AMERICAN SHIPPING COMPANY ASA

Third Quarter 2020 Report

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Lysaker, 20 November 2020, American Shipping Company ASA ("AMSC" or the "Company") announces results for third quarter ending 30 September 2020.

HIGHLIGHTS

- Completed refinancing of the Company's USD 220 million unsecured bond, with a new USD 200 million bond, at a 7.75% coupon, 150 basis points lower coupon than the prior bond
- Stable Q3 financial performance with bareboat revenue of USD 22.2 million, normalized EBITDA of USD 22.4 million and adjusted net profit of USD 4.6 million
- Backlog of secured bareboat revenue of USD 256 million with average weighted tenor of 2.9 years
- Declared Q3 dividend of USD 0.10 per share, backed by the Company's increased free cash flow

AMSC CEO, Pål Lothe Magnussen comments, *"Completing the company wide refinancing with the USD 200 million senior unsecured bond at a much reduced interest rate was a key milestone for American Shipping Company. The strong interest in our refinancing from banks and bondholders is a reflection of our stable business model, despite COVID-19 related financial market volatility."*

MAIN EVENTS DURING AND SUBSEQUENT TO THE THIRD QUARTER

- **Operating income**: Operating income was stable at USD 12.9 million in Q3 2020 and USD 13.0 million in Q3 2019.

- **Normalized EBITDA:** Normalized EBITDA of USD 22.4 million for Q3 2020 consists of base bareboat revenue of USD 22.2 million, plus Deferred Principal Obligation ("DPO") of USD 0.9 million, less SG&A of USD 0.7 million. The comparative figure for Q3 2019 for normalized EBITDA was USD 22.4 million (consisting of base bareboat revenue of USD 22.1 million, plus DPO of USD 0.9 million, less SG&A of USD 0.6 million). See Note 14 for more detailed information.

- **Adjusted net profit:** Adjusted net profit of USD 4.6 million for Q3 2020 consists of net profit after tax, adjusted for non-recurring items, currency fluctuations, mark-to-market of derivatives and changes to non-cash deferred tax expenses. The comparative figure for Q3 2019 was USD 3.0 million. See Note 14 for further details.

- **COVID-19 Impact:** Demand for transportation of petroleum products in the U.S. market was sharply reduced in March and April and remains lower than normal to date in November. Consumer demand for clean products has already recovered substantially from the April low, but is expected to remain below historical averages for the remainder of the year and into next year. EIA expects demand for clean products to recover to normal during 2021. AMSC is insulated in the short to medium term from the COVID-19 pandemic with long term "come hell and high water" bareboat contracts with OSG.

- **Bond refinancing:** During July, the Company refinanced its USD 220 million unsecured bond with a new USD 200 million bond. The new bond has a coupon of 7.75% and a 5 year tenor. The bond will be listed on the Oslo Stock Exchange.

- **Dividends:** On 20 August 2020, the Board authorized a quarterly dividend payment of USD 0.10 per share, the equivalent of NOK 0.8958 per share, to the shareholders on record as of 28 August 2020, which was paid on 7 September 2020. The dividend was classified as a return of paid in capital.

  On 19 November 2020, the Board authorized a dividend payment of USD 0.10 per share to the shareholders on record as of 27 November 2020. The shares in AMSC will be traded ex. dividend from and including 26 November 2020, and the dividend will be paid on or about 7 December 2020. The dividend is classified as a return of paid in capital.

- **Dividend guidance:** The Company's policy with respect to dividends is driven by the Board's commitment to return value to its shareholders while also prudently managing its balance sheet and maintaining financial flexibility to pursue growth and diversification opportunities. Dividend payments depend on, among other things, performance of existing contracts including outlook for profit share, and will be considered in conjunction with the Company's financial position, debt covenants, capital requirements, and market conditions going forward. The Covid-19 pandemic is increasing uncertainty on market fundamentals impacting the Jones Act tanker market and could affect the Company's ability to continue paying dividends.

THIRD QUARTER FINANCIAL REVIEW

Condensed Income Statement

Amounts in USD million (except share and per share information)	Q3 2020	Q3 2019	Year to date 2020	Year to date 2019
	unaudited			
Operating revenues	22.2	22.1	66.0	65.7
Operating profit before depreciation - EBITDA	21.5	21.5	63.8	63.4
Normalized EBITDA	**22.4**	**22.4**	**66.4**	**66.1**
Operating profit - EBIT	12.9	13.0	38.3	38.1
Gain / (loss) on investments	-	-	-	(0.1)
Net financial expense	(19.0)	(10.0)	(41.4)	(30.4)
Unrealized gain/(loss) on interest swaps	(0.5)	0.1	(0.8)	(3.3)
Profit/(loss) before income tax	(6.6)	3.1	(3.9)	4.3
Income tax expense	(0.2)	-	(0.3)	(0.1)
Non-cash income tax (expense) / benefit	2.3	(0.2)	2.4	0.3
Net profit/(loss) for the period *	(4.5)	2.9	(1.8)	4.5
Adjusted net profit	**4.6**	**3.0**	**11.0**	**7.5**
Average number of common shares	60,616,505	60,616,505	60,616,505	60,616,505
Earnings/(loss) per share (USD)	(0.07)	0.05	(0.03)	0.07

* Applicable to common stockholders of the parent company

Third quarter results

AMSC's operating revenues for Q3 2020 was USD 22.2 million, versus USD 22.1 million in Q3 2019. EBITDA was USD 21.5 million in Q2 2020 and Q2 2019. EBIT was USD 12.9 million in Q3 2020 and USD 13.0 million in Q3 2019.

Net financial expense for Q3 2020 was USD 19.0 million (USD 10.0 million in Q3 2019). The Q3 2020 financial expense includes USD 9.2 million paid in call premium to refinance the bonds and write-off of unamortized loan fees of USD 1.7 million.

In Q3 2020, AMSC had an unrealized loss of USD 0.5 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (USD 0.1 million gain in Q3 2019).

AMSC had a net loss before tax for Q3 2020 of USD 6.6 million (USD 3.1 million profit in Q3 2019). Income tax expense for Q3 2020 was USD 0.2 million (0 in Q3 2019). Non-cash deferred income tax benefit was 2.3 million in Q3 2020 (expense of USD 0.2 million in Q3 2019).

The non-cash deferred income tax expense/benefit was the result of accelerated tax depreciation, which has created differences between accumulated depreciation for book and tax purposes and corresponding tax losses, the net of which is recognized as a deferred tax liability on the balance sheet.

As of 30 September 2020, AMSC has approximately USD 543 million of federal net operating losses in carryforward in its U.S. subsidiaries. See Note 6 for more detailed information.

Net loss for Q3 2020 was USD 4.5 million compared to net profit of USD 2.9 million in Q3 2019.

Year to date results

AMSC's operating revenues for each of the first nine months of 2020 and 2019 were USD 66.0 million and USD 65.7 million, respectively. EBITDA was USD 63.8 million in the first nine months of 2020 (USD 63.4 million for same period of 2019). EBIT was USD 38.3 million for the nine months ending 30 September 2020 and USD 38.1 million for the same period in 2019.

Net financial expense for the first nine months of 2020 was USD 41.4 million (USD 30.4 million for the same period in 2019). The increase in 2020 was due to one-time payments of USD 9.2 million for the call premium on the refinanced bonds, USD 1.9 million paid to terminate the interest rate swaps in connection with the bank debt refinancing which was closed during April 2020, and a non-cash write-off of unamortized loan fees of USD 3.3 million.

In the first nine months of 2020, AMSC had an unrealized loss of USD 0.8 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (USD 3.3 in the first nine months of 2019).

AMSC had a net loss before tax for the nine months ending 30 September 2020 of USD 3.9 million (USD 4.3 million net profit before tax in the same period of 2019). Non-cash deferred income tax benefit was USD 2.4 million in the first nine months of 2020 (benefit of USD 0.3 million in the same period of 2019). AMSC recognized an income tax expense of USD 0.3 million in the first nine months of 2020 (USD 0.1 million in the same period 2019), relating to state taxes. Net loss for year-to-date 2020 was USD 1.8 million compared to net profit of USD 4.5 million in the same period of 2019.

Condensed Statement of Financial Position

	unaudited		
Amounts in USD million	**30-Sep 2020**	**30-Sep 2019**	**31-Dec 2019 ***
Vessels	658.1	686.5	678.9
Interest-bearing long term receivables (DPO)	23.8	25.3	25.3
Trade and other receivables	0.1	0.1	0.4
Cash held for specified uses	0.5	2.4	1.6
Cash and cash equivalents	29.9	50.5	46.3
Total assets	**712.4**	**764.8**	**752.4**
Total equity	147.5	166.0	165.0
Deferred tax liabilities	8.9	12.7	11.4
Interest-bearing long term debt	523.1	533.2	522.7
Derivative financial liabilities	1.6	0.9	0.8
Interest-bearing short term debt	26.8	41.6	44.3
Deferred revenues and other payables	4.6	10.4	8.2
Total equity and liabilities	**712.4**	**764.8**	**752.4**

* Derived from audited financial statements

The decrease in Vessels from 31 December 2019 reflects depreciation of the Company's 10 vessels for the first nine months of 2020 of USD 25.5 million, partly offset by USD 4.7 million paid for investments in ballast water treatment systems for two vessels.

During 2020, Overseas Shipholding Group, Inc. ("OSG") made repayments on the DPO of USD 2.6 million, of which USD 1.5 million is principal repayment. See note 12 to the condensed consolidated financial statements for additional information on the DPO.

Interest bearing debt as of 30 September 2020 was USD 549.9 million, net of USD 9.2 million in capitalized fees versus USD 567.0 million as of 31 December 2019. This debt relates to the bank financing for the Company's 10 vessels of USD 359.1 million and the unsecured bond of USD 200.0 million. AMSC was in compliance with all of its debt covenants as of 30 September 2020.

Outlook

AMSC continues to enjoy downside protection with "come hell or high water" bareboat contracts, with five product tankers secured until December 2022, four product tankers secured until December 2023 and one shuttle tanker secured until June 2025.

The long term fundamentals in the Jones Act tanker market remain stable, although the current impact of the COVID-19 pandemic has significantly reduced demand for crude oil and clean products in the U.S. market in the near term.

During the third quarter, demand for clean products, mainly being gasoline, diesel and jet fuel, was negatively impacted by reduced economic activity across the USA. Although economic activity has recovered substantially from the low point in the second quarter, consumption of clean products is still lagging by about 11% compared to the last five years average. EIA is forecasting a gradual recovery during 2021.

Crude cargoes from the U.S. Gulf to the U.S. Northeast held up well during Q3, but with lower crude throughput at refineries and reduced outlook for U.S. shale oil production, we continue to monitor developments in this segment, and expect increased volatility in the coming months. The U.S. Northeast crude trade currently only constitutes around 10% of demand for Jones Act tankers.

With U.S refinery utilization reduced in combination with the drop in demand for clean products, multiple Jones Act tankers have been offered for relets over the past several months. As most MR Jones Act tankers have time charter contracts for 2020 and beyond, the drop in utilization has so far mainly affected oil majors and refiners as opposed to ship owners and operators. Going forward, the weak market is likely going to have negative impact on both spot and TC rates in the near term, and as existing TC contracts expire, the number of idle vessels is expected to increase.

The weak market is driven by COVID related reduced demand. The vessel supply side remains stable with no newbuilds likely to materialize for many years, due to limited newbuild capacity. The Jones Act tanker fleet will continue to shrink as older tonnage is facing expensive drydocks and special surveys and will likely be phased out.

Risks

The risks facing AMSC principally relate to the operational and financial performance of OSG, re-chartering risk as well as overall market risk.

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

The COVID-19 pandemic is causing increased uncertainty around fundamentals relating to the Jones Act tanker market. Demand for gasoline and jet fuel in the U.S. as well as domestic oil production may remain volatile in the medium term.

For further details of AMSC's risks, refer to the 2019 Annual Report.

Definitions

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

Lysaker, 19 November 2020
The Board of Directors and President / CEO
American Shipping Company ASA

Annette Malm Justad Chairperson	Peter D. Knudsen Director
Kristian Røkke Director	Pål Magnussen President / CEO

AMERICAN SHIPPING COMPANY ASA GROUP CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND YEAR TO DATE 2020

CONDENSED INCOME STATEMENT

	unaudited			
	Q3	Q3	Year to date	
Amounts in USD million (except share and per share information)	**2020**	**2019**	**2020**	**2019**
Operating revenues	22.2	22.1	66.0	65.7
Operating expenses	(0.7)	(0.6)	(2.1)	(2.3)
Operating profit before depreciation - EBITDA	**21.5**	**21.5**	**63.8**	**63.4**
Depreciation	(8.6)	(8.5)	(25.5)	(25.3)
Operating profit - EBIT	**12.9**	**13.0**	**38.3**	**38.1**
Gain / (loss) on investments	-	-	-	(0.1)
Net financial expense	(19.0)	(10.0)	(41.4)	(30.4)
Unrealized gain/(loss) on interest swaps	(0.5)	0.1	(0.8)	(3.3)
Profit/(loss) before income tax	**(6.6)**	**3.1**	**(3.9)**	**4.3**
Income tax expense	(0.2)	-	(0.3)	(0.1)
Non-cash income tax (expense) / benefit	2.3	(0.2)	2.4	0.3
Net profit/(loss) for the period *	**(4.5)**	**2.9**	**(1.8)**	**4.5**
Average number of common shares	60,616,505	60,616,505	60,616,505	60,616,505
Earnings/(loss) per share (USD)	**(0.07)**	**0.05**	**(0.03)**	**0.07**

CONDENSED STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

	unaudited			
	Q3	Q3	Year to date	
Amounts in USD million	**2020**	**2019**	**2020**	**2019**
Net income/(loss) for the period	(4.5)	2.9	(1.8)	4.5
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period *	**(4.5)**	**2.9**	**(1.8)**	**4.5**

*** Applicable to common stockholders of the parent company.**

CONDENSED STATEMENT OF FINANCIAL POSITION

	unaudited		
	30-Sep	**30-Sep**	**31-Dec**
Amounts in USD million	**2020**	**2019**	**2019 ***
Assets			
Non-current assets			
Vessels	658.1	686.5	678.9
Interest-bearing long term receivables (DPO)	23.8	25.3	25.3
Total non-current assets	**681.9**	**711.8**	**704.1**
Current assets			
Trade and other receivables	0.1	0.1	0.4
Cash held for specified uses	0.5	2.4	1.6
Cash and cash equivalents	29.9	50.5	46.3
Total current assets	**30.5**	**53.0**	**48.3**
Total assets	**712.4**	**764.8**	**752.4**
Equity and liabilities			
Total equity	**147.5**	**166.0**	**165.0**
Non-current liabilities			
Bond payable	200.0	220.0	220.0
Other interest-bearing loans	332.3	318.5	307.3
Derivative financial liabilities	1.6	0.9	0.8
Capitalized fees	(9.2)	(5.3)	(4.6)
Deferred tax liability	8.9	12.7	11.4
Total non-current liabilities	**533.5**	**546.8**	**534.9**
Current liabilities			
Interest-bearing short-term debt	26.8	41.6	44.3
Deferred revenues and other payables	4.6	10.4	8.2
Total current liabilities	**31.4**	**52.0**	**52.5**
Total liabilities	**564.9**	**598.8**	**587.4**
Total equity and liabilities	**712.4**	**764.8**	**752.4**

* Derived from audited financial statements

CONDENSED STATEMENT OF CHANGES IN TOTAL EQUITY

Amounts in USD million	*unaudited* Year to date 2020	2019
Equity as of beginning of period	**165.0**	**176.1**
Total comprehensive income for the period	(1.8)	4.5
Repurchase of treasury shares	(0.1)	-
Proceeds from sale of treasury shares	0.1	-
Dividends/return of capital	(15.8)	(14.5)
Total equity as of end of period	**147.5**	**166.0**

CONDENSED CASH FLOW STATEMENT

Amounts in USD million	*unaudited* Year to date 2020	2019
Net cash flow from operating activities	25.4	26.7
Net cash flow from investing activities	(4.7)	16.3
Net cash flow used in financing activities	(38.1)	(43.9)
Net change in cash and cash equivalents	**(17.5)**	**(0.9)**
Cash and cash equivalents, including cash held for specified uses at the beginning of period	47.9	53.8
Cash and cash equivalents, including cash held for specified uses at end of period	**30.4**	**52.9**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2020

1. Introduction - American Shipping Company

American Shipping Company ASA ("AMSC") is a company domiciled in Norway. The condensed interim financial statements for the three and nine months ended 30 September 2020 comprise AMSC and its wholly owned subsidiaries. These financial statements have not been audited or reviewed by the Company's auditors. American Shipping Company has one operating segment.

The consolidated 2019 annual financial statements of AMSC are available at www.americanshippingco.com.

2. Basis of Preparation

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

3. Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) applicable for interim reporting, *IAS 34 Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31 December 2019.

4. Significant accounting principles

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended 31 December 2019.

There have not been any new IFRS standards or interpretations issued or effective after the completion of the annual consolidated financial statements for the year 2019 that have a significant impact on AMSC's financial reporting for the three or nine months ended 30 September 2020.

5. Use of estimates

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

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2019.

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

6. Tax

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

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

Deferred tax assets include the Company's net operating losses in carryforward, the losses on derivative financial liabilities, unused interest expense deductions and capitalized loan fees. Deferred tax liabilities include the value of the vessels. AMSC's effective tax rate is significantly impacted by losses in Norway for which no tax benefit is recorded.

The Company has approximately USD 543 million of federal net operating losses in carryforward in the U.S. subsidiaries as of 30 September 2020, of which approximately USD 177 million are subject to certain limitations under Internal Revenue Service Code Section 382 (see note 5 of the 2019 consolidated financial statements for more details). The Company also has USD 85.6 million of net operating losses in carryforward in Norway as of 31 December 2019.

7. Share capital and equity

As of 30 September 2020, AMSC had 60,616,505 ordinary shares at a par value of NOK 10 per share.

Dividends paid (classified as repayment of previously paid in share premium)	2020			2019		
	16-Mar-20	4-Jun-20	7-Sep-20	15-Mar-19	5-Jun-19	10-Sep-19
NOK per share	0.7478	0.8019	0.8958	0.6936	0.6975	0.7249
USD per share	0.080	0.080	0.100	0.080	0.080	0.080
Aggregate NOK (millions)	45.3	48.6	54.3	42.0	42.3	43.9
Aggregate USD (millions)	4.8	4.8	6.1	4.8	4.8	4.8

8. Interest-bearing debt

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

	9 months to	
Amounts in USD million	**30-Sep-20**	**30-Sep-19**
Balance at beginning of period	567.0	601.9
Repayment of debt / loan fees	(527.3)	(29.3)
Issuance of debt	505.0	-
Amortization of loan fees	5.2	2.2
Balance at end of period	549.8	574.8

The Company was in compliance with all of its debt covenants as of 30 September 2020.

On 2 July, AMSC closed on the refinancing of the outstanding USD 220 million 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.

9. Related party transactions

AMSC believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

10. Net financial expenses

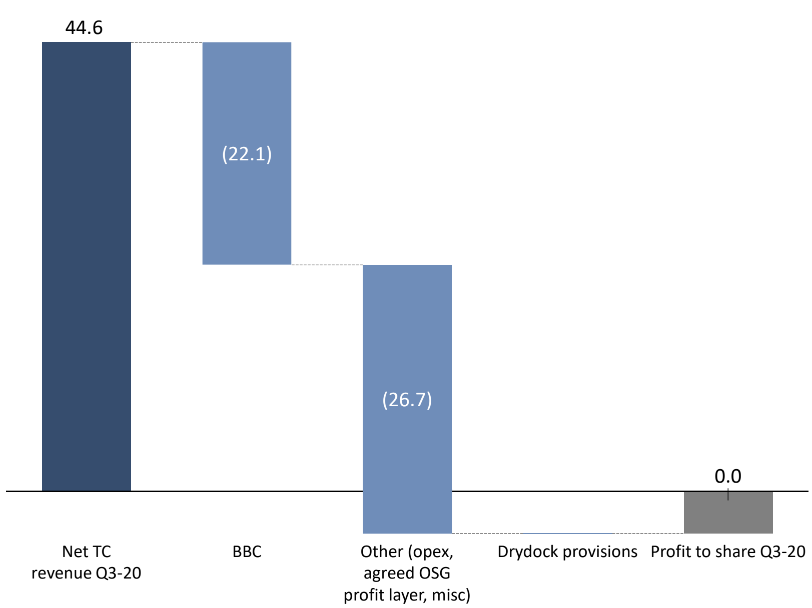
Amounts in USD million	3 months to 30-Sep-20	3 months to 30-Sep-19	9 months to 30-Sep-20	9 months to 30-Sep-19
Interest expense	(8.4)	(10.7)	(30.2)	(32.3)
Refinancing costs	(9.2)	-	(9.2)	-
Write-off unamortized loan fees	(1.7)	-	(3.3)	-
Interest income	0.3	0.7	1.4	2.0
Net financial expense	**(19.0)**	**(10.0)**	**(41.4)**	**(30.4)**

11. Profit sharing agreement with OSG

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

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

Profit Sharing Calculation for Q3 2020



AMSC's 50% share of the full year profit is used to reduce the OSG credit. In the agreement negotiated with OSG, the "OSG credit" is the amount of AMSC's profit sharing that OSG retains prior to having an obligation to remit profit sharing payments to AMSC. After the OSG credit has been fully reduced to zero, AMSC will receive its 50% share of the subsequent profit share in cash. The OSG credit balance was as of 31 December 2019 USD 6.5 million.

12. Deferred Principal Obligation (DPO)

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

The first quarter DPO payment was received subsequent to the quarter and is therefore not reflected in the accounts; the payment is included in Normalized EBITDA as described in note 14.

	9 months to	
Amounts in USD million	**30-Sep-20**	**30-Sep-19**
Balance at beginning of period	25.3	26.7
Repayments of principal	(1.5)	(1.4)
Balance at end of period	23.8	25.3

13. Financial Instruments

The only financial instruments that the Company accounts for at fair value on an ongoing basis are the interest rate swaps, which are classified in the Level 2 category as is described in the 2019 consolidated financial statements. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the quarter ended 30 September 2020, there were no transfers between categories.

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

Amounts in USD millions	Carrying amount 30-Sep-20	Fair value 30-Sep-20	Fair value hierarchy *
Interest-bearing receivables (DPO)	23.8	19.9	3
Interest swap used for economic hedging	(1.6)	(1.6)	2
Unsecured bond issue (gross)	(200.0)	(202.0)	2
Secured loans (gross)	(359.1)	(371.9)	2

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

* Described in the 2019 consolidated financial statements

14. Alternative Performance Measures

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

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

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

	unaudited			
	Q3	**Q3**	**Year to date**	
Normalized EBITDA (amounts in USD millions)	**2020**	**2019**	**2020**	**2019**
Base bareboat revenue	22.2	22.1	66.0	65.7
Less operating expenses	(0.7)	(0.6)	(2.1)	(2.3)
Reported EBITDA	**21.5**	**21.5**	**63.8**	**63.4**
Plus profit share	-	-	-	-
Plus DPO	0.9	0.9	2.6	2.7
Normalized EBITDA	**22.4**	**22.4**	**66.4**	**66.1**

	unaudited			
	Q3	**Q3**	**Year to date**	
Adjusted net profit (amounts in USD millions)	**2020**	**2019**	**2020**	**2019**
Net profit/loss after tax	(4.5)	2.9	(1.8)	4.5
Add back:				
Unrealized (gain)/loss on interest swaps	0.5	(0.1)	0.8	3.3
Non-cash income tax expense	(2.3)	0.2	(2.4)	(0.3)
Loan refinancing:				
Interest swap termination payments	-	-	1.9	-
Bond call price	9.2	-	9.2	-
Write-off unamortized lending fees	1.7	-	3.3	-
Adjusted net profit	**4.6**	**3.0**	**11.0**	**7.5**

15. American Tanker, Inc. consolidated financial statements

In accordance with the bond loan agreement, below are the consolidated unaudited financial statements for American Tanker, Inc. and its subsidiaries for the first nine months of 2020.

CONDENSED INCOME STATEMENT

	unaudited
	YTD
Amounts in USD million (except share and per share information)	**2020**
Operating revenues	66.0
Operating expenses	(0.8)
Operating profit before depreciation - EBITDA	**65.1**
Depreciation	(25.5)
Operating profit - EBIT	**39.6**
Net interest expense	(47.9)
Unrealized gain/(loss) on interest swaps	(0.8)
Other financial expenses	(1.7)
Profit/(loss) before income tax	**(10.7)**
Income tax expense	(0.3)
Non-cash income tax benefit/(expense)	2.4
Net profit/(loss) for the period *	**(8.6)**
Average number of common shares	1,000
Earnings/(loss) per share (USD thousands)	**(8.63)**

*** Applicable to common stockholders of the parent company.**

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in USD million	*unaudited* 30-Sep 2020
Assets	
Non-current assets	
Vessels	657.1
Interest-bearing long term receivables (DPO)	23.8
Derivative financial assets	-
Total non-current assets	**680.9**
Current assets	
Other current assets	0.3
Cash held for specified uses	0.5
Cash and cash equivalents	22.3
Total current assets	**23.0**
Total assets	**703.9**
Equity and liabilities	
Total equity	**50.3**
Non-current liabilities	
Bond payable	200.0
Other interest-bearing loans	422.6
Derivative financial liabilities	1.6
Capitalized fees	(9.2)
Deferred tax liability	9.6
Total non-current liabilities	**624.6**
Current liabilities	
Interest-bearing short-term debt	26.8
Deferred revenues and other payables	2.2
Total current liabilities	**29.0**
Total liabilities	**653.6**
Total equity and liabilities	**703.9**

CONDENSED CASH FLOW STATEMENT

Amounts in USD million	*unaudited* YTD 2020
Net cash flow from operating activities	19.1
Net cash flow from investing activities	(4.7)
Net cash flow used in financing activities	(18.9)
Net change in cash and cash equivalents	**(4.6)**
Cash and cash equivalents, including cash held for specified uses at the beginning of period	27.4
Cash and cash equivalents, including cash held for specified uses at end of period	**22.8**

16. Subsequent events

On 19 November 2020, the Board authorized a quarterly dividend payment of USD 0.10 per share to the shareholders on record as of 27 November 2020. The shares in AMSC will be traded ex. dividend from and including 26 November 2020, and the dividend will be paid on or about 7 December 2020. The dividend is classified as a return of paid in capital.

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