

# AMSC ASA

## Second Quarter 2023 Report



## Second quarter and half year 2023 Report

Lysaker, 23 August 2023, AMSC ASA (“AMSC” or the “Company”) announces results for the second quarter and half year ending 30 June 2023.

### HIGHLIGHTS

- Agreed to a sale of 100% of the shares in ATHC, which comprises all of AMSC’s Jones Act business including the 10 tankers and corresponding bareboat charters, debt and corporate structure
- Bareboat revenue for Q2 2023 of USD 30.9 million and adjusted net profit of USD 4.8 million
- Contracted backlog of U.S. Jones Act bareboat revenue of USD 282.6 million with average weighted tenor of 3.0 years
- Contracted backlog of Offshore bareboat revenue of USD 130.4 million with 4.3 years tenor
- Declared Q2 2023 dividend of USD 0.12 per share

AMSC CEO, Pål Lothe Magnussen comments, *“As announced yesterday, we are pleased that Maritime Partners, a leading Jones Act leasing company, is acquiring our Jones Act business. AMSC’s ownership tenure has surpassed 18 years since the ships were ordered, during which significant financial profits have been created and provided to AMSC and its shareholders. We believe this transaction was a good opportunity and point in time for us to reconsider capital allocation for AMSC and strategy going forward. We will continue to own the Normand Maximus, which is a great business to grow from as we look forward towards new investments in the shipping and offshore markets.”*

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

- **Sale of 100% of the shares in ATHC:** Subject to satisfaction of certain customary conditions, as well as shareholder approval, AMSC will receive gross cash proceeds from the Transaction of in aggregate USD 249.3 million, divided between consideration for the shares in ATHC and repayment of a shareholder loan, reflecting an enterprise value of ATHC of USD 746.7 million based the balance sheet of ATHC as per 31 March 2023. The consideration represents a premium to current implied trading value of AMSC and represents a valuation of ATHC that is 2.4x book equity (based on year end 2022 book equity and including the shareholder loan) and EV/EBITDA (2022) ratio of 9.1 and P/E ratio of 19.8 (2022). The Transaction is expected to close no later than October 2023. Please see separate stock exchange notice for further details.
- **Operating profit:** Operating profit was increased to USD 17.8 million in Q2 2023 compared to USD 11.5 million in Q2 2022.
- **Adjusted net profit:** Adjusted net profit of USD 4.8 million for Q2 2023 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 Q2 2022 was USD 3.8 million. See the section on Alternative Performance Measures for further details.
- **Normand Maximus:** During Q2 2023, the deferred charter hire limit was increased to USD 20 million. The balance at the end of the quarter was USD 15.2 million. Subsequent to the end of Q2, the charterer fully

repaid the deferred charter hire plus accrued interest. During Q2 2023, the Tranche B loan facility was increased by USD 10 million up to USD 45 million and the expiry was extended until January 2024.

- **Dividends:** On 23 May 2023, the Board authorized a quarterly dividend payment of USD 0.12 per share, the equivalent of NOK 1.32 per share, to the shareholders on record as of 31 May 2023, which was paid on 8 June 2023. The dividend was classified as a return of paid in capital.

On 22 August 2023, the Board authorized a dividend payment of USD 0.12 per share to the shareholders on record as of 30 August 2023. The shares in AMSC will be traded ex. Dividend from and including 29 August 2023, and the dividend will be paid on or about 7 September 2023. The dividend is classified as a return of paid in capital.

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.

## SECOND QUARTER AND HALF YEAR FINANCIAL REVIEW

### Condensed Income Statement

Amounts in USD million (except share and per share information)	<i>unaudited</i>			
	Q2 2023	Q2 2022	Year to date	
			2023	2022
Leasing revenues	30.9	22.0	61.1	43.7
Operating profit before depreciation - EBITDA	29.6	20.1	58.5	41.0
Operating profit - EBIT	17.8	11.5	35.9	23.9
Net financial expense	(13.0)	(7.7)	(25.3)	(15.2)
Change in market value of interest rate swaps	0.3	1.7	(0.4)	8.2
Net foreign exchange gain/(loss)	-	(1.4)	(0.8)	(1.3)
Profit/(loss) before income tax	5.1	4.1	9.4	15.6
Income tax expense	-	-	(0.1)	(0.1)
Non-cash income tax (expense) / benefit	(1.1)	(0.8)	(2.0)	(3.4)
Net profit/(loss) for the period	4.0	3.3	7.2	12.1
Adjusted net profit	4.8	3.8	10.5	8.7
Average number of common shares	71,863,838	60,616,505	71,863,838	60,616,505
Basic and diluted earnings per share (USD)	0.06	0.05	0.10	0.20

### Second quarter results

AMSC's leasing revenues for Q2 2023 and Q2 2022 were USD 30.9 million and USD 22.0 million, respectively. The increase is due to the commencement of the bareboat charter for Normand Maximus in Q4 2022. EBITDA was USD 29.6 million in Q2 2023 and USD 20.1 million in Q2 2022. Operating profit was USD 17.8 million in Q2 2023 (USD 11.5 million in Q2 2022).

Net financial expense for Q2 2023 was USD 13.0 million (USD 7.7 million in Q2 2022). The increase is due to higher balances of secured loans for financing the Normand Maximus, as well as an increased portion of floating rate debt during Q2 2023.

In Q2 2023, AMSC had a gain of USD 0.3 million on the mark-to-market valuation of its interest rate swap contract related to its vessel financing (USD 1.7 million gain in Q2 2022). Net foreign exchange loss for Q2 2023 was zero (USD 1.4 million loss in Q2 2022, relating to revaluation of NOK balances into USD functional currency).

AMSC had a net profit before tax for Q2 2023 of USD 5.1 million compared to USD 4.1 million in Q2 2022. Current income tax expense was zero in both Q2 2023 and Q2 2022. Non-cash income tax expense was USD 1.1 million in Q2 2023 (USD 0.8 million in Q2 2022). Net profit for Q2 2023 was USD 4.0 million compared to USD 3.3 million in Q2 2022.

### Year to date results

AMSC's operating revenues for the first six months of 2023 and 2022 were USD 61.1 million and USD 43.7 million, respectively. EBITDA was USD 58.5 million year to date in 2022 and USD 41.0 million in the first six months of 2022. EBIT was USD 35.9 million in the six months ending 30 June 2023 (USD 23.9 million in the same period of 2022).

Net financial expense for the first six months of 2023 was USD 25.3 million (USD 15.2 million in the first six months of 2022). The increase is due to higher balances of secured loans for financing the Normand Maximus, as well as an increased portion of floating rate debt during 2023.

In 2023, AMSC had an unrealized loss of USD 0.4 million on the mark-to-market valuation of its interest rate swap contracts related to its vessel financing (USD 8.2 million gain in 2022). AMSC also recognized a net foreign exchange loss of USD 0.8 million during the first half of 2023 (USD 1.3 million in the same period of 2022).

AMSC had a net profit before tax for the six months ending 30 June 2023 of USD 9.4 million (USD 15.6 million for the six months ending 30 June 2022). Current income tax expense for year-to-date 2023 and 2022 was 0.1 million each. Non-cash income tax expense was USD 2.0 million in 2023 (USD 3.4 million in 2022). Net profit for the first six months of 2023 was USD 7.2 million compared to USD 12.1 million in the first six months of 2022.

### Condensed Statement of Financial Position

Amounts in USD million	<i>unaudited</i>		31-Dec 2022 *
	30-Jun 2023	30-Jun 2022	
Vessels	737.4	600.0	750.8
Deferred tax assets	0.6	9.4	2.9
Interest-bearing long term receivables (DPO)	6.2	6.9	7.2
Other non current assets	7.3	-	0.3
Derivative financial assets	4.2	11.8	4.7
Deposit for vessel	-	20.0	-
Trade and other receivables	18.2	14.3	12.9
Cash held for specified uses	4.6	6.5	5.0
Cash and cash equivalents	34.8	33.0	45.5
<b>Total assets</b>	<b>813.2</b>	<b>701.8</b>	<b>829.3</b>
Total equity	165.0	146.8	175.0
Deferred tax liabilities	18.8	18.8	18.8
Interest-bearing long term debt	546.1	499.5	555.3
Interest-bearing short term debt	82.6	35.3	78.0
Trade and other payables	0.8	1.4	2.2
<b>Total equity and liabilities</b>	<b>813.2</b>	<b>701.8</b>	<b>829.3</b>

\* Derived from audited financial statements

The change in vessels from 31 December 2022 reflects installation of ballast water treatment systems in the Jones Act fleet of USD 8.4 million, offset by depreciation for the first half of 2023 of USD 21.8 million. Similar investments will be made for the final Jones Act tanker in connection with its special surveys during the remainder of 2023.

During the first half of 2023, the DPO was reduced by repayments made by Overseas Shipholding Group, Inc. (“OSG”) of USD 4.3 million and repayments made by the Normand Maximus charter party of USD 6.7 million, offset by charter hire deferral of USD 15.0 million for the Normand Maximus contract. As of 30 June 2023, USD 16.0 million of the DPO balance was reclassified to short term trade and other receivables. Subsequent to the end of Q2, the charterer fully repaid the deferred charter hire plus accrued interest. See note 12 to the condensed consolidated financial statements for additional information on the DPO.

During Q4 2022, OSG failed to pay the DPO balance due for one of the three vessels redelivered in December 2022. As a result, AMSC filed a complaint against OSG in U.S. district court for the District of Southern New York

for USD 4.5 million. During Q2 2023, AMSC and OSG settled the outstanding dispute and OSG repaid the overdue balance of USD 3.9 million plus accrued interest. AMSC has no other ongoing litigation.

Other non-current assets reflect capitalized costs, including special survey costs, relating to the three ships delivered to Keystone during Q4 2022 and will be amortized over the fixed charter terms, or in the case of special survey costs, over the period until the next dry docking.

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

Interest bearing debt as of 30 June 2023 was USD 628.7 million, net of USD 4.6 million in capitalized fees versus USD 633.2 million as of 31 December 2022. This debt relates to the bank financing for the Company's 10 U.S. Jones Act vessels of USD 285.2 million, bank financing for the Normand Maximus of USD 117.3 million, the unsecured bond of USD 220.0 million and accrued financial costs of USD 10.8 million. AMSC was in compliance with all of its debt covenants as of 30 June 2023.

## Outlook

As recently announced, AMSC has entered into an agreement to sell 100% of the shares in ATHC to Maritime Partners, subject to satisfaction of certain customary conditions, as well as shareholder approval. AMSC will receive gross cash proceeds from the transaction of in aggregate USD 249.3 million, reflecting an enterprise value of the Company of USD 746.7 million. Following closing of the transaction, the board of directors of AMSC intends to resolve paying an additional dividend of USD 170 million. The expected additional dividend equates to about NOK 25.1 per share assuming a NOK/USD exchange rate of 10.6. AMSC will retain the remaining cash proceeds from the transaction to be used for general corporate purposes and equity for future investments in new projects.

AMSC will continue to own the Normand Maximus on bareboat contract to a subsidiary of Solstad Offshore ASA. This business unit generates an annual EBITDA of about USD 30 million and provides significant dividend capacity. 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 not seen for almost 10 years. Solstad has previously reported contract coverage for the next two year for the Normand Maximus.

AMSC will remain as a public company on the Euronext Oslo Stock Exchange and continue to grow within the maritime ship owning and ship leasing market. Aker ASA will remain as a key shareholder and management and the board will continue as is.

AMSC will continue to seek attractive risk/reward projects offering flexible solutions to operators in the shipping and offshore markets, targeting medium term contracts with extension optionality, and preferably participating in future upside through profit sharing mechanisms.

AMSC will continue to pay quarterly attractive dividends.

The entire U.S. Jones Act tanker fleet is presently fully employed on term charters and ships are being chartered for future charter commencement at strong rates. 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 strong Jones Act tanker market going forward.

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

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

Vessel	Charter Expiration	Operator	Remaining Charter Extension Options
Overseas 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	Subsidiary of Solstad	2 x 5 year

## Risks

The risks facing AMSC principally relate to the operational and financial performance of its charterers, agreements, refinancing risk, and interest rate risk.

Indirectly AMSC is exposed to overall Jones Act tanker market risk and OSG's ability to secure time charter contracts for its fleet. Following the acquisition of the offshore construction vessel Normand Maximus, AMSC is also exposed to the offshore services market risk and Solstad's ability to secure time charters for the Normand Maximus and to perform under the bareboat contract with AMSC.

AMSC is exposed to rechartering risk upon expiry of existing bareboat charters. Presently, 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.

AMSC is also exposed to refinancing and interest rate risk related to the bank debt on the 10 Jones Act tankers, the bank debt for Normand Maximus and the ATI unsecured bond. The Jones Act secured bank debt matures in April and November 2025. The ATI unsecured bond matures in July 2025. The Normand Maximus secured bank debt Tranche A matures in June 2025, with Tranche B maturing in January 2024.

AMSC's activities also expose the Company to a variety of other financial risks, including but not limited to, currency, liquidity risk and ability to stay in compliance with covenants.

For further details of AMSC's risks, refer to the 2022 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, 22 August 2023  
The Board of Directors and President / CEO  
AMSC ASA

Annette Malm Justad  
Chairperson

Peter D. Knudsen  
Director

Frank O. Reite  
Director

Pål Magnussen  
President / CEO

## Responsibility statement

The unaudited condensed interim consolidated financial statements of AMSC ASA and its subsidiaries (“Group”) and interim financial report as of 30 June 2023 and for the first half of 2023 were approved by the Board of Directors and Managing Director on 22 August 2023.

The interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and the additional requirements in the Norwegian Securities Trading Act.

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principle opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Lysaker, 22 August 2023

The Board of Directors and President / CEO  
AMSC ASA

Annette Malm Justad  
Chairperson

Peter D. Knudsen  
Director

Frank O. Reite  
Director

Pål Magnussen  
President / CEO

## AMSC ASA GROUP CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS OF 2023

### CONDENSED INCOME STATEMENT

Amounts in USD million (except share and per share information)	Note	<i>unaudited</i>			
		Q2 2023	Q2 2022	Year to date 2023      2022	
Leasing revenues		30.9	22.0	61.1	43.7
Operating expenses		(1.3)	(1.9)	(2.6)	(2.7)
<b>Operating profit before depreciation - EBITDA</b>		<b>29.6</b>	<b>20.1</b>	<b>58.5</b>	<b>41.0</b>
Depreciation & amortization		(11.8)	(8.6)	(22.6)	(17.1)
<b>Operating profit - EBIT</b>		<b>17.8</b>	<b>11.5</b>	<b>35.9</b>	<b>23.9</b>
Net financial expense	11	(13.0)	(7.7)	(25.3)	(15.2)
Change in market value of interest rate swaps		0.3	1.7	(0.4)	8.2
Net foreign exchange gain/(loss)		-	(1.4)	(0.8)	(1.3)
<b>Profit before income tax</b>		<b>5.1</b>	<b>4.1</b>	<b>9.4</b>	<b>15.6</b>
Income tax (expense) / benefit	7	-	-	(0.1)	(0.1)
Non-cash income tax (expense) / benefit	7	(1.1)	(0.8)	(2.0)	(3.4)
<b>Net profit for the period</b>		<b>4.0</b>	<b>3.3</b>	<b>7.2</b>	<b>12.1</b>
Average number of common shares	8	71,863,838	60,616,505	71,863,838	60,616,505
<b>Basic and diluted earnings per share (USD)</b>		<b>0.06</b>	<b>0.05</b>	<b>0.10</b>	<b>0.20</b>

### CONDENSED STATEMENT OF CHANGES IN COMPREHENSIVE INCOME

Amounts in USD million	<i>unaudited</i>			
	Q2 2023	Q2 2022	Year to date 2023      2022	
Net income/(loss) for the period	4.0	3.3	7.2	12.1
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>4.0</b>	<b>3.3</b>	<b>7.2</b>	<b>12.1</b>

**CONDENSED STATEMENT OF FINANCIAL POSITION**

Amounts in USD million	Note	<i>unaudited</i>		31-Dec 2022 *
		30-Jun 2023	30-Jun 2022	
<b>Assets</b>				
<b>Non-current assets</b>				
Vessels		737.4	600.0	750.8
Deferred tax assets	7	0.6	9.4	2.9
Interest-bearing long term receivables (DPO)	12	6.2	6.9	7.2
Other long term assets		7.3	-	0.3
Derivative financial assets		4.2	11.8	4.7
<b>Total non-current assets</b>		<b>755.7</b>	<b>628.0</b>	<b>765.9</b>
<b>Current assets</b>				
Deposit for vessel		-	20.0	-
Trade and other receivables		18.2	14.3	12.9
Cash held for specified uses		4.6	6.5	5.0
Cash and cash equivalents		34.8	33.0	45.5
<b>Total current assets</b>		<b>57.6</b>	<b>73.8</b>	<b>63.4</b>
<b>Total assets</b>		<b>813.2</b>	<b>701.8</b>	<b>829.3</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>		<b>165.0</b>	<b>146.8</b>	<b>175.0</b>
<b>Non-current liabilities</b>				
Bond payable	9	220.0	220.0	220.0
Other interest-bearing loans	9	330.7	285.3	341.4
Capitalized fees	9	(4.6)	(5.8)	(6.1)
Deferred tax liability	7	18.8	18.8	18.8
<b>Total non-current liabilities</b>		<b>564.9</b>	<b>518.3</b>	<b>574.1</b>
<b>Current liabilities</b>				
Interest-bearing short-term debt	9	82.6	35.3	78.0
Trade and other payables		0.8	1.4	2.2
<b>Total current liabilities</b>		<b>83.4</b>	<b>36.7</b>	<b>80.2</b>
<b>Total liabilities</b>		<b>648.3</b>	<b>555.0</b>	<b>654.3</b>
<b>Total equity and liabilities</b>		<b>813.2</b>	<b>701.8</b>	<b>829.3</b>

\* Derived from audited financial statements

**CONDENSED STATEMENT OF CHANGES IN TOTAL EQUITY**

Amounts in USD million	Note	<i>unaudited</i>	
		Year to date 2023	2022
<b>Equity as of beginning of period</b>		<b>175.0</b>	<b>149.2</b>
Total comprehensive income for the period		7.2	12.1
Dividends paid, classified as return of capital	8	(17.2)	(14.5)
<b>Total equity as of end of period</b>		<b>165.0</b>	<b>146.8</b>

**CONDENSED CASH FLOW STATEMENT**

Amounts in USD million	<i>unaudited</i>	
	Year to date 2023	2022
Net cash flow from operating activities	27.7	28.0
Net cash flow used in investing activities	(15.5)	(21.9)
Net cash flow used in financing activities	(23.4)	(27.9)
<b>Net change in cash and cash equivalents</b>	<b>(11.1)</b>	<b>(21.8)</b>
Cash and cash equivalents, including cash held for specified uses at the beginning of period	50.5	61.3
<b>Cash and cash equivalents, including cash held for specified uses at end of period</b>	<b>39.4</b>	<b>39.5</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2023

### 1. Introduction – AMSC ASA

AMSC ASA (“AMSC”) is a company domiciled in Norway. The condensed interim financial statements for the three and six months ended 30 June 2023 and 2022 comprise AMSC and its wholly owned subsidiaries. These interim financial statements have not been audited or reviewed by the Company’s auditors. AMSC has two operating segments.

The consolidated 2022 annual financial statements of AMSC are available at [www.amscasa.com](http://www.amscasa.com).

### 2. Basis of Preparation

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

### 3. Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) applicable for interim reporting, *IAS 34 Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31 December 2022.

### 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 2022.

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 2022 that have a significant impact on AMSC's financial reporting for the three and six months ended 30 June 2023.

## 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 2022.

Certain prior period reclassifications were made to conform to current year presentation and include reclassification of accrued financial costs.

## 6. Operating segments

AMSC defines its operating segments based on the Group's internal management of the fleet of vessels.

Operating profit	Q2	Q2	Year to date	
	2023	2022	2023	2022
Amounts in USD million				
U.S Jones Act tankers	11.9	13.4	26.0	25.1
Offshore	5.5	-	10.7	-
Other and eliminations	0.4	(1.9)	(0.8)	(1.2)
Operating profit	17.8	11.5	35.9	23.9

## 7. Tax

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

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

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

The Company has approximately USD 413.6 million of federal net operating losses in carryforward in the U.S. subsidiaries as of 31 December 2022, of which approximately USD 139.0 million are subject to certain limitations under Internal Revenue Service Code Section 382 (see note 5 of the 2022 consolidated financial statements for

more details). The Company also has approximately USD 62.7 million of net operating losses in carryforward in Norway as of 31 December 2022.

## 8. Share capital and equity

As of 30 June 2023, AMSC had 71,863,838 ordinary shares at a par value of NOK 1 per share.

On 21 September 2022, 6,061,650 new shares were issued at a par value of NOK 1 per share, raising net proceeds of USD 20.4 million. On 10 October 2022, an additional 5,185,683 new shares were issued at a par value of NOK 1 per share, raising net proceeds of USD 17.2 million.

Dividends paid (classified as repayment of previously paid in share premium)	2023		2022	
	15-Mar-23	8-Jun-23	14-Mar-22	10-Jun-22
NOK per share	1.2504	1.3200	1.0573	1.1517
USD per share	0.120	0.120	0.120	0.120
Aggregate NOK (millions)	89.9	94.9	64.1	69.8
Aggregate USD (millions)	8.6	8.6	7.3	7.3

## 9. Interest-bearing debt

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

Amounts in USD million	6 months to	
	30-Jun-23	30-Jun-22
<b>Balance at beginning of period</b>	633.2	547.1
Repayment of debt / loan fees	(16.1)	(13.4)
Issuance of debt	10.0	-
Amortization of loan fees	1.5	1.1
Change in accrued financial costs	0.1	-
<b>Balance at end of period</b>	628.7	534.8

During Q2 2023, the Company increased the size of Tranche B of the secured bank facility for Normand Maximus by USD 10 million, to USD 45 million, and extended the expiry of Tranche B until January 2024. Subsequent to the end of the quarter, AMSC requested, and was granted, a waiver on the Q3 2023 installments on both tranches of the Normand Maximus secured loan, which are added to the balloon payments at the end of the respective terms.

The Company was in compliance with all of its debt covenants as of 30 June 2023.

## 10. Related party transactions

AMSC believes that related party transactions are made on terms equivalent to those that prevail in arm's length transactions and had no new related party agreements during 2023. Reference note 18 in the 2022 consolidated financial statements for the Group for further details.

## 11. Net financial expenses

Amounts in USD million	3 months to		6 months to	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Interest expense	(14.2)	(8.0)	(26.8)	(15.8)
Interest income	1.1	0.3	1.6	0.7
<b>Net financial expense</b>	<b>(13.0)</b>	<b>(7.7)</b>	<b>(25.3)</b>	<b>(15.2)</b>

## 12. Deferred Principal Obligation (DPO)

Pursuant to the charter agreements with OSG, they had the right to defer payment of a portion of the bareboat charter hire for the first five vessels during the initial seven year fixed bareboat charter periods. OSG paid a reduced bareboat charter rate and assumed the DPO 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 December 2022, OSG satisfied its contractual obligations to repay the full DPO balance for two of the three redelivered ships, totaling USD 8.3 million. As a result of OSG's failure to repay the third DPO balance of USD 3.9 million, AMSC 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, which was settled and repaid, including accrued interest, in Q2 2023. The remaining balance for two ships is USD 6.9 million as of 30 June 2023.

Under the Normand Maximus bareboat charter agreement, the charterer has the right to defer up to USD 20 million of bareboat charter hire (increased from USD 10 million during Q2 2023). Accordingly, this unpaid bareboat charter hire accrues interest at 15% from May 2023, previously 12%. The balance of this deferral as of 30 June 2023 was USD 15.2 million. The year to date bareboat charter hire was deferred, with a USD 6.7 million payment applied to the outstanding receivable balance. Subsequent to the end of Q2, the charterer fully repaid the deferred charter hire plus accrued interest.

Amounts in USD million	6 months to	
	30-Jun-23	30-Jun-22
<b>Balance at beginning of period</b>	17.4	21.4
DPO revenue	15.0	-
Repayments of principal	(11.0)	(1.0)
Interest accreted	0.7	-
<b>Balance at end of period</b>	22.1	20.4
Reclassified to short-term receivables	(16.0)	(13.5)
<b>Long term balance at end of period</b>	6.1	6.9

## 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 2022 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 June 2023, there were no transfers between categories.



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

<i>Amounts in USD millions</i>	Carrying amount 30-Jun-23	Fair value 30-Jun-23	Fair value hierarchy *
Interest-bearing receivables (DPO)	22.1	21.2	3
Interest swap used for economic hedging	4.2	4.2	2
Unsecured bond issue (gross)	(220.0)	(214.5)	2
Secured loans (gross)	(402.5)	(396.9)	2

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

\* Described in the 2022 consolidated financial statements

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

In accordance with the bond loan agreement, below are the consolidated unaudited financial statements for American Tanker, Inc. and its subsidiaries for the first half 2023.

CONDENSED INCOME STATEMENT	
<b>Amounts in USD million (except share and per share information)</b>	<i>unaudited</i> <b>Year to date 2023</b>
Operating revenues	46.1
Operating expenses	(2.1)
<b>Operating profit before depreciation - EBITDA</b>	<b>44.0</b>
Depreciation	(18.5)
<b>Operating profit - EBIT</b>	<b>25.5</b>
Net interest expense	(24.3)
Change in market value of interest rate swaps	(0.4)
Other financial expenses	(0.9)
<b>Profit/(loss) before income tax</b>	<b>(0.1)</b>
Income tax expense	(0.1)
Non-cash income tax benefit/(expense)	-
<b>Net profit/(loss) for the period</b>	<b>(0.2)</b>
Average number of common shares	1,000
<b>Earnings/(loss) per share (USD thousands)</b>	<b>(0.21)</b>

**CONDENSED STATEMENT OF FINANCIAL POSITION**

Amounts in USD million	<i>unaudited</i>
	<b>30-Jun 2023</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Vessels	585.1
Interest-bearing long term receivables (DPO)	6.1
Other long term assets	7.3
Derivative financial assets	4.2
<b>Total non-current assets</b>	<b>602.8</b>
<b>Current assets</b>	
Other current assets	1.1
Cash held for specified uses	4.6
Cash and cash equivalents	27.6
<b>Total current assets</b>	<b>33.3</b>
<b>Total assets</b>	<b>636.1</b>
<b>Equity and liabilities</b>	
<b>Total equity</b>	<b>12.0</b>
<b>Non-current liabilities</b>	
Bond payable	220.0
Other interest-bearing loans	353.9
Capitalized fees	(3.6)
Deferred tax liability	19.1
<b>Total non-current liabilities</b>	<b>589.3</b>
<b>Current liabilities</b>	
Interest-bearing short-term debt	35.2
Trade and other payables	(0.5)
<b>Total current liabilities</b>	<b>34.7</b>
<b>Total liabilities</b>	<b>624.1</b>
<b>Total equity and liabilities</b>	<b>636.1</b>

**CONDENSED CASH FLOW STATEMENT**

Amounts in USD million	<i>unaudited</i>
	<b>Year to date 2023</b>
Net cash flow from operating activities	26.3
Net cash flow used in investing activities	(15.5)
Net cash flow used in financing activities	(13.4)
<b>Net change in cash and cash equivalents</b>	<b>(2.6)</b>
Cash and cash equivalents, including cash held for specified uses at the beginning of period	34.8
<b>Cash and cash equivalents, including cash held for specified uses at end of period</b>	<b>32.2</b>

**15. Subsequent events**

On 11 July 2023, AMSC obtained a waiver on repayment of the Q3 2023 installments on both tranches of the Normand Maximus secured loan, which are added to the balloon payments at the end of the respective terms.

Subsequent to the end of Q2, the Normand Maximus charterer fully repaid the deferred charter hire plus accrued interest.

On 22 August 2023, AMSC signed a share purchase agreement (SPA) for the sale of 100% of AMSC's wholly owned subsidiary American Tanker Holding Company, Inc. (ATHC). ATHC comprises 100% of the Company's U.S. Jones Act tanker business (reference note 6). AMSC will receive gross cash proceeds from the transaction, subject to certain adjustments, of in aggregate USD 249.3 million, divided between consideration for the shares in ATHC and repayment of a shareholder loan, reflecting an enterprise value of ATHC of USD 746.7 million based on the balance sheet of ATHC as per 31 March 2023. The parties expect the transaction to close no later than in October 2023. The closing of the transaction is subject to the satisfaction of certain customary conditions, as well as the approval of the transaction by the affirmative vote of 2/3 of AMSC's shareholders present and voting at an extraordinary general meeting of AMSC.

On 22 August 2023, the Board authorized a dividend payment of USD 0.12 per share to the shareholders on record as of 30 August 2023. The shares in AMSC will be traded ex. dividend from and including 29 August 2023, and the dividend will be paid on or about 7 September 2023. The dividend is classified as a return of paid in capital.

### Alternative Performance Measures

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

AMSC discloses 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.

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 table below illustrates the comparative information for Adjusted net profit and a reconciliation to net profit/(loss) after tax.

	<i>unaudited</i>			
	Q2 2023	Q2 2022	Year to date	
Adjusted net profit (amounts in USD millions)			2023	2022
Net profit/loss after tax	4.0	3.3	7.2	12.1
Add back:				
Change in market value of interest rate swaps	(0.3)	(1.7)	0.4	(8.2)
Net foreign exchange (gain)/loss	-	1.4	0.8	1.3
Non-cash income tax expense	1.1	0.8	2.0	3.4
<b>Adjusted net profit</b>	<b>4.8</b>	<b>3.8</b>	<b>10.5</b>	<b>8.7</b>

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