

AMERICAN SHIPPING COMPANY ASA

Fourth Quarter 2021 Report



Fourth Quarter 2021 Report

Lysaker, 25 February 2022, American Shipping Company ASA (“AMSC” or the “Company”) announces results for the fourth quarter ending 31 December 2021.

HIGHLIGHTS

- Stable Q4 financial performance with bareboat revenue of USD 22.2 million, normalized EBITDA of USD 21.9 million and adjusted net profit of USD 4.3 million
- In December 2021, OSG declared its options to extend the lease term for two vessels by one year and provided notice of redelivery of three vessels in December 2022
- Backlog of secured bareboat revenue of USD 159.5 million with average weighted tenor of 1.8 years
- Declared Q4 dividend of USD 0.12 per share, supported by the Company’s free cash flow

AMSC CEO, Pål Lothe Magnussen comments, *“We are excited about the opportunity to redeploy three of our vessels in the Jones Act tanker market over the next several months. During Q4 and into Q1 we have seen a number of new charters both in the clean and crude trades, in addition to the emerging renewable diesel trade. We expect to see continued chartering activity during the year and the outlook for 2023 remains encouraging.”*

MAIN EVENTS DURING AND SUBSEQUENT TO THE FOURTH QUARTER

- **Operating income:** Operating income was stable at USD 12.1 million in Q4 2021 and USD 12.7 million in Q4 2020.
- **Normalized EBITDA:** Normalized EBITDA of USD 21.9 million for Q4 2021 consists of base bareboat revenue of USD 22.2 million, plus Deferred Principal Obligation (“DPO”) of USD 0.8 million, less SG&A of USD 1.1 million. The comparative figure for Q4 2020 for normalized EBITDA was USD 22.2 million (consisting of base bareboat revenue of USD 22.2 million, plus DPO of USD 0.9 million, less SG&A of USD 0.9 million). See Note 14 for more detailed information.
- **Adjusted net profit:** Adjusted net profit of USD 4.3 million for Q4 2021 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 Q 2020 was USD 5.0 million. See Note 14 for further details.
- **Update on OSG bareboat charter terms:** On 10th December 2021, the Company announced that OSG declared its options to extend the bareboat charter agreements for two vessels currently under charter from AMSC to OSG by one year, moving the new bareboat charter expiry date to December 2023. In addition, OSG provided notice not to extend the bareboat agreements for three vessels. These vessels will remain contracted with associated cash flows from OSG until the present charters expire in December 2022. Upon charter expirations and vessel redeliveries, the deferred payment obligations related to these three contracts of approximately USD 12 million will fall due and become immediately payable by OSG to AMSC.
- **Dividends:** On 18 November 2021, the Board authorized a quarterly dividend payment of USD 0.12 per share, the equivalent of NOK 1.0706 per share, to the shareholders on record as of 26 November, which was paid on 6 December 2021. The dividend was classified as a return of paid in capital.

On 24 February 2022, the Board authorized a dividend payment of USD 0.12 per share to the shareholders on record as of 4 March 2022. The shares in AMSC will be traded ex. dividend from and including 3 March

2022, and the dividend will be paid on or about 14 March 2022. The dividend is classified as a return of paid in capital.

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

FOURTH QUARTER FINANCIAL REVIEW

Condensed Income Statement

Amounts in USD million (except share and per share information)	<i>unaudited</i>			
	Q4 2021	Q4 2020	Full Year 2021 2020	
Operating revenues	22.2	22.2	88.2	88.2
Operating profit before depreciation - EBITDA	21.1	21.3	83.6	85.2
Normalized EBITDA	21.9	22.2	86.9	88.6
Operating profit - EBIT	12.1	12.7	49.2	51.0
Net financial expense	(7.7)	(7.6)	(30.0)	(49.0)
Unrealized gain/(loss) on interest swaps	5.1	0.4	4.8	(0.4)
Net foreign exchange gain/(loss)	(0.1)	-	(0.5)	-
Profit/(loss) before income tax	9.4	5.5	23.5	1.6
Income tax expense	(0.1)	(0.1)	(0.2)	(0.4)
Non-cash income tax (expense) / benefit	(6.9)	14.5	(9.9)	16.9
Net profit/(loss) for the period *	2.4	19.9	13.4	18.1
Adjusted net profit	4.3	5.0	18.8	15.9
Average number of common shares	60,616,505	60,616,505	60,616,505	60,616,505
Earnings/(loss) per share (USD)	0.04	0.33	0.22	0.30

* Applicable to common stockholders of the parent company

Fourth quarter results

AMSC's operating revenues for Q4 2021 and Q4 2020 were USD 22.2 million each. EBITDA was USD 21.1 million in Q4 2021 and USD 21.3 million in Q4 2020. EBIT was USD 12.1 million in Q4 2021 (USD 12.7 million in Q4 2020).

Net financial expense for Q4 2021 was USD 7.7 million (USD 7.6 million in Q4 2020). In Q4 2021, AMSC had an unrealized gain of USD 5.1 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (USD 0.4 million in Q4 2020).

AMSC had a net profit before tax for Q4 2021 of USD 9.4 million compared to USD 5.5 million in Q4 2020. Current income tax expense was USD 0.1 million each in Q4 2021 and Q4 2020. Deferred income tax expense was USD 6.9 million in Q4 2021 (USD 14.5 million benefit in Q4 2020). During the fourth quarter 2020, the Company recognized its net deferred tax assets in Norway that had not been previously recognized. Net profit for Q4 2021 was USD 2.4 million compared to USD 19.9 million in Q4 2020.

As of 31 December 2021, AMSC has approximately USD 467.8 million of federal net operating losses in carryforward in its U.S. subsidiaries and approximately USD 62.9 million of net operating losses in Norway. See Note 6 for more detailed information.

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

Full year results

AMSC's operating revenues for the full year 2021 and 2020 were USD 88.2 million each. EBITDA was USD 83.6 million in 2021 and USD 85.2 million in 2020. EBIT was USD 49.2 million in the full year 2021 (USD 51.0 million in 2020).

Net financial expense for 2021 was USD 30.0 million (USD 49.0 million in 2020). The reduced expense is partially due to the refinancing of AMSC's debt during 2020, which included 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, and a non-cash write-off of unamortized loan fees of USD 3.3 million

In 2021, AMSC had an unrealized gain of USD 4.8 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (USD 0.4 million loss in 2020).

AMSC had a net profit before tax for the full year 2021 of USD 23.5 million (USD 1.6 million loss for 2020). Current income tax expense for 2021 was USD 0.2 million (USD 0.4 million in 2020). Deferred income tax expense was USD 9.9 million in 2021 (USD 16.9 million benefit in 2020). Net profit for 2021 was USD 13.4 million compared to USD 18.1 million in 2020.

Condensed Statement of Financial Position

Amounts in USD million	<i>unaudited</i>	31-Dec 2020 *
	31-Dec 2021	
Vessels	615.1	649.5
Deferred tax assets	11.3	14.8
Interest-bearing long term receivables (DPO)	7.3	23.3
Derivative financial assets	3.6	-
Trade and other receivables	14.9	0.3
Cash held for specified uses	5.4	5.5
Cash and cash equivalents	55.9	30.3
Total assets	713.5	723.7
Total equity	149.2	161.3
Deferred tax liabilities	16.2	9.2
Interest-bearing long term debt	511.8	516.9
Derivative financial liabilities	-	1.2
Interest-bearing short term debt	26.8	26.8
Deferred revenues and other payables	9.5	8.3
Total equity and liabilities	713.5	723.7

* Derived from audited financial statements

The decrease in Vessels from 31 December 2020 reflects depreciation of the Company's 10 vessels for 2021.

During 2021, Overseas Shipholding Group, Inc. (“OSG”) made repayments on the DPO of USD 3.3 million, of which USD 1.9 million is principal repayment. As of 31 December 2021, USD 13.3 million of the DPO balance was reclassified to short term trade and other receivables. See note 12 to the condensed consolidated financial statements for additional information on the DPO.

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

Interest bearing debt as of 31 December 2021 was USD 538.6 million, net of USD 6.9 million in capitalized fees versus USD 543.6 million as of 31 December 2020. This debt relates to the bank financing for the Company’s 10 vessels of USD 325.5 million and the unsecured bond of USD 220.0 million. AMSC was in compliance with all of its debt covenants as of 31 December 2021.

Outlook

The second half of 2021 has seen several time charter fixtures at firming rates and of durations ranging from 3 months to 5 years. Fixtures are concluded on the back of U.S. domestic demand for clean petroleum products returning to historical levels, increased demand for crude transportation and increasing demand for transportation of renewable diesel. Only one MR tanker remains in warm layup, down from eight last summer.

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

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

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

The long-term fundamentals in the Jones Act tanker market remain positive. MR tankers are a reliable means of transportation and a key part of the infrastructure transporting fuel and crude oil across the USA. AMSC’s 10 tankers are a key part of the Jones Act fleet and represent about 30% of the modern tankers. AMSC continues to enjoy downside protection with “come hell or high water” bareboat contracts, with three product tankers on contract until December 2022, six product tankers on contract until December 2023 and one shuttle tanker on contract until June 2025.

Risks

The risks facing AMSC principally relate to the operational and financial performance of OSG, re-chartering risk as well as overall market risk. Following the December 2021 announcement, three vessels have bareboat charters expiring in December 2022, six vessels have bareboat charters expiring in December 2023, and one vessel is contracted through June 2025. Three vessels will be redelivered to AMSC upon expiration in December 2022. There is no guarantee that AMSC will be successful in finding alternative employment for the three vessels, and there could be additional costs and capital expenditures required to maintain the vessels.

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

For further details of AMSC's risks, refer to the 2020 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, 24 February 2022
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 INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FULL YEAR 2021

CONDENSED INCOME STATEMENT

Amounts in USD million (except share and per share information) Note	<i>unaudited</i>			
	Q4 2021	Q4 2020	Full Year 2021	Full Year 2020
Operating revenues	22.2	22.2	88.2	88.2
Operating expenses	(1.1)	(0.9)	(4.6)	(3.0)
Operating profit before depreciation - EBITDA	21.1	21.3	83.6	85.2
Depreciation	(9.0)	(8.7)	(34.4)	(34.2)
Operating profit - EBIT	12.1	12.7	49.2	51.0
Net financial expense 10	(7.7)	(7.6)	(30.0)	(49.0)
Unrealized gain/(loss) on interest swaps	5.1	0.4	4.8	(0.4)
Net foreign exchange gain/(loss)	(0.1)	-	(0.5)	-
Profit/(loss) before income tax	9.4	5.5	23.5	1.6
Income tax (expense) / benefit 6	(0.1)	(0.1)	(0.2)	(0.4)
Non-cash income tax (expense) / benefit 6	(6.9)	14.5	(9.9)	16.9
Net profit/(loss) for the period *	2.4	19.9	13.4	18.1
Average number of common shares 7			60,616,505	
Earnings/(loss) per share (USD)	0.04	0.33	0.22	0.30

CONDENSED STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

Amounts in USD million	<i>unaudited</i>			
	Q4 2021	Q4 2020	Full Year 2021	Full Year 2020
Net income/(loss) for the period	2.4	19.9	13.4	18.1
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period *	2.4	19.9	13.4	18.1

* Applicable to common stockholders of the parent company.

CONDENSED STATEMENT OF FINANCIAL POSITION

		unaudited	
		31-Dec 2021	31-Dec 2020 *
Amounts in USD million	Note		
Assets			
Non-current assets			
Vessels		615.1	649.5
Deferred tax assets		11.3	14.8
Interest-bearing long term receivables (DPO)	12	7.3	21.4
Derivative financial assets		3.6	-
Total non-current assets		637.3	685.7
Current assets			
Trade and other receivables		14.9	2.2
Cash held for specified uses		5.4	5.5
Cash and cash equivalents		55.9	30.3
Total current assets		76.2	38.0
Total assets		713.5	723.7
Equity and liabilities			
Total equity		149.2	161.3
Non-current liabilities			
Bond payable	8	220.0	200.0
Other interest-bearing loans	8	298.7	325.6
Derivative financial liabilities		-	1.2
Capitalized fees	8	(6.9)	(8.7)
Deferred tax liability	6	16.2	9.2
Total non-current liabilities		528.0	527.3
Current liabilities			
Interest-bearing short-term debt	8	26.8	26.8
Deferred revenues and other payables		9.5	8.3
Total current liabilities		36.3	35.1
Total liabilities		564.3	562.4
Total equity and liabilities		713.5	723.7

* Derived from audited financial statements

CONDENSED STATEMENT OF CHANGES IN TOTAL EQUITY

Amounts in USD million	Note	<i>unaudited</i>	
		Full Year	
		2021	2020
Equity as of beginning of period		161.3	165.0
Total comprehensive income for the period		13.4	18.1
Repurchase of treasury shares		(0.2)	(0.1)
Proceeds from sale of treasury shares		0.1	0.1
Dividends/return of capital	7	(25.5)	(21.8)
Total equity as of end of period		149.2	161.3

CONDENSED CASH FLOW STATEMENT

Amounts in USD million	<i>unaudited</i>	
	Full Year	
	2021	2020
Net cash flow from operating activities	57.8	43.8
Net cash flow from investing activities	-	(4.8)
Net cash flow used in financing activities	(32.2)	(51.1)
Net change in cash and cash equivalents	25.6	(12.1)
Cash and cash equivalents, including cash held for specified uses at the beginning of period	35.7	47.9
Cash and cash equivalents, including cash held for specified uses at end of period	61.3	35.8

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND TWELVE MONTHS ENDED 31 DECEMBER 2021
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 twelve months ended 31 December 2021 and 2020 comprise AMSC and its wholly owned subsidiaries. These interim financial statements have not been audited or reviewed by the Company's auditors. American Shipping Company has one operating segment.

The consolidated 2020 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 twelve 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 2020.

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 2020.

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 2020 that have a significant impact on AMSC's financial reporting for the three and twelve months ended 31 December 2021.

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 2020.

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

6. Tax

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

Without the benefit of accelerated depreciation on vessels for U.S. income tax purposes, the Company would have U.S. taxable income. Accordingly, substantially all 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.

The Company has approximately USD 467.8 million of federal net operating losses in carryforward in the U.S. subsidiaries as of 31 December 2021, of which approximately USD 151.7 million are subject to certain limitations under Internal Revenue Service Code Section 382 (see note 5 of the 2020 consolidated financial statements for more details). The Company also has approximately USD 62.9 million of net operating losses in carryforward in Norway as of 31 December 2021.

7. Share capital and equity

As of 31 December 2021, 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)	2021				2020			
	1-Mar-21	4-Jun-21	3-Sep-21	6-Dec-21	16-Mar-20	4-Jun-20	7-Sep-20	7-Dec-20
NOK per share	0.8470	0.8321	0.8872	1.0706	0.7478	0.8019	0.8958	0.898
USD per share	0.100	0.100	0.100	0.120	0.080	0.080	0.100	0.100
Aggregate NOK (millions)	51.3	50.4	53.8	64.9	45.3	48.6	54.3	54.4
Aggregate USD (millions)	6.1	6.1	6.1	7.3	4.8	4.8	6.1	6.1

8. Interest-bearing debt

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

Amounts in USD million	12 months to	
	31-Dec-21	31-Dec-20
Balance at beginning of period	543.6	567.0
Repayment of debt / loan fees	(26.7)	(534.3)
Issuance of debt	20.0	505.0
Amortization of loan fees	1.7	5.9
Balance at end of period	538.6	543.6

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

On 15 April 2021, the Company executed a tap issue of USD 20 million in the senior unsecured bond due 2 July 2025. The tap issue was made at an issue price of 101% of nominal amount. Following settlement on 19 April 2021, the outstanding amount of the senior unsecured bond is USD 220 million. The USD 0.2 million gain on the issue was recognized during Q2 2021 as a reduction of interest expense.

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		12 months to	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Interest expense	(8.0)	(8.0)	(31.9)	(38.2)
Refinancing costs	-	-	-	(9.2)
Write-off unamortized loan fees	-	-	-	(3.3)
Interest income	0.3	0.4	1.8	1.7
Net financial expense	(7.7)	(7.6)	(30.0)	(49.0)

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 time charter vessel revenue, subtracted by defined cost elements including provisions for drydock costs. The profit share is reported quarterly, but is calculated on an aggregated fleet level over a full calendar year. Accordingly, one may have individual quarters with positive profit share offset by quarters with negative profit share. Nonetheless, AMSC's portion of the profit can never be negative on an annual basis.

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

AMSC's 50% share of the full year profit is used to reduce the OSG credit. In the agreement negotiated with OSG, the "OSG credit" is the amount of AMSC's profit sharing that OSG retains prior to having an obligation to remit profit sharing payments to AMSC. After the OSG credit has been fully reduced to zero, AMSC will receive

its 50% share of the subsequent profit share in cash. The OSG credit balance was as of 31 December 2021 USD 7.7 million.

12. Deferred Principal Obligation (DPO)

Pursuant to the current charter agreements, 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 is repaid to AMSC over 18 years including interest unless the bareboat charter is terminated earlier at which time the DPO becomes due immediately. OSG has made repayments on all five vessels delivered under the arrangement, and those vessels' cash bareboat charter hire resumed to its full contractual amount.

Amounts in USD million	12 months to	
	31-Dec-21	31-Dec-20
Balance at beginning of period	23.3	25.3
Repayments of principal	(1.9)	(2.0)
Balance at end of period	21.4	23.3
Reclassified to short-term receivables	(14.1)	(1.9)
Long term balance at end of period	7.3	21.4

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 2020 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 31 December 2021, there were no transfers between categories.

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

Amounts in USD millions	Carrying amount	Fair value	Fair value
	31-Dec-21	31-Dec-21	hierarchy *
Interest-bearing receivables (DPO)	21.4	19.6	3
Interest swap used for economic hedging	3.6	3.6	2
Unsecured bond issue (gross)	(220.0)	(221.7)	2
Secured loans (gross)	(325.5)	(335.6)	2

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

* Described in the 2020 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.

	<i>unaudited</i>			
	Q4 2021	Q4 2020	Full Year 2021 2020	
Normalized EBITDA (amounts in USD millions)				
Base bareboat revenue	22.2	22.2	88.2	88.2
Less operating expenses	(1.1)	(0.9)	(4.6)	(3.0)
Reported EBITDA	21.1	21.3	83.6	85.2
Plus profit share	-	-	-	-
Plus DPO	0.8	0.9	3.3	3.4
Normalized EBITDA	21.9	22.2	86.9	88.6

	<i>unaudited</i>			
	Q4 2021	Q4 2020	Full Year 2021 2020	
Adjusted net profit (amounts in USD millions)				
Net profit/loss after tax	2.4	19.9	13.4	18.1
Add back:				
Unrealized (gain)/loss on interest swaps	(5.1)	(0.4)	(4.8)	0.4
Net foreign exchange (gain)/loss	0.1	-	0.5	-
Non-cash income tax expense	6.9	(14.5)	9.9	(16.9)
Loan refinancing:				
Interest swap termination payments	-	-	-	1.9
Bond (premium) / call price	-	-	(0.2)	9.2
Write-off unamortized lending fees	-	-	-	3.3
Adjusted net profit	4.3	5.0	18.8	15.9

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 full year 2021.

CONDENSED INCOME STATEMENT

	<i>unaudited</i>
	Full year 2021
Amounts in USD million (except share and per share information)	
Operating revenues	88.2
Operating expenses	(3.5)
Operating profit before depreciation - EBITDA	84.7
Depreciation	(34.4)
Operating profit - EBIT	50.3
Net interest expense	(38.9)
Unrealized gain/(loss) on interest swaps	4.8
Other financial expenses	(2.0)
Profit/(loss) before income tax	14.2
Income tax expense	(0.5)
Non-cash income tax benefit/(expense)	(6.7)
Net profit/(loss) for the period *	7.0
Average number of common shares	1,000
Earnings/(loss) per share (USD thousands)	7.02

* Applicable to common stockholders of the parent company.

CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>unaudited</i>
	31-Dec 2021
Amounts in USD million	
Assets	
Non-current assets	
Vessels	614.1
Interest-bearing long term receivables (DPO)	8.1
Derivative financial assets	3.6
Total non-current assets	625.8
Current assets	
Other current assets	14.0
Cash held for specified uses	0.9
Cash and cash equivalents	49.0
Total current assets	63.9
Total assets	689.8
Equity and liabilities	
Total equity	38.6
Non-current liabilities	
Bond payable	220.0
Other interest-bearing loans	388.3
Capitalized fees	(6.9)
Deferred tax liability	16.6
Total non-current liabilities	618.1
Current liabilities	
Interest-bearing short-term debt	26.8
Deferred revenues and other payables	6.3
Total current liabilities	33.1
Total liabilities	651.1
Total equity and liabilities	689.8

CONDENSED CASH FLOW STATEMENT

	<i>unaudited</i>
	Full year 2021
Amounts in USD million	
Net cash flow from operating activities	48.2
Net cash flow used in financing activities	(20.3)
Net change in cash and cash equivalents	27.9
Cash and cash equivalents, including cash held for specified uses at the beginning of period	22.0
Cash and cash equivalents, including cash held for specified uses at end of period	49.9

16. Subsequent events

On 24 February 2022, the Board authorized a dividend payment of USD 0.12 per share to the shareholders on record as of 4 March 2022. The shares in AMSC will be traded ex. dividend from and including 3 March 2022, and the dividend will be paid on or about 14 March 2022. The dividend is classified as a return of paid in capital.

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