 and has been re-elected for the period 2022-2024.

FRANK O. REITE
Board member

Frank O. Reite (born 1970) first joined Aker in 1995 and held the position as CFO in Aker ASA from August 2015 until August 2019. Mr. Reite has previously held the position as President & CEO of Akastor and a variety of executive positions in the Aker group, including overseeing and developing Aker's investments in Converto Capital Fund AS, Havfisk ASA, Norway Seafoods AS and Aker Yards ASA. Mr. Reite also has experience from banking and served as Operating Director at Paine & Partners, a New York-based private equity firm. Mr. Reite's current board positions include being chair of Converto AS, Akastor ASA, Norron AB, deputy chair of the board and chair of the audit committee in Aker ASA, and director of Solstad Offshore ASA. He holds a B.A. in Business Administration from BI Norwegian Business School in Oslo. Mr. Reite previously served on the board of AMSC from 2011 through 2012. Mr. Reite holds zero shares in AMSC as of 31 December 2022, and has no stock options. He is a Norwegian citizen and has been elected for the period 2022-2024.

BOARD OF DIRECTORS' REPORT

AMSC ASA ("AMSC" or the "Company") is a ship owning and lease finance company with a modern fleet of nine product tankers, one shuttle tanker and one subsea construction vessel operating on bareboat charters with various counterparties in the U.S. domestic ("Jones Act") and international offshore markets. For most of 2022, all ten tankers were in operation 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.

During December 2022, OSG redelivered three tankers to AMSC, which were subsequently employed to a subsidiary of Keystone Shipping Co. ("Keystone"), a U.S. shipowner and operator founded in Philadelphia in 1909, on three-year bareboat charters. Seven vessels remain on bareboat charters to OSG. AMSC acquired the 2016-built offshore construction vessel, Normand Maximus during 2022. The ship is on a five-year bareboat contract with a single-purpose subsidiary of Solstad Offshore ASA ("Solstad"), a leading offshore services company with a large fleet of offshore vessels operating globally.

THE GROUP'S BUSINESS ACTIVITIES

The main entities in the AMSC Group (the "Group") are the Norwegian holding company AMSC ASA, its wholly owned Norwegian subsidiary Offshore Leasing I AS owning the Normand Maximus, 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. AMSC ASA is domiciled in Lysaker, Norway, and listed on the Euronext Oslo Stock Exchange, with AMSC's subsidiaries located in Lysaker, Norway and Kennett Square, Pennsylvania, USA.

AMSC's business model is to own and bareboat charter-out vessels, earning fixed bareboat charter revenues generating stable cash flows, and, in addition, with profit share potential generated by the bareboat charterers' operations in the time or voyage charter markets.

In accordance with this business model, all of AMSC's vessels are on fixed rate bareboat charters with various counterparties. For the Jones Act tankers, there are profit sharing agreements which give AMSC the upside of sharing the profits generated by OSG and Keystone on the vessels. AMSC's counterparties employ the vessels on voyage and time charters to major oil companies, refineries, trading companies and subsea contractors.

The Jones Act vessels were built at Philly Shipyard ("PHLY"), a leading U.S. shipyard and delivered between 2007 and 2011. The Normand Maximus was built by Vard Brattvaag, Norway in 2016.

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 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

BOARD OF DIRECTORS' REPORT

other things, that the vessels are bareboat chartered to qualified U.S. citizen operators, such as OSG and Keystone.

KEY EVENTS 2022

Acquisition of Normand Maximus

In October 2022, AMSC completed the acquisition of the subsea construction vessel, Normand Maximus for USD 157 million, funded with USD 110 million secured loan, proceeds from an equity private placement and cash on hand. The vessel commenced a five-year bareboat charter to a single-purpose subsidiary of Solstad Offshore ASA, adding USD 151.5 million in contracted lease backlog. The charterer has two 5-year extension options.

Private placement

During 2022, the Company raised USD 37.6 million in net proceeds through the allocation of 11,247,333 new shares at a subscription price of NOK 36 per share.

Keystone charters

During December 2022, the Company took redelivery of three U.S. Jones Act tankers from OSG which were subsequently employed to a subsidiary of Keystone Shipping Co. on three-year bareboat charters. Keystone has two 1-year extension options on two of the three vessels, and all are secured on back-to-back time charters with U.S. Jones Act end users. The contracts added almost USD 90 million in fixed lease backlog.

OSG bareboat charter update

In December 2022, the Company announced OSG's exercise of 3-year options for six ships, moving the charter expiries to December 2026, and adding another USD 159.5 million in contracted lease backlog. Following the extensions, AMSC has seven vessels on bareboat charter to OSG, of which OSG has options to extend the charter terms.

Vessel	Charter Expiration	Operator	Remaining Charter Extension Options
Overseas Tampa	Jun 2025	OSG	2 x 5 year followed by 5 x 1 year
Seakay Star	Jan 2026	Keystone	2 x 1 year
Seakay Sky	Jan 2026	Keystone	2 x 1 year
Seakay Valor	Jan 2026	Keystone	None
Overseas Boston	Dec 2026	OSG	Unlimited 3 and 5 year
Overseas Nikiski	Dec 2026	OSG	Unlimited 3 and 5 year
Overseas Martinez	Dec 2026	OSG	Unlimited 3 and 5 year
Overseas Anacortes	Dec 2026	OSG	Unlimited 3 and 5 year
Overseas Houston	Dec 2026	OSG	Unlimited 3 and 5 year
Overseas Long Beach	Dec 2026	OSG	Unlimited 3 and 5 year
Normand Maximus	Oct 2027	Solstad subsidiary	2 x 5 year

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 two operating segments.

Consolidated Income statement

In 2022 and 2021, AMSC had operating revenues of USD 93.7 million and USD 88.2 million respectively, an increase due to a partial year of bareboat revenue from the Normand Maximus. Revenues are recognized on a monthly basis and represent the income from the bareboat charter agreements. There were no profits generated under profit sharing agreements in 2022 or 2021.

Depreciation was USD 36.5 million in 2022 versus USD 34.4 million in 2021. AMSC's operating profit (EBIT) was USD 52.0 million in 2022 versus USD 49.2 million in 2021.

Net financial items were negative USD 23.1 million in 2022 compared to negative USD 25.7 million in 2021. Net financial items of negative USD 23.1 million in 2022 consist primarily of net interest expense of USD 34.6 million and foreign exchange loss of USD 0.1 million, offset by change in the mark-to-market valuation of interest rate swap agreements of USD 11.2 million and a realized gain of USD 0.4 million in relation to AMSC's investment in the liquidated Philly Tankers AS. 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 change in the mark-to-market valuation of interest rate swap agreements of USD 4.8 million.

Net profit before tax for 2022 and 2021 was USD 28.9 million and USD 23.6 million, respectively.

Deferred income tax expense was USD 9.8 million in 2022 compared to USD 9.9 million in 2021. Income tax expense in 2022 was USD 0.4 million (USD 0.2 million in 2021).

AMSC's 2022 net income was USD 18.6 million versus USD 13.4 million in 2021. The 2022 basic and diluted earnings per share (EPS) were USD 0.29. The corresponding figures for 2021 were USD 0.22, for both basic and diluted EPS.

Consolidated Cash flow statement

The Company's operating cash flow is primarily composed of bareboat charter

BOARD OF DIRECTORS' REPORT

hire received, less interest paid. Total net cash flow from operating activities in 2022 was positive USD 62.5 million (USD 58.4 million in 2021). This year-over-year increase is partially due to cash received on termination of the interest rate swap contracts associated with the BNP secured loan of USD 10.2 million.

Net cash flow used in investing activities in 2022 includes the investment in Normand Maximus of USD 157.2 million and USD 15.0 million invested in five ballast water management systems for the U.S. Jones Act fleet. In 2021, there were no cash flows used in investing activities.

Net cash flow from financing activities in 2022 was USD 98.8 million, which included USD 26.9 million in vessel debt installments, USD 30.4 million in dividends paid, USD 1.7 million in loan fees paid, offset by proceeds from the DNB loan of USD 110.0 million, proceeds from the capital raise of USD 37.6 million and proceeds from early termination of interest rate swaps of USD 10.2 million. 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, USD 0.4 million in loan fees paid, offset by the bond tap issue raised in 2021 of USD 20.0 million.

Consolidated Statement of financial position

As of 31 December 2022, AMSC had cash on deposit with banks totaling USD 50.5 million. Of this total amount, USD 5.0 million is cash held for specified uses. The corresponding amounts for 2021 were USD 61.3 million in cash on deposit with banks and USD 5.4 million in cash held for specified uses.

Other current assets were USD 12.9 million as of 31 December 2022 and USD 14.9 million as of 31 December 2021 and related mostly to the current portion of the long-term receivables due from OSG and the single-purpose subsidiary of Solstad.

Property, plant and equipment as of 31 December 2022 was USD 750.8 million (USD 615.1 million as of 31 December 2021), consisting of eleven vessels in 2022 and ten vessels in 2021.

Interest-bearing long-term receivables totaled USD 7.2 million as of 31 December 2022 (USD 7.3 million as of 31 December 2021) and represent the interest-bearing deferred bareboat charter hire ("DPO") due from OSG and the single-purpose subsidiary of Solstad.

Deferred tax assets totaled USD 2.9 million as of 31 December 2022 (USD 11.3 million as of 31 December 2021) and represent AMSC's Norwegian net deferred tax assets.

Derivative financial assets were USD 4.7 million as of 31 December 2022 (USD 3.6 million as of 31 December 2021).

As of 31 December 2022, total assets were USD 829.3 million (USD 713.6 million as of 31 December 2021).

As of 31 December 2022, total equity was USD 175.0 million. The equity ratio was 21.1% of total assets. Corresponding amounts for 2021 were USD 149.2 million and 20.9%, respectively.

Total current liabilities as of 31 December 2022 were USD 80.2 million, consisting of USD 78.0 million in short-term interest-bearing debt, USD 2.2 million in other payables and USD 0.1 million in tax payable. The corresponding total current liabilities as of 31 December 2021 were USD 36.4 million, consisting of USD 35.3 million in short-term interest-bearing debt, USD 1.0 million in other payables and USD 0.1 million in tax payable.

Non-current liabilities totaled USD 574.1 million on 31 December 2022, consisting of long-term bank debt of USD 341.4 million related to the eleven vessels owned by AMSC, bond debt of USD 220.0 million, offset by unamortized loan fees of USD 6.1 million, and deferred tax liability of USD 18.8 million. Non-current liabilities totaled USD 528.0 million on 31 December 2021, consisting of long-term bank debt of USD 298.7 million related to the ten vessels owned by AMSC, bond debt of USD 220.0 million, offset by unamortized loan fees of USD 6.9 million, and deferred tax liability of USD 16.2 million.

Consolidated tax position

AMSC has federal net operating losses carryforward (NOLs) as of 31 December 2022 of USD 413.6 million in the U.S. and USD 62.7 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 and tax depreciation.

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 as of 1 January 2021, in accordance with simplified IFRS, the first year of simplified IFRS for the parent company accounts. Refer to note 2 in the parent company financial statements for impacts of this change..

Parent Company Income Statement

In 2022 and 2021, AMSC had operating revenues of USD 3.2 million and USD 1.3 million, respectively. Revenues are related to management fees billed to AMSC's U.S. subsidiaries. The Company

BOARD OF DIRECTORS' REPORT

had breakeven operating profit in 2022 (operating loss of USD 1.1 million in 2021).

Net financial items were positive USD 52.1 million in 2022 compared to USD 23.5 million in 2021. Net financial items of positive USD 52.1 million in 2022 consist of dividends from U.S. subsidiaries of USD 39.0 million, interest income from intercompany loans of USD 10.7 million, guarantee fees from subsidiaries of USD 1.9 million, a realized gain of USD 0.4 million in relation to AMSC's investment in the liquidated Philly Tankers AS, income on bank deposits of USD 0.2 million, offset by foreign exchange loss of USD 0.1 million. Net financial items of positive USD 23.5 million in 2021 consist of dividends from U.S. subsidiaries of USD 13.0 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 profit before tax for 2022 and 2021 was USD 52.1 million and USD 22.3 million, respectively.

Deferred income tax expense was USD 4.9 million in 2022 compared to USD 2.9 million in 2021.

AMSC's 2022 net income was USD 47.2 million versus USD 19.4 million in 2021.

Parent Company Cash flow statement

The Company's operating cash flow is primarily composed of dividends received, interest and other fees charged to the U.S. subsidiaries. Total net cash flow from operating activities in 2022 was positive USD 45.8 million (USD 23.1 million in 2021).

Net cash flow used in investing activities in 2022 was USD 48.7 million, representing AMSC's investment in Offshore Leasing I AS (0 in 2021).

Net cash flow from financing activities in 2022 was USD 7.2 million, which included dividends paid of USD 30.4 million, offset by proceeds from the capital raise of USD 37.6 million. Net cash flow used in financing activities in 2021 was USD 25.5 million.

Parent Company Statement of financial position

As of 31 December 2022, AMSC ASA had cash on deposit with banks totaling USD 15.6 million (USD 11.3 million as of 31 December 2021).

Other current assets were USD 3.4 million as of 31 December 2022 and USD 0.1 million as of 31 December 2021 and related to trade receivables, prepaid expenses and withheld taxes.

Shares in subsidiaries totaled USD 38.5 million as of 31 December 2022 (USD 38.5 million as of 31 December 2021) and represent AMSC's book value of its investment in ATHC and OSL I.

Interest-bearing long-term receivables totaled USD 143.1 million as of 31 December 2022 (USD 89.6 million as of 31 December 2021) and represents the intercompany receivable due from ATI and OSL I.

Deferred tax assets totaled USD 5.2 million as of 31 December 2022 (USD 11.3 million as of 31 December 2021) and represent AMSC's Norwegian net operating losses in carryforward.

As of 31 December 2022, total assets were USD 205.7 million (USD 150.8 million as of 31 December 2021).

As of 31 December 2022, total equity was USD 204.4 million. The equity ratio was 99.4% of total assets. Corresponding amounts for were USD 150.1 million and 99.5%, respectively.

Total current liabilities as of 31 December 2022 were USD 1.3 million, consisting of dividend and other payables. The corresponding total current liabilities as of 31 December 2021 were USD 0.7 million, for other payables.

RISKS

Counterparty risk and charter renewal risk

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

Of AMSC's eleven vessels, six vessels have bareboat charters expiring in December 2026, three vessels have bareboat charters expiring in January 2026, one vessel is contracted through June 2025 and one vessel is contracted through October 2027.

During 2022, AMSC's counterparties have been diversified, and AMSC is exposed to credit risk of its counterparties. AMSC enjoys downside market protection with "come hell or high water" bareboat contracts and through the twelve to six months month notice period to redeliver vessels which provides management with ample time to find alternative employment for the assets. The Jones Act tankers are all on contracts towards reputable counterparts who have secured, in some cases, back-to-back medium term time charters for the vessels, while the offshore construction vessel is on a contract with a single purpose company with limited funding.

AMSC continues to closely monitor its employment and counterparty risk, as well as Jones Act tanker market and offshore services 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. AMSC is also exposed to regulatory risk and political risk.

BOARD OF DIRECTORS' REPORT

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 refinancing 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. The Group is also exposed to risk related to changes in taxes in the U.S. and Norway.

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. AMSC faces risk related to the refinancing of bank debt, of which USD 35.0 million is due within 12 months. The remainder of the Company's bank and bond 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 53.8 million as of 31 December 2022). The outstanding USD 220 million unsecured bond has a fixed coupon.

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 2022.

THE GOING CONCERN ASSUMPTION

In view of AMSC's financial position, the Board confirms the going concern assumptions and that the 2022 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 AMSC ASA ("AMSC ASA") shows an after-tax profit for the year 2022 of USD 47.2 million, due to dividends received, management and guarantee fees from its subsidiaries and interest income on intercompany loans. AMSC ASA is the Norwegian parent company owning 100% of the U.S. and Norwegian subsidiaries.

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

Dividend payments	USD 30.4 million
Transferred from share premium	(USD 30.4 million)
Transferred to other equity	USD 47.2 million
Total allocated	USD 47.2 million

The Board of Directors was granted authorization to pay dividends based on the Company's annual accounts for 2021 at the Annual General Meeting in 2022, which is valid up to the Company's Annual General Meeting in 2023 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, classified as a return of capital of USD 0.12 per share (USD 8.6 million in aggregate) on 27 February 2023. The dividend was paid on 15 March 2023.

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. The Normand Maximus was built in 2016 and is among the most modern subsea construction vessel in the world. Under its lease agreements, the charterers are responsible for the day-to-day operation of the vessels. In addition, the ships' crews are managed by the charterer. AMSC chooses reputable counterparties with corresponding commitments 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 relevant classification society (ABS and DNV) and international environmental regulations. The lease agreements also include requirements for the charterer 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. AMSC's charterers are obligated to notify AMSC of serious incidents. There have been no such reported incidents during 2022.

The Jones Act ships owned by AMSC are operated under the North American Emissions Control Area. The fleet is

BOARD OF DIRECTORS' REPORT

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; eight have been installed to date, while the remaining two ships are scheduled for installation in 2023, complying with U.S. Coast Guard requirements.

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.

Solstad has for a long time been a leader in sustainable operations in the offshore service industry. Its Solstad Green Operations program has been in place since 2009 and has the purpose of reducing consumption of fuel and emissions. Since 2009, Solstad has improved fuel efficiency by more than 20% across its fleet. Solstad is committed to the Hong Kong convention regarding recycling of vessels and has an active program for waste management and waste reduction.

Social

All of AMSC's vessels are operated and crewed by its counterparties and the Company does accordingly not have any formal policies covering safety of personnel, workers' rights and the environment. Nevertheless, our policy is to meet our responsibilities by choosing reputable business partners to operate our vessels and by following the laws and regulations applicable to our employees. In addition, during Q1 2023, the Company opened a whistleblower channel in accordance with the requirements in the Norwegian Transparency Act (no: Åpenhetsloven) which requires us to make sure human rights and decent working conditions are respected in our operations and our supply chains. The work we do related to the Transparency Act is part of our integrated approach to our procurement processes, and the details will be made available in a separate statement which will be published to our website. We believe both AMSC and our business partners 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. Solstad directly employs about 90% of its crew who also typically are members of a labor union. Solstad is a member of Norwegian Shipowners Association and make use of their tariff agreements.

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.

AMSC 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 2022, one of AMSC's employees is a woman (Controller). In addition, the chair of the board of directors is a woman.

Governance

As an Euronext Oslo Stock Exchange listed company, AMSC complies with stringent governance rules. AMSC 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 value creation over time, to the benefit of shareholders and other stakeholders. AMSC's corporate governance guidelines are presented in greater detail on page 77 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

BOARD OF DIRECTORS' REPORT

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 77.

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 2022 are as follows:

Chair	Annette Malm Justad
Board Member	Peter D. Knudsen
Board Member	Frank O. Reite

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 entire U.S. Jones Act tanker fleet is presently more or less fully employed on term charters. Charter rates are now around USD 70,000 per day based on recent contract fixtures. The combination of demand for clean products across the USA, increasing transportation needs for renewable fuel and favorable market conditions for transporting crude oil domestically, drives the demand side in the Jones Act tanker market. The supply side of the market remains stable with limited U.S. yard capacity and rising newbuilding costs, making it unlikely for newbuilds to enter the market for years to come. The combination of strong demand and stable supply is likely to maintain a robust Jones Act tanker market going forward.

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

The offshore services market is currently experiencing increased activity and demand, particularly for subsea assets.

The backlog for subsea EPC contracts, as reported by the three largest contractors, is continuing to grow and is currently at levels seen 10 years ago. Solstad announced in December 2022 that it has secured two contracts that have a combined duration of minimum 200 days plus additional option periods, with a minimum revenue of approximately USD 50 million.

AMSC continues to enjoy downside protection with "come hell or high water" bareboat contracts, with three vessels on contract until January 2026, six vessels on contract until December 2026, one vessel on contract until June 2025 and one vessel on contract until October 2027. The Jones Act tankers are all on contracts towards reputable counterparts who have secured, a solid time charter backlog for the vessels while the offshore construction vessel is on a contract to a single purpose company who has secured short term time charter cover in 2023.

Lysaker, 28 March 2023
The Board of Directors - AMSC ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Frank O. Reite
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 AMSC ASA as of and for the year ended 31 December 2022 (Annual Report 2022).

AMSC 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 AMSC ASA have been prepared in accordance with simplified IFRS. 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 2022.

To the best of our knowledge:
The consolidated and parent annual financial statements for 2022 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 2022 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, 28 March 2023
The Board of Directors - AMSC ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Frank O. Reite
Board Member

Pål Magnussen
President/CEO

ANNUAL ACCOUNTS GROUP

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in USD thousands	Note	31. Dec. 2022	31. Dec. 2021
ASSETS			
Property, plant and equipment	6	750 787	615 117
Deferred tax assets	5	2 930	11 333
Interest-bearing long-term receivables	7, 16	7 183	7 292
Derivative financial assets	9, 16	4 658	3 631
Other non-current assets		317	-
Total non-current assets		765 875	637 373
Other receivables	8, 16	12 716	14 553
Tax receivable	5	210	317
Cash held for specified uses	16	5 020	5 449
Cash and cash equivalents	16	45 474	55 872
Total current assets		63 420	76 192
TOTAL ASSETS		829 295	713 564
EQUITY AND LIABILITIES			
Share capital and share premium	11	165 508	158 347
Retained earnings / (accumulated deficit)		9 511	(9 141)
Total equity attributable to equity holders of the parent		175 020	149 205
Total equity		175 020	149 205
Interest-bearing loans	13, 16	555 262	511 761
Deferred tax liabilities	5	18 806	16 172
Total non-current liabilities		574 068	527 933
Interest-bearing loans	13, 16	77 957	35 363
Trade and other payables	15	2 154	954
Tax payable	5	96	110
Total current liabilities		80 207	36 427
Total liabilities		654 276	564 359
TOTAL EQUITY AND LIABILITIES		829 295	713 564

Lysaker, 28 March 2023
The Board of Directors
AMSC ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Frank O. Reite
Board Member

Pål Magnussen
President/CEO

GROUP

CONSOLIDATED INCOME STATEMENT

Amounts in USD thousands	Note	2022	2021
Leasing revenues	14	93 654	88 193
Wages and other personnel expenses	2, 17	(2 174)	(1 683)
Other operating expenses	3	(2 948)	(2 900)
Operating profit before depreciation		88 532	83 610
Depreciation	6	(36 515)	(34 404)
Operating profit		52 017	49 206
Net profit from equity accounted investees	4	406	-
Financial income	4	12 860	6 623
Financial expenses	4	(36 414)	(32 268)
Income before income tax		28 869	23 561
Income tax (expense) / benefit	5	(10 216)	(10 151)
Net income for the year		18 652	13 409
Basic and diluted earnings per share	10	0.29	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD thousands (except per share)	2022	2021
Net income for the year	18 652	13 409
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the year	18 652	13 409

GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in USD thousands	Note	Share Capital	Share Premium	Accum. deficit	Total equity
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, classified as return of capital	11	-	(25 459)	-	(25 459)
Balance at 31 December 2021		96 366	61 980	(9 141)	149 205
Total comprehensive income for the year		-	-	18 652	18 652
Reduction of share capital	11	(86 729)	86 729	-	-
Equity issued	11	1 070	36 537	-	37 607
Dividends paid, classified as return of capital	11	-	(30 446)	-	(30 446)
Balance at 31 December 2022		10 707	154 801	9 511	175 020

GROUP

CONSOLIDATED CASH FLOW STATEMENT

Amounts in USD thousands	Note	2022	2021
Net income before taxes		28 869	23 561
Non-cash amortization of loan fees and other non-cash items		4 297	2 790
Unrealized (gain) interest swaps	9	(11 199)	(4 841)
Net interest expense	4	32 044	27 594
Depreciation	6	36 515	34 404
(Increase)/decrease in:			
Other current assets	8	(2 677)	(507)
Other long-term operating assets	7	3 957	1 944
Change in other assets and liabilities	15	532	570
Interest paid	4	(31 511)	(28 603)
Interest received	4	1 711	1 452
Net cash flow from operating activities		62 537	58 363
Investments in ships	6	(172 185)	-
Net cash flow used in investing activities		(172 185)	-
Repayment of interest bearing loans	13	(26 863)	(26 863)
Loan fees paid	13	(1 650)	(423)
Proceeds from early termination of interest rate swaps	9	10 171	-
Proceeds from interest bearing debt	13	110 000	20 000
Proceeds from share capital raise	11	37 607	-
Repurchase of treasury shares		-	(164)
Proceeds from sale of treasury shares		-	135
Dividends paid, classified as return of capital	11	(30 446)	(25 459)
Net cash flow from/(used in) financing activities		98 821	(32 774)
Net change in cash and cash equivalents		(10 827)	25 589
Cash and cash equivalents, including cash for specified uses as of 1 January		61 322	35 733
Cash and cash equivalents, including cash for specified uses as of 31 December	16	50 494	61 322
Non restricted cash as of 31 December		45 474	55 872
Cash held for specified uses as of 31 December	16	5 020	5 449
Cash and cash equivalents, including cash for specified uses as of 31 December	16	50 494	61 322

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1: ACCOUNTING PRINCIPLES

CORPORATE INFORMATION

AMSC 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. AMSC ASA is listed on the Oslo Stock Exchange.

The principal activity of the business is to purchase and bareboat charter out vessels to operators and end users.

During Q4 2022, AMSC changed its name from American Shipping Company ASA to AMSC ASA.

STATEMENT OF COMPLIANCE

The consolidated financial statements of AMSC 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 28 March 2023 for adoption by the General Meeting on 25 April 2023.

BASIS OF 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 JUDGEMENTS

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 judgement and complexity, and may result in significant variation in amounts:

Impairment of property, plant and equipment

AMSC has significant investments in Jones Act tankers and international ships. 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 discussion.

Useful life of property, plant and equipment

In accounting for property, plant and equipment, judgements 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. See note 6 for further discussion.

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. See note 5 for further discussion.

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 AMSC ASA and its subsidiaries. Subsidiaries are those entities over which AMSC 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.

GROUP

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

Property, plant and equipment and other non-current assets are reviewed annually for impairment triggers, including evaluating newbuild values and secondhand vessel sales, shipbroker valuations, market rates, legislation status and option extensions.

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 each as a cash generating unit ("CGU"). 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 estimating future revenues from leases. These estimates are primarily influenced by expectations of future demand in the Jones Act and international offshore markets.

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 AMSC is a lessor is accounted for in accordance with IFRS 16 and classified as leasing 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 long-term receivables due from customers, which is accounted for using the amortized cost method.

TRADE RECEIVABLES

Trade receivables are carried at their amortized cost, 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.

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

INTEREST-BEARING LIABILITIES

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

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.

REVENUE RECOGNITION

Income from lease contracts where AMSC is a lessor is accounted for in accordance with IFRS 16 and classified as leasing 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 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 estimated 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.

STATEMENT OF CASH FLOWS

The consolidated cash flow statement is prepared using the indirect method. Interest paid and interest received is classified as operating cash flow.

OPERATING AND GEOGRAPHIC SEGMENT INFORMATION

AMSC has two operating segments. All operations and bareboat charter revenues are in the U.S. and Norway.

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

Adoption of the IASB's amendments to current standards effective for the first time for the annual reporting periods commencing 1 January 2022 did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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.

GROUP

NOTE 2: WAGES AND OTHER PERSONNEL EXPENSES

Wages and other personnel expenses consist of:

Amounts in USD thousands	2022	2021
Wages and bonuses	1 967	1 494
Social security contributions	162	137
Pension costs	20	22
Other expenses	25	30
Total expense	2 174	1 683
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	2022	2021
Rent and leasing expenses	73	75
Other operating expenses	2 875	2 825
Total other operating expenses	2 948	2 900

Leases

AMSC is a lessee for office space in Norway and the U.S. The future cash outflows for these leases is USD 61 thousand.

Other operating expenses primarily relate to selling, general and administrative expenses including legal and outside consulting costs and fees to auditors for the AMSC ASA Group. Audit expenses for 2022 and 2021 were as follows (excluding VAT):

Amounts in USD thousands	2022	2021
Ordinary audit fee	48	59
Tax services	41	-
Total	88	59

GROUP

NOTE 4: FINANCIAL ITEMS

Amounts in USD thousands	2022	2021
Net profit from equity accounted investee	406	-
Financial income		
Interest income	1 661	1 782
Change in mark to market value of interest rate swaps	11 199	4 841
Financial income	12 860	6 623
Financial expenses		
Interest expense	(33 705)	(29 376)
Net foreign exchange gain/(loss)	(130)	(458)
Other financial expenses	(2 580)	(2 435)
Financial expenses	(36 414)	(32 268)
NET FINANCIAL ITEMS	(23 148)	(25 645)

Net profit from equity accounted investees in 2022 reflects a USD 0.4 million realized gain on the closure of an escrow account in connection with the liquidation of Philly Tankers AS ("PTAS"), which occurred in 2019.

Interest income in 2022 includes interest received from Overseas Shipholding Group ("OSG") of USD 1.2 million on the DPO receivable (see note 7) and interest earned on bank deposits of USD 0.4 million. Interest income in 2021 includes interest received from OSG of USD 1.7 million on the DPO receivable and interest earned on bank deposits of USD 0.1 million.

The Company has interest rate swaps, related to a portion of its vessel debt financing with 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. During 2022, the swaps with BNP Paribas ("BNP"), Skandinaviska Enskilda Banken AB ("SEB"), and National Australia Bank ("NAB") were terminated.

Interest expense in 2022 includes interest paid of USD 31.5 million. Interest paid during 2021 totaled USD 28.6 million.

Net foreign exchange gain/(loss) in 2022 and 2021 relates to the translation of cash held in NOK into USD as well as the foreign exchange revaluation of the Norwegian deferred tax assets and other balances from NOK to USD.

Other financial expenses in 2022 relate to amortization of loan fees of USD 2.6 million. Other financial expenses in 2021 relate to amortization of loan fees of USD 2.4 million.

GROUP

NOTE 5: TAX

INCOME TAX EXPENSE

Recognized in the income statement:

Amounts in USD thousands	2022	2021
Current tax expense/(benefit):		
Current year	383	247
Total current tax expense/(benefit)	383	247
Deferred tax expense/(benefit):		
Origination and reversal of temporary differences	9 833	9 905
Total deferred tax expense/(benefit)	9 833	9 905
Total income tax expense/(benefit) in income statement	10 216	10 151

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 1.2 million.

Reconciliation of income tax expense/(benefit):

Amounts in USD thousands	2022	2021
Profit/(loss) before tax	28 869	23 561
	22.0%	22.0%
Expected tax expense/(benefit) using nominal Norwegian tax rate	6 351	5 183
Effect of differences between nominal Norwegian tax rate and		
U.S. federal and state tax rate	(156)	(142)
State taxes	(274)	(16)
Expenses not deductible for tax purposes	-	132
Foreign exchange	3 706	614
Change in valuation allowance and derecognized NOLs	706	5 765
U.S. federal and state tax (expense)/benefit of change in effective rates	(863)	(1 207)
Other differences	746	(178)
Total income tax expense/(benefit) in income statement	10 216	10 151

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 2022, AMSC recognized an income tax expense of USD 0.4 million relating to state income and franchise taxes (USD 0.2 million in 2021).

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 2022 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	2022	2021
Net operating losses	104 161	105 857
Financial derivatives	(998)	(800)
Vessels	(128 475)	(135 654)
Unused interest deductions	24 714	22 234
Other	104	116
Net deferred tax assets/(liabilities)	(494)	(8 248)
Net deferred tax assets not recorded	(18 312)	(7 924)
Net deferred tax assets/(liabilities)	(18 806)	(16 172)

The Group has federal tax losses in carryforward as of 31 December 2022 of USD 413.6 million in the U.S., the last of which expires in 2037. Unused interest deductions include 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 2023-2033 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 139.0 million of the total IRC 382 limited losses of USD 381.3 million NOLs have not been used through 31 December 2022 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 139.0 million and the freely useable NOLs through 31 December 2022 of USD 274.6 million. There are no restrictions on the use of the USD 274.6 million net operating loss, the last of which expires in 2037.

In 2022, the Company recognized a deferred tax expense of USD 3.4 million (USD 2.9 million in 2021) related to U.S. Federal income taxes.

In 2022, the Company recognized a deferred tax benefit of USD 0.8 million (USD 4.1 million expense in 2021) related to income taxes in the states where the vessels have operated.

Norway Amounts in USD thousands	2022	2021
Operating losses	13 804	13 829
Financial instruments	(5 957)	(2 510)
Other	11	14
Vessels	(4 928)	-
Net deferred tax assets/(liabilities)	2 930	11 333
Net deferred tax assets not recorded	-	-
Net deferred tax assets/(liabilities)	2 930	11 333

The Group has net operating losses in carryforward as of 31 December 2022 of USD 62.7 million in Norway, with no expiration date. The Company recognized a deferred tax expense of USD 7.2 million related to Norwegian income tax in 2022 (USD 2.9 million in 2021).

GROUP

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for 2022 are shown below:

Amounts in USD thousands	Tankers	Offshore	Total
Cost balance at 1 January 2022	1 082 333	-	1 082 333
Purchases	14 978	157 207	172 185
Cost balance at 31 December 2022	1 097 311	157 207	1 254 518
Depreciation at 1 January 2022	467 217	-	467 217
Depreciation charge for the year	34 781	1 733	36 515
Depreciation at 31 December 2022	501 999	1 733	503 732
Book value at 31 December 2022	595 312	155 474	750 787

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

Amounts in USD thousands	Tankers	Offshore	Total
Cost balance at 1 January 2021	1 082 333	-	1 082 333
Purchases	-	-	-
Cost balance at 31 December 2021	1 082 333	-	1 082 333
Depreciation at 1 January 2021	432 813	-	432 813
Depreciation charge for the year	34 404	-	34 404
Depreciation at 31 December 2021	467 217	-	467 217
Book value at 31 December 2021	615 117	-	615 117
Depreciation period from date of ownership	30 years	19 years	
Depreciation method	straight-line	straight-line	
Useful life	30 years	25 years	

SECURED PROPERTY, PLANT AND EQUIPMENT

At 31 December 2022 vessels with a carrying amount of USD 750.8 million are subject to a registered debenture to secure bank loans (see note 13).

The BNP, Prudential, CIT and DNB credit facilities are secured by, among other things, a first preferred mortgage on the respective vessels. 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, Keystone and Solstad).

IMPAIRMENT TRIGGER ASSESSMENT

The Company evaluates any potential impairment of its vessels annually. During 2022 and 2021, 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, legislation status; and vessel option extensions. The company has also evaluated the potential impact of climate changes. No impairment triggers were identified in 2022 or 2021.

GROUP

NOTE 7: INTEREST-BEARING LONG-TERM RECEIVABLES

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

Amounts in USD thousands	2022	2021
DPO balance at beginning of period	21 389	23 333
DPO revenue	6 225	-
Repayments of principal	(10 208)	(1 944)
DPO balance at end of period	17 405	21 389
Reclassified to short-term receivables	(10 222)	(14 097)
Long-term DPO balance at end of period	7 183	7 292

Other interest-bearing long-term receivables relate to a deferred principal obligation (DPO) from OSG and a bareboat charter hire credit from Normand Maximus AS, further described below.

Pursuant to the charter agreements with OSG, 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 payable to AMSC. The DPO accrued on a daily basis to USD 7.0 million per vessel. The DPO is repaid to AMSC over 18 years including interest at 6.04% unless the bareboat charter is terminated earlier at which time the DPO becomes due immediately.

During the redelivery process of three Jones Act tankers in December 2022, OSG withheld a DPO amount of USD 3.9 million owed to AMSC for one of the redelivered vessels. OSG claims a breach of quiet enjoyment of the vessel as a result of a third-party inspection authorized by AMSC in August 2022. AMSC has categorically rejected OSG's allegations and filed a complaint against OSG in U.S District Court for the Southern District of New York in December 2022 for USD 4.5 million. On 27 December 2022, AMSC was granted an order for the Process of Maritime Attachment and Garnishment which has subsequently frozen three of OSG's accounts up to a total of USD 4.5 million. OSG fully repaid DPO amounts for the other two vessels.

Under the Normand Maximus bareboat charter agreement, the charterer has the right to defer up to USD 10 million of bareboat charter hire. This unpaid bareboat charter hire accrues interest at 12%. The balance of this deferral as of 31 December 2022 was USD 6.2 million.

The Company assessed the Expected Credit Loss ("ECL") in accordance with IFRS 9 and determined that the ECL is immaterial as of 31 December 2022 and 2021.

NOTE 8: OTHER RECEIVABLES

Trade and other receivables consist of the following items:

Amounts in USD thousands	2022	2021
Trade receivables	2 087	366
Prepaid fees / withheld taxes	407	90
Other short-term interest-bearing receivables	10 222	14 097
Total	12 716	14 553

Trade receivables are due from the Company's charterers and include accrued an unpaid interest on deferred charter hire and lubes on board the vessels at delivery. Other short-term interest-bearing receivables relate to the short term portion of the DPO receivable from OSG and bareboat credit from Normand Maximus (see note 7).

GROUP

NOTE 9: DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Derivative financial assets and liabilities comprise the following items:

Amounts in USD thousands	2022	2021
Fair value of interest rate swaps	4 658	3 631
Derivative financial assets	4 658	3 631

The Company entered into interest rate swaps in 2020 for USD 226 million of the principal amount of the secured loans. During Q4 2022, the interest rate swaps associated with the BNP loan were terminated for a total payment received of USD 10.2 million. The principal amount of loans that are swapped as of 31 December 2022 is USD 53.8 million (USD 195.4 million as of 31 December 2021).

As of 31 December 2022 and 2021 the market value of derivative financial instruments was positive USD 4.7 million and USD 3.6 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 2022 and 2021.

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)	2022	2021
Profit/(loss) attributable to equity holders of the Company for the period for determination of earnings per share	18 652	13 409
Weighted average number of ordinary shares in issue	63 458 841	60 616 505
Basic and diluted earnings per share	0.29	0.22

GROUP

NOTE 11: PAID IN CAPITAL

The issued share capital of AMSC as of 31 December 2022 is 71,863,838 ordinary shares, each with a par value of NOK 1.00, fully paid. The Annual General Meeting on 22 April 2022 adopted a resolution to reduce the par value of AMSC's share capital from NOK 10 per share to NOK 1 per share. Upon completion of the creditor notice period during Q2 2022, the reduced amount was transferred to other equity and constitutes unrestricted other deposited equity. On 21 September 2022, 6,061,650 new shares were issued in connection with a private placement under the authorization from the Annual General Meeting (AGM) in 2022 which granted the Board to increase share capital up to 10%. On 10 October 2022, following an Extraordinary General Meeting (EGM), an additional 5,185,683 shares were issued. No common shares were issued in 2021.

The general meetings during 2022 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 2023.

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 2020	96 366	87 440	183 806
Dividends paid, classified as return of capital	-	(25 459)	(25 459)
31 December 2021	96 366	61 981	158 347
Reduction of share capital	(86 729)	86 729	-
Equity issued	1 070	36 537	37 607
Dividends paid, classified as return of capital	-	(30 446)	(30 446)
31 December 2022	10 707	154 801	165 508

Subsequent to year-end, the Board authorized a quarterly dividend payment of USD 0.12 per share to the shareholders on record as of 7 March 2023 in line with prior guidance. The shares in AMSC were traded ex. dividend from and including 6 March 2023, and the dividend was paid on 15 March 2023. The dividend is classified as a return of paid in capital.

GROUP

NOTE 12: SUBSIDIARIES

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

2022	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
Offshore Leasing I AS (OSL1)	100%	100%	Lysaker	Norway

AMSC ASA ("AMSC") is the Norwegian parent company and is listed on Euronext Oslo Børs. AMSC ASA owns ATHC 100%. ATHC, ATI and ASC are intermediary holding companies. Each of the Company's ten U.S. Jones Act 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 Keystone and vessel debt directly with BNP Paribas, Prudential or CIT Bank. During 2022, AMSC acquired Offshore Leasing I AS, a shell company, and owns 100% of OSL1. OSL1 owns the Normand Maximus and has vessel debt with DNB. The Group's unsecured bond is issued by ATI.

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	2022	2021
Non-current liabilities		
Secured loans, net of capitalized fees	337 506	294 922
Unsecured bond issues, net of capitalized fees	217 756	216 838
Total long term interest bearing loans	555 262	511 761
Current liabilities 1)		
Current portion of secured loans	67 262	26 862
Accrued financial costs	10 695	8 501
Total interest-bearing short term debt	77 957	35 363

Summary of secured Loans as of 31 December	2022	2021
BNP Paribas gross borrowings	123 333	136 667
Prudential gross borrowings	121 544	130 074
CIT Bank gross borrowings	53 750	58 750
DNB Bank gross borrowings	110 000	-
Less unamortized loan fees	(3 859)	(3 706)
Total Secured Loans	404 768	321 784

1) 2021 figures have been restated to align to current year presentation.

On 18 October 2022, AMSC drew USD 110 million on its secured loan from DNB Bank ASA. The loan is secured by the Normand Maximus and the terms are summarized below:

Tranche A:
- USD 75 million
- Quarterly amortization USD 1.3 million
- Pricing: SOFR + 450 bps
- Matures 2Q2025

Tranche B:
- USD 35 million
- Quarterly amortization USD 3.8 million, commencing 9 months after utilization
- Pricing: SOFR + 850 bps
- Matures 4Q2023

The Company paid USD 1.7 million in fees for the new borrowing arrangement, which was capitalized and will be amortized as additional interest expense over the term of the loans.

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

On 9 April 2020, AMSC closed on the refinancing of its senior secured debt for nine of the U.S. Jones Act vessels. The refinancing was 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 and is summarized below.

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: SOFR + 325 bps
- Annual amortization: USD 8.5 million, 17 year repayment profile

The CIT facility is secured by AMSC's shuttle tanker and matures in Q4 2025. The main terms are summarized below:
- 10 year loan secured by one vessel
- USD 90 million at inception, with USD 5 million annual amortization
- Pricing: LIBOR + 395 bps

During Q4 2022, the Prudential facility was amended to allow for the transition from LIBOR to SOFR beginning in 2023. AMSC expects to execute similar amendments with its other LIBOR-denominated facilities during 2023.

The Company entered into interest rate swaps in 2020 for USD 226 million of the principal amount of the secured loans for an average rate of 49 bps. During Q4 2022, the interest rate swaps associated with the BNP loan were terminated for a total payment received of USD 10.2 million. The principal amount of loans that are swapped as of 31 December 2022 is USD 53.8 million (USD 195.4 million as of 31 December 2021).

There are no undrawn amounts on the Company's credit facilities as of 31 December 2022.

Unsecured bond issue as of 31 December	Maturity	2022	2021
Gross bond balance at beginning of period	2025	220 000	200 000
New bond raised		-	20 000
Less unamortized loan fees		(2 244)	(3 162)
Total unsecured bond issue		217 756	216 838

On 7 July 2020, American Tanker, Inc. ("ATI"), a fully owned subsidiary of AMSC, closed on the refinancing of the then outstanding 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.

GROUP

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

The following table shows the reconciliation between the opening and closing balance of interest-bearing loans: 1)

Amounts in USD thousands	2022	2021
Balance at beginning of period	547 124	551 414
Repayment of debt	(26 863)	(26 863)
Payment of loan fees	(1 650)	(423)
Issuance of debt	110 000	20 000
Amortization of loan fees	2 414	2 280
Change in accrual of financial costs	2 194	716
Balance at end of period	633 219	547 124

1) 2021 figures have been restated to align to current year presentation.

Restrictions on dividend payments

Subject to certain exceptions, as of 31 December 2022, 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 2022.

GROUP

NOTE 14: LEASES

Undiscounted cash flow for non-cancellable lease rentals are as follows:

Amounts in USD thousands	2022	2021
Less than one year	122 607	86 775
Between one and two years	124 140	59 031
Between two and three years	119 077	9 168
Between three and four years	82 101	4 534
Between four and five years	24 153	-
More than five years	-	-
Total	472 078	159 508

OSG

In December 2022, OSG returned three of its ten vessels chartered from AMSC. Also during December 2022, OSG exercised its options to extend six vessels for three years. These six vessels have fixed charters through December 2026, while the Overseas Tampa expires mid-2025. For all vessels excluding the Overseas Tampa, OSG has options to extend the charter terms for three or five years for the remaining useful lives of the 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.

Keystone

In December 2022, AMSC delivered three vessels under bareboat contracts to a subsidiary of Keystone Shipping Co. for three years. These three vessels have fixed charters through January 2026. For two of the vessels, Keystone has options to extend the charter terms for two additional 1 year periods. Extension options must be declared 6 months prior to the expiry of the individual bareboat charter.

Solstad

In October 2022, AMSC delivered the Normand Maximus under bareboat contract to a single-purpose subsidiary of Solstad Offshore ASA for five years. The vessels is fixed through October 2027, plus two 5 year extension options. Extension options must be declared 12 months prior to the expiry of the bareboat charter. In addition, Solstad has options to purchase the vessel in year 5 for USD 125 million and year 10 for USD 75 million.

NOTE 15: TRADE AND OTHER PAYABLES

Trade and other payables comprise the following items:

Amounts in USD thousands	2022	2021
Trade accounts payable	343	113
Other short-term interest free liabilities	1 811	841
Total	2 154	954

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	2022	2021
Loans and receivables	19 899	21 845
Cash and cash equivalents	45 474	55 872
Cash held for specified uses	5 020	5 449
Total	70 394	83 167

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.

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".

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

Amounts in USD thousands	2022	2021
Type of counterparty:		
End-user customers 1)	19 492	21 755
Other receivables	407	90
Total	19 899	21 845

1) The Company's end-user customers include its bareboat charter counterparties. The Group continually evaluates the credit risk associated with customers in accordance with IFRS 9. The probability of default was assessed to be extremely low based on credit ratings and no historical losses, therefore, management believes 100% recoverability of the receivables. As such, no expected credit loss has been recorded for financial assets as of 31 December 2022 or 2021.

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.

NOTE 16: FINANCIAL INSTRUMENTS (CONTINUED)

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

31. December 2022 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)	(271 243)	(8 665)	(8 431)	(17 097)	(237 050)	-
Long-term interest bearing external liabilities (gross)	(408 627)	(477 150)	(37 304)	(63 743)	(57 892)	(318 211)	-
Derivative financial assets							
Interest rate swaps	4 658	5 087	1 114	1 080	1 988	905	-
Total as of 31 December 2022	(623 969)	(743 306)	(44 855)	(71 094)	(73 001)	(554 356)	-

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)	-

Currency risk

AMSC 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 2022 or 31 December 2021.

Exposure to currency risk

The company's exposure to currency risk at 31 December 2022 and 2021 primarily related to amounts denominated in NOK, as follows:

Amounts in USD thousands	2022	2021
Gross balance sheet exposure		
Trade payables and accruals (-)	(1 115)	(243)
Cash	13 176	137
Gross balance sheet exposure	12 061	(106)
Estimated forecast expenses (-)	(3 834)	(2 462)
Gross forecast exposure	(3 834)	(2 462)
Forward exchange contracts	-	-
Net exposure	8 227	(2 568)

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 a negative USD 1.3 million impact on the Group's earnings before tax for the years ended 31 December 2022 (immaterial as of 31 December 2021). 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 (USD 53.8 million as of 31 December 2022). 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 that all other variables remain constant.

Amounts in USD thousands	2022	2021
Bank deposits	494	540
Financial liabilities	(1 320)	(581)
Change in interest swap valuation	4 145	7 776
P&L sensitivity (net)	3 319	7 735

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 2022 and 2021, 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 2022, there were no transfers between categories.

The fair values of financial instruments, the related fair value hierarchy, together with the carrying amounts shown in the balance sheet as of 31 December 2022 are as follows:

Amounts in USD thousands	Carrying amount 2022	Fair value 2022	Fair value hierarchy	Valuation technique
Interest-bearing receivables from external companies, maturity greater than 3 years	17 405	16 160	3	Discounted cash flows at 12%
Interest swap contracts:				
Assets	4 658	4 658	2	Market comparison from a third party
Unsecured bonds (gross)	(220 000)	(212 850)	2	OSE trading price at year-end
Secured loans (gross)	(408 627)	(385 143)	2	Discounted cash flows at 8.6%

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.

GROUP

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 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 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

GROUP

NOTE 17: SHARES OWNED AND REMUNERATION PAID TO BOARD OF DIRECTORS AND SENIOR EMPLOYEES OF THE AMSC ASA GROUP

Shares in AMSC ASA of 31 December 2022

Name	Position	Company	No. of shares
Pål Magnussen	President and CEO	AMSC	140 000
Morten Bakke	CFO	AMSC	100 000
Peter Knudsen	Board Member	AMSC	23 000
Annette Malm Justad	Chair of the Board	AMSC	12 523
Leigh Jaros	Controller	AMSC	2 000

There is no share option agreement between AMSC ASA and senior management or Directors.

Remuneration to the board of directors through 31 December 2022

Name	Position	Company	Remuneration in USD
Annette Malm Justad	Chair	AMSC	56 178
Peter Knudsen	Board Member	AMSC	43 964
Frank Reite	Board Member	AMSC	20 170
Kristian Røkke	Board Member - former	AMSC	42 910
Total Directors' fee			163 222

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 2022.

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 2022 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 AMSC ASA GROUP (CONTINUED)

In 2022, 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 2022.

From 2022-2023, Mr. Magnussen was awarded 437,500 synthetic shares. Under his synthetic share agreement, the total bonus earned during 2022 was NOK 5.5 million. The cap on his salary was NOK 8.7 million. From 2022-2023, Mr. Bakke was awarded 200,000 synthetic shares, resulting in bonus earned of NOK 2.8 million. The cap on his salary was NOK 4.7 million. From 2022-2023, Ms. Jaros was awarded 50,000 synthetic shares, resulting in bonus earned of USD 82 thousand. The cap on Ms. Jaros' salary was USD 350 thousand per year.

The Company's Remuneration Policy was adopted in the annual general meeting held on 22 April 2022, 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 2022 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 2023 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 2022 in USD

			Base salary	Bonus	Other Benefits	Pension Contribution	Total (USD)	Severance pay
Pål Magnussen	CEO	Jan. - Dec.	331 299	644 439	1 190	9 346	986 274	6 months
Morten Bakke	CFO	Jan. - Dec.	198 649	324 091	1 190	9 085	533 015	6 months
Leigh Jaros	Controller	Jan. - Dec.	229 788	82 418	7 440	1 861	321 507	6 months

The above amounts reflect salary and bonus earned during 2022, and include Norwegian vacation pay.

Remuneration to Senior Management during 2021 in USD

			Base salary	Bonus	Other Benefits	Pension Contribution	Total (USD)	Severance pay
Pål Magnussen	CEO	Jan. - Dec.	362 406	428 198	1 119	9 427	801 150	6 months
Morten Bakke	CFO	Jan. - Dec.	215 307	195 747	1 119	8 925	421 098	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.

GROUP

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. Although Aker ASA does not meet the definition of a related party under IAS 24, AMSC discloses the following information on transactions with common ownership.

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.

Aker ASA also owns 25% of Solstad ASA, whose wholly owned single purpose subsidiary is the counterparty to the Normand Maximus bareboat charter contract.

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 Group's service agreements.

Counterparty	Description of services	Annual amount (USD thousands)
Aker US Services, Inc.	Tax consulting	81
Akastor	Office lease	28
Aker IT Services	IT consulting and support	8

NOTE 19: OPERATING SEGMENTS

AMSC defines operating segments based on the Group's internal management of the fleet of vessels. The Group's chief operating decision makers are defined as the Board of Directors, CEO and CFO. Recognition and measurement applied to segment reporting are consistent with the accounting principles applied when preparing consolidated financial statements. Transactions between segments are conducted at market terms and conditions.

AMSC's has two operating segments: U.S. Jones Act tankers and Offshore. AMSC's Jones Act segment includes the Group's nine product tankers and one shuttle tanker. AMSC's Offshore segment includes one international subsea construction vessel, acquired during 2022. AMSC had one operating segment prior to 2022. Other includes the parent company, non-operational holding companies and elimination of intercompany transactions.

GROUP

NOTE 19: OPERATING SEGMENTS (CONTINUED)

Statement of financial position

Amounts in USD thousands	U.S Jones Act Tankers	Offshore	Other and eliminations	Total
ASSETS				
Property, plant and equipment	594 331	156 355	101	750 787
Deferred tax assets	-	-	2 930	2 930
Interest-bearing long-term receivables	6 514	669	-	7 183
Derivative financial assets	4 658	-	-	4 658
Other non-current assets	26	-	290	317
Total non-current assets	605 529	157 025	3 321	765 875
Other receivables	5 171	7 036	508	12 716
Tax receivable	126	-	84	210
Cash held for specified uses	5 020	-	-	5 020
Cash and cash equivalents	20 181	-	25 293	45 474
Total current assets	30 499	7 036	25 885	63 420
TOTAL ASSETS	636 028	164 061	29 206	829 295
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	267 302	3	(101 797)	165 508
Retained earnings / (accumulated deficit)	(815)	(1 232)	11 559	9 511
Total equity	266 487	(1 229)	(90 238)	175 020
Liabilities				
Interest-bearing loans	292 345	118 756	144 161	555 262
Deferred tax liabilities	36 487	2 277	(19 958)	18 806
Total non-current liabilities	328 833	121 033	124 203	574 068
Interest-bearing loans	26 862	42 554	8 541	77 957
Trade and other payables	9 174	1 704	(8 724)	2 154
Tax payable	4 672	-	(4 575)	96
Total current liabilities	40 708	44 258	(4 759)	80 207
Total liabilities	369 541	165 291	119 444	654 276
TOTAL EQUITY AND LIABILITIES	636 028	164 061	29 206	829 295

NOTE 19: OPERATING SEGMENTS (CONTINUED)

Income statement

Amounts in USD thousands	U.S Jones Act Tankers	Offshore	Companies and eliminations	Total
Leasing revenues	87 429	6 225	-	93 654
Wages and other personnel expenses	-	-	(2 174)	(2 174)
Operating expenses	(5 664)	(20)	2 736	(2 948)
Operating profit before depreciation	81 765	6 205	562	88 532
Depreciation	(34 770)	(1 733)	(11)	(36 515)
Operating profit	46 995	4 472	550	52 017
Net profit from equity accounted investees	-	-	406	406
Financial income	12 650	-	210	12 860
Financial expenses	(20 050)	(3 427)	(12 937)	(36 414)
Income before income tax	39 595	1 044	(11 771)	28 869
Income tax (expense) / benefit	(9 138)	(2 277)	1 198	(10 216)
Net income for the year	30 457	(1 232)	(10 572)	18 652

NOTE 20: CLIMATE RISK

AMSC faces the following climate related risks:

Risk type	Risks
Transition - market	Global trade flows may change or decline due to stricter emission regulations Changes in consumer consumption patterns
Transition - policy & legal	Compliance with new regulations
Transition - reputation	Risk premiums demanded by investors, lenders and insurance companies
Transition - technology	Lock-in to emitting fuels that become less competitive during a ship's lifetime

NOTE 21: EVENTS AFTER THE BALANCE SHEET DATE

On 27 February 2023, the Board authorized a quarterly dividend payment of USD 0.12 per share to the shareholders on record as of 7 March 2023 in line with prior guidance. The shares in AMSC were traded ex. dividend from and including 6 March 2023, and the dividend was paid on 15 March 2023. The dividend is classified as a return of paid in capital.

ANNUAL ACCOUNTS PARENT

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PARENT

STATEMENT OF FINANCIAL POSITION

Amounts in USD thousands	Note	31. Dec. 2022	31. Dec. 2021
ASSETS			
Shares in subsidiaries	3	38 461	38 457
Deferred tax asset	4	5 206	11 333
Long-term receivable group companies	5	143 068	89 604
Total financial non-current assets		**186 735**	**139 393**
Total non-current assets		**186 735**	**139 393**
Other short-term receivables		3 363	97
Cash and cash equivalents	7	15 644	11 339
Total current assets		**19 008**	**11 436**
TOTAL ASSETS		205 743	150 830
EQUITY AND LIABILITIES			
Share capital		10 707	96 366
Share premium reserve		154 802	61 981
Total paid in capital		**165 508**	**158 347**
Other equity		38 920	(8 255)
Total retained earnings		**38 920**	**(8 255)**
Total equity	6	**204 428**	**150 092**
Other short-term debt		1 314	738
Total short-term liabilities		**1 314**	**738**
TOTAL EQUITY AND LIABILITIES		205 743	150 830

Lysaker, 28 March 2023
The Board of Directors
AMSC ASA

Annette Malm Justad
Chair

Peter D. Knudsen
Board Member

Frank O. Reite
Board Member

Pål Magnussen
President/CEO

PARENT

INCOME STATEMENT

Amounts in USD thousands	Note	2022	2021
Management fee from subsidiaries, U.S. based		3 186	1 271
Other operating expenses	8	(3 159)	(2 381)
Operating loss		26	(1 110)
Interest income from group companies	5	10 732	8 839
Dividends from subsidiaries		39 000	13 000
Other interest and financial income	8	2 468	2 225
Other interest and financial expenses	8	(130)	(607)
Profit after financial items		52 097	22 347
Deferred income tax benefit / (expense)	4	(4 922)	(2 945)
Income tax expense	4	-	4
Profit / (loss) for the period		47 175	19 406
Allocation of net profit / (loss):			
Profit / (loss)		47 175	19 406
Other equity	6	(47 175)	(19 406)

STATEMENT OF COMPREHENSIVE INCOME

Amounts in USD thousands (except per share)	2022	2021
Net income/(loss) for the period	47 175	19 406
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	47 175	19 406

PARENT

CASH FLOW STATEMENT

Amounts in USD thousands	Note	2022	2021
Profit / (loss) before tax		52 097	22 347
Unrealized foreign exchange (gain)/loss and unpaid interest expense		(3 609)	320
Changes in short term receivables		(3 266)	59
Changes in short term liabilities		577	390
Cash flow from operating activities		45 798	23 116
Changes in long term investments	5	(48 654)	-
Cash flow used in investing activities		(48 654)	-
Proceeds from equity raised	6	37 607	-
Dividends paid, classified as return of capital	6	(30 446)	(25 459)
Repurchase of treasury shares	6	-	(164)
Proceeds from sale of treasury shares	6	-	135
Cash flow from/(used in) financial activities		7 162	(25 488)
Cash flow for the year		4 305	(2 372)
Cash and cash equivalents 1 January		11 339	13 711
Cash and cash equivalents 31 December		15 644	11 339

NOTES TO THE ACCOUNTS

NOTE 1: ACCOUNTING PRINCIPLES

CORPORATE INFORMATION
AMSC ASA ("Company" or "AMSC") is a Norwegian limited liability company incorporated and domiciled in Norway whose shares are traded on Euronext Oslo Børs. The Company was established in 2005 and the registered office is Oksenøyveien 10, P.O. Box 230, NO-1366 Lysaker.

BASIS OF PREPARATION
First time adoption simplified IFRS.

These financial statements, for the year ended 31 December 2022, and 2021 comparative figures, are prepared in accordance with International Financial Reporting Standards (IFRS) simplified in accordance with the Norwegian regulation for simplified IFRS ("Forskrift om forenklet anvendelse av internasjonale regnskapsstandarder") without any exemption. Previously, for all periods up to and including the year ended 31 December 2021, AMSC ASA prepared its financial statements in accordance with Norwegian accounting standards and guidelines for good accounting practice (Norwegian GAAP).

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
The preparation of financial statements in conformity with simplified 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 judgement and complexity, and may result in significant variation in amounts:

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. See note 4 for further discussion.

SUBSIDIARIES
Investments in subsidiaries are included in the Company financial statements using the cost method. Investments are written down to the fair value if impairment is identified. Dividends and company contributions from subsidiaries are recognized as income from the investment in the subsidiary in the year that the allocation is made by the subsidiary.

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 financial assets and financial liabilities are initially recognized at fair value and subsequent recognization is at amortized cost.

NOTE 1: ACCOUNTING PRINCIPLES (CONTINUED)

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.

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 2022 was 9.86 and the average rate during 2022 was 9.62 NOK/USD.

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.

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.

DIVIDENDS PAID

Dividends are accounted for on a cash basis.

REVENUE RECOGNITION

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

PENSIONS

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension, and the Company operates in accordance with these requirements. 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.

IMPAIRMENT OF NON-CURRENT INTERCOMPANY LOANS

The company assesses on a forward-looking basis the expected credit losses associated with its other non-current intercompany loans.

NOTE 2: FIRST TIME ADOPTION OF IFRS

As of 1 January 2021 AMSC transitioned to simplified IFRS ("sIFRS"). For the year ended 31 December 2021, AMSC prepared its financial statements in accordance with sIFRS and has restated the 1 January 2021 opening balance sheet to be in accordance with simplified IFRS.

AMSC has chosen to account for dividends on a cash basis. This policy deviates from NGAAP and thus USD 7.3 million was reclassified as of year-end 2021.

The Company's dividends received from subsidiaries are considered income in the parent company accounts. Thus, USD 2 million was reclassified as income during 2021. The tax effect of this reclassification was immaterial. There were no adjustments made to the beginning balance as of 1 January 2021.

AMSC assessed the carrying amount of financial assets in accordance with IFRS 9 and determined the 12 month expected credit loss is immaterial and thus no credit losses have thus been recognized.

Reconciliation of the Company's equity reported in accordance with NGAAP to its equity in accordance with IFRS, as of 31 December 2021:

Amounts in USD thousands	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 Dec 2021
ASSETS			
Shares in subsidiaries	36 457	2 000	38 457
Deferred tax asset	11 333		11 333
Long-term receivable group companies	89 604		89 604
Total non-current assets	137 393	2 000	139 393
Other short-term receivables	97		97
Cash and cash equivalents	11 339		11 339
Total current assets	11 436	-	11 436
Total assets	148 830	2 000	150 830
EQUITY AND LIABILITIES			
Share capital	96 366		96 366
Share premium reserve	54 707	7 274	61 981
Total paid in capital	151 073	7 274	158 347
Other equity	(10 255)	2 000	(8 255)
Total retained earnings	(10 255)	2 000	(8 255)
Total equity	140 818	9 274	150 092
Dividend payable	7 274	(7 274)	-
Other short-term debt	738		738
Total short-term liabilities	8 012	(7 274)	738
Total equity and liabilities	148 830	2 000	150 830

NOTE 2: FIRST TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of the Company's statement of comprehensive income reported in accordance with NGAAP to its equity in accordance with IFRS, for the year ended 31 December 2021:

Amounts in USD thousands	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 Dec 2021
Management fee from subsidiaries, U.S. based	1 271		1 271
Other operating expenses	(2 381)		(2 381)
Operating loss	(1 110)	-	(1 110)
Interest income from group companies	8 839		8 839
Dividends from subidiaries	11 000	2 000	13 000
Other interest and financial income	2 225		2 225
Other interest and financial expenses	(607)		(607)
Profit after financial items	20 347	2 000	22 347
Deferred income tax benefit / (expense)	(2 945)	-	(2 945)
Income tax expense	4	-	4
Profit / (loss) for the period	17 406	2 000	19 406
Allocation of net profit / (loss):			
Profit / (loss)	17 406	2 000	19 406
Other equity	(17 406)	(2 000)	(19 406)

PARENT

NOTE 2: FIRST TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of the Company's statement of cash flows reported in accordance with NGAAP to its equity in accordance with IFRS, for the year ended 31 December 2021:

Amounts in USD thousands	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 Dec 2021
Profit / (loss) before tax	20 347	2 000	22 347
Unrealized foreign exchange (gain)/loss and unpaid interest expense	320		320
Changes in short term receivables	59		59
Changes in short term liabilities	390		390
Cash flow from operating activities	21 116	2 000	23 116
Changes in long term investments	2 000	(2 000)	-
Cash flow from investing activities	2 000	(2 000)	-
Dividends / return of capital paid	(25 459)		(25 459)
Repurchase of treasury shares	(164)		(164)
Proceeds from sale of treasury shares	135		135
Proceeds from / (repayments of) other interest-bearing debt	-		-
Cash flow used in financial activities	(25 488)	-	(25 488)
Cash flow for the year	(2 372)	-	(2 372)
Cash and cash equivalents 1 January	13 711	-	13 711
Cash and cash equivalents 31 December	11 339	-	11 339

NOTE 3: SHARES IN SUBSIDIARIES AND ASSOCIATES

This item comprises the following as of 31 December 2022:

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, USA	38 458	38 458
Offshore Leasing I AS (OSL1)	100%	100%	Lysaker, Norway	3	3
Total shares				38 461	38 461

Amounts in USD thousands	ATHC	OSL1
Subsidiaries' 2022 results after tax in USD thousands	12 603	(1 232)
Subsidiaries' equity attributable to common shareholders at 31 December 2022	10 179	(1 229)

AMSC ASA ("AMSC") is the Norwegian parent company and is listed on Euronext Oslo Børs. AMSC ASA owns ATHC 100%. ATHC, ATI and ASC are intermediary holding companies. Each of the Company's ten U.S. Jones Act 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 Keystone and vessel debt directly with BNP Paribas, Prudential or CIT Bank. During 2022, AMSC acquired Offshore Leasing I AS, a shell company, and owns 100% of OSL1. OSL1 owns the Normand Maximus and has vessel debt with DNB. The Group's unsecured bond is issued by ATI.

From 2014 through 2019, AMSC held a 20% ownership stake in Philly Tankers AS. During 2022, AMSC received USD 0.4 million related to the closure of an escrow account in connection with the liquidation of Philly Tankers AS ("PTAS"), which occurred in 2019. This amount is reflected in other financial income in 2022.

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.

PARENT

NOTE 4: TAX

The table below shows the difference between book and tax values at the end of 2022 and 2021, and the amounts of deferred taxes at these dates and the change in deferred taxes.

Norwegian tax payable: Amounts in USD thousands	2022	2021
Profit/(loss) before tax USD accounts in USD	52 097	20 347
Difference between NOK and USD accounts	8 455	3 203
Profit before tax measured in NOK for taxation purposes	60 552	23 550
Permanent differences (dividends)	(38 352)	(10 211)
Change in temporary differences	(7 133)	(2 879)
Other differences	-	48
FX effect on opening balance of loss carried forward	6 618	2 466
Estimated profit for tax purposes	21 685	12 975
Utilization of loss carried forward	(21 685)	(12 975)
Taxable income / (loss)	-	-
Tax payable	-	-

The profit before taxes in NOK are different from the profit 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 1.2 million.

Norwegian deferred tax: Amounts in USD thousands	2022	2021
Other differences	(17 507)	(11 345)
Operating loss carried forward	41 172	62 858
Total differences	23 665	51 513
Deferred tax asset	5 206	11 333
Book value tax asset	5 206	11 333

AMSC has net operating losses in carryforward as of 31 December 2022 of USD 41.2 million in Norway, with no expiration date.

NOTE 5: LONG-TERM RECEIVABLES

Long-term receivables are:

Amounts in USD thousands	2022	2021
Offshore Leasing I AS (OSL1)	50 536	-
American Tanker, Inc. (ATI)	92 532	89 604
Total	143 068	89 604

In 2022, in connection with the acquisition of the Normand Maximus, AMSC provided a USD 60 million revolving credit facility to Offshore Leasing I AS. The loan is unsecured and bears interest at 10%, with an option to pay interest in kind each quarter (interest added to principal amount of loan). As of 31 December 2022, USD 48.7 million had been drawn on the facility. In addition, OSL1 paid in kind USD 1.8 million in interest during 2022.

As of 31 December 2021, AMSC holds a USD 30.3 million loan to ATI. The loan to ATI is unsecured and bears interest at 9.5%, with an option to pay interest in kind semi-annually. During 2022, ATI paid USD 1.4 million in interest payments to AMSC and paid in kind USD 1.4 million in interest.

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 2022 is USD 62.1 million. During 2022, ATI paid USD 4.5 million in interest payments to AMSC and paid in kind USD 1.5 million in interest. 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.

Management assessed the credit risk of the receivable as low and has not recognized any expected credit losses.

NOTE 6: TOTAL EQUITY

Changes in equity are:

2022 Amounts in USD thousands	Share capital	Share premium	Total paid-in capital	Other equity	Total equity
Equity as of 1 January 2022	96 366	61 980	158 347	(8 255)	150 092
Reduction of share capital	(86 729)	86 729	-	-	-
Issuance of shares	1 070	36 537	37 607	-	37 607
Dividends paid, classified as return of capital	-	(30 446)	(30 446)	-	(30 446)
Net result	-	-	-	47 175	47 175
Equity as of 31 December 2022	10 707	154 801	165 508	38 920	204 428

The Annual General Meeting on 22 April 2022 adopted a resolution to reduce the par value of AMSC's share capital from NOK 10 per share to NOK 1 per share. Upon completion of the creditor notice period during Q2 2022, the reduced amount was transferred to other equity and constitutes unrestricted other deposited equity. On 21 September 2022, 6,061,650 new shares were issued in connection with a private placement under the authorization from the Annual General Meeting (AGM) in 2022 which granted the Board to increase share capital up to 10%. On 10 October 2022, following an Extraordinary General Meeting (EGM), an additional 5,185,683 shares were issued.

The total outstanding shares of AMSC are 71,863,838 shares each with a par value of NOK 1 per share.

No treasury shares were held as of 31 December 2022.

Subsequent to year-end, the Board declared a dividend classified as return of capital of USD 0.12 per share (USD 8.6 million in aggregate) on 27 February 2023. The dividend was paid on 15 March 2023.

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, classified as return of capital	-	(19 397)	(19 397)	-	(19 397)
Net result	-	-	-	19 406	19 406
Equity as of 31 December 2021	96 366	61 980	158 347	(8 255)	150 092

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.

PARENT

NOTE 6: TOTAL EQUITY

The shares were owned by the following 20 largest parties as of 31 December 2022:

Name	Number	Percent
AKER CAPITAL AS	13 701 416	19.1%
DNB Markets Aksjehandel/-analyse	11 233 132	15.6%
SKANDINAVISKA ENSKILDA BANKEN AB	10 886 327	15.1%
B.O. STEEN SHIPPING AS	3 650 000	5.1%
Goldman Sachs & Co. LLC	3 509 924	4.9%
TRETHOM AS	2 000 111	2.8%
Pershing LLC	1 078 810	1.5%
CLEARSTREAM BANKING S.A.	953 915	1.3%
Citibank, N.A.	824 081	1.1%
ROAR MAGNESTAD	706 000	1.0%
Skandinaviska Enskilda Banken AB	705 160	1.0%
Avanza Bank AB	372 589	0.5%
VESTVIK PRESERVING AS	365 934	0.5%
NORDNET LIVSFORSIKRING AS	361 517	0.5%
ALPHA FINANS OG EIENDOM INVEST AS	348 000	0.5%
BEDDINGEN FINANS AS	341 306	0.5%
EIGEL INGVAR THOM	311 111	0.4%
Nordnet Bank AB	302 158	0.4%
Citibank, N.A.	286 684	0.4%
Citibank, N.A.	267 476	0.4%
Total 20 largest shareholders	52 205 651	72.6%
Other shareholders	19 658 187	27.4%
Total	71 863 838	100.0%

NOTE 7: CASH AND CASH EQUIVALENTS

There is no restricted cash, except cash in a tax withholding account for employees' salaries of USD 68 thousand at 31 December 2022.

NOTE 8: OTHER OPERATING AND FINANCIAL INCOME/EXPENSES

Fees to the auditors of USD 48 thousand (without VAT) for ordinary audit was expensed in 2022. For more information on fees paid to auditors, 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 2022 and covered two employees. Board of directors expenses were USD 163 thousand in 2022.

Other interest and financial income in 2022 includes USD 1.9 million of guarantee fees from subsidiaries, USD 0.4 million profit from equity accounted investees and USD 0.2 million in interest income on bank deposits. Other interest and financial expenses in 2022 includes realized and unrealized currency losses.

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

NOTE 9: 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 10: 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.
Senior secured credit facility	DNB Bank ASA	110 000	Offshore Leasing I AS

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 11: EVENTS AFTER THE BALANCE DATE

On 27 February 2023, the Board authorized a quarterly dividend payment of USD 0.12 per share to the shareholders on record as of 7 March 2023. The shares in AMSC were traded ex. dividend from and including 6 March 2023, and the dividend was paid on 15 March 2023. The dividend is classified as a return of paid in capital.

AUDITORS' REPORT

To the General Meeting of AMSC ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AMSC ASA, which comprise:

- the financial statements of the parent company AMSC ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the income statement, the statement of comprehensive income, 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 AMSC ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the 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 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have been the auditor of the Company for one year from the election by the general meeting of the shareholders on 22 April 2022 for the accounting year 2022.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment for vessels and equipment	
On 31 December 2022, the Group held nine product tankers, one shuttle tanker and one subsea construction vessel. The vessels have a carrying amount of USD 750.8 million. Indicators of impairment for the vessels were assessed and management concluded that no such indicators were present. As a result, management has not performed an impairment test. We focused on management's impairment assessment for vessels and equipment due to the significant carrying value of the vessels and the judgment inherent in the assessment of indicators of impairment. We refer to note 1 - Accounting Principles and note 6 - Property, plant and equipment where management explains how they assess the value of their vessels.	We obtained, evaluated and challenged management's assessment of indicators of impairment and the process by which this was performed. We assessed management's accounting policy against IFRS and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 - Impairment of assets, were met. As part of management's assessment, management compiled independent broker valuations for the vessels. We satisfied ourselves that the external brokers had both the objectivity and the competence to provide the estimate. To assess this, we interviewed selected brokers to understand how the estimates for fair value were compiled. We also satisfied ourselves that the brokers were provided with relevant facts to determine such an estimate, by testing key inputs such as build date, build location and certain key specifications back to the ships register. To assess each of the assumptions in the impairment indicator assessment, we interviewed management and challenged their assumptions. For key assumptions, such as market rates, we inspected supporting documentation from third parties on the basis of which the assumptions were made. We considered that freight rates used by management were within an appropriate range and changes did not lead to any indication of impairment. We also assessed management's process and results for identification and classification of CGUs to ensure they were appropriate and in accordance with relevant accounting standards.

AUDITORS' REPORT

We have read note 1 - Accounting Principles and note 6 – Property, plant and equipment and assessed them to be in line with the requirements.

No matters of consequence arose from the procedures above.

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 information accompanying the financial statements otherwise appear 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 statutory requirements.

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

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 simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, 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 and using 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

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AUDITORS' REPORT

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 skepticism 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 and 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's 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.

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 Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of AMSC ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXHXNC41-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

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

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

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

Oslo, 28 March 2023
PricewaterhouseCoopers AS

Anne Kristin Huuse
State Authorised Public Accountant

SHARE AND SHAREHOLDER INFORMATION

AMSC 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 AMSC ASA's share price reflects its underlying value.

AMSC'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 0.48 per share (USD 30.4 million) in 2022. 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 2022 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 2021, valid up to the Company's Annual General Meeting in 2023. 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 2022, 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 2022, AMSC ASA had 71 863 838 ordinary common shares; each share with a par value of NOK 1 (see Note 11 to the Company's 2022 accounts).

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

On 21 September 2022, 6,061,650 new shares were issued in connection with a private placement under the authorization from the Annual General Meeting (AGM) in 2022 which granted the Board to increase share capital up to 10%. On 10 October 2022, following an Extraordinary General Meeting (EGM), an additional 5,185,683 shares were issued. No common shares were issued in 2021.

As of 31 December 2022, the Company had 2,953 shareholders, of whom 7.8 percent were non-Norwegian shareholders.

AMSC 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 2022.

STOCK-EXCHANGE LISTING

The Company's shares are listed on the Euronext Oslo Stock Exchange's main (OSEBX) list (ticker: AMSC). AMSC's shares are reg-

SHARE AND SHAREHOLDER INFORMATION

istered 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

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

From time to time, agreements are entered into between two or more 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 General Meeting in 2022 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 2023.

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.

20 LARGEST SHAREHOLDERS

as of 31 December 2022

Shareholder	Number of shares held	Ownership (in %)
AKER CAPITAL AS	13 701 416	19.1%
DNB Markets Aksjehandel/-analyse	11 233 132	15.6%
SKANDINAVISKA ENSKILDA BANKEN AB	10 886 327	15.1%
B.O. STEEN SHIPPING AS	3 650 000	5.1%
Goldman Sachs & Co. LLC	3 509 924	4.9%
TRETHOM AS	2 000 111	2.8%
Pershing LLC	1 078 810	1.5%
CLEARSTREAM BANKING S.A.	953 915	1.3%
Citibank, N.A.	824 081	1.1%
ROAR MAGNESTAD	706 000	1.0%
Skandinaviska Enskilda Banken AB	705 160	1.0%
Avanza Bank AB	372 589	0.5%
VESTVIK PRESERVING AS	365 934	0.5%
NORDNET LIVSFORSIKRING AS	361 517	0.5%
ALPHA FINANS OG EIENDOM INVEST AS	348 000	0.5%
BEDDINGEN FINANS AS	341 306	0.5%
EIGEL INGVAR THOM	311 111	0.4%
Nordnet Bank AB	302 158	0.4%
Citibank, N.A.	286 684	0.4%
Citibank, N.A.	267 476	0.4%
Total 20 largest shareholders	52 205 651	72.6%
Other shareholders	19 658 187	27.4%
Total	71 863 838	100.0%

GEOGRAPHIC DISTRIBUTION

as of 31 December 2022

Nationality	Number of shares held	Ownership (in %)
Non-Norwegian shareholders	12 404 797	17.3%
Norwegian shareholders	59 459 041	82.7%
Total	71 863 838	100.0%

SHARE AND SHAREHOLDER INFORMATION

INVESTOR RELATIONS

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

Visitors to AMSC's website at www.amscasa.com can subscribe to email delivery of AMSC news releases.

AMSC's press releases and investor relations (IR) publications for the current and prior years are available at the Company's website: www.amscasa.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@amscasa.com.

SAVE THE ENVIRONMENT – READ REPORTS ONLINE

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

AMSC 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.

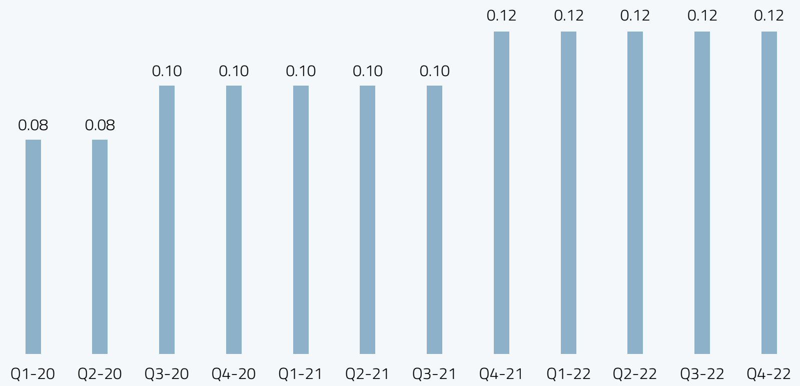
OWNERSHIP STRUCTURE

as of 31 December 2022

Shares owned	Number of shareholders	Percent of share capital
1-100	633	0.03%
101-1000	933	0.64%
1001-10,000	1 024	5.14%
10,001-100,000	304	13.03%
100,001-500,000	48	12.62%
over 500,000	11	68.53%
Total	2 953	100.00%

DIVIDEND HISTORY

USD per share



Shareholders who are unable to receive the electronic version of interim and annual reports, may subscribe to the printed version by contacting AMSC.

ANNUAL SHAREHOLDERS' MEETING

AMSC 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.

2022 SHARE DATA

The Company's total market capitalization as of 31 December 2022 was NOK 3,137 million. During 2022, a total of 17,457,080 AMSC ASA shares traded. The shares traded on 253 trading days.

CORPORATE GOVERNANCE

AMSC ASA's focus is on building a premier vessel ownership position 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 AMSC 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 AMSC ASA's subsidiaries where relevant.

The following presents AMSC ASA's (hereinafter "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

AMSC'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 and international shipping and offshore markets through its wholly owned subsidiary leasing companies. The corporate structure of AMSC, through its operating subsidiaries in the United States and Norway, is in conformance with the applicable requirements of the Jones Act. All of its U.S. Jones Act 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 an attractive ship owning and lease finance company
- 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.

AMSC 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 16 in the Board of Director's report.

EQUITY AND DIVIDENDS

Equity

The Group's book equity as of 31 December 2022 was USD 175.0 million corresponding to an equity ratio of 21.1 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

AMSC's dividend policy is included in the section "Shares and shareholder information", on pages 74-76 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 purposes and to be valid only until the next annual general meeting.

The annual general meeting in 2022 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 2023.

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

The Company is attentive to the principle of equal treatment of all shareholders. If existing shareholders' pre-emptive rights are waived upon an increase in share capital, the Board must justify the waiver and the justification must be 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

AMSC'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. Pursuant to clause 10 of the Company's articles of association, 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 publication service www.newsweb.no (ticker: AMSC) and on the Company's website www.amscasa.com.

NOMINATION COMMITTEE

AMSC 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 AMSC'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.

CORPORATE GOVERNANCE

Furthermore, 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 AMSC'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 Frank Reite. 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.

One of the three shareholder-elected Board members is up for election in 2023.

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.

AMSC 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's 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.

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 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 AMSC'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 2022 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 AMSC'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 AMSC'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 of equal treatment. All stock exchange notifications and press releases are made available on the Company's website www.amscasa.com; stock exchange notices are also available from

CORPORATE GOVERNANCE

www.newsweb.no. All information that is distributed to shareholders is simultaneously published on AMSC'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, an account shall be provided of the role the person or persons in question are playing in the bid and 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.

In accordance with the "General Meetings" section above, 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. 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.

AMSC ASA

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