



**BELSHIPS**



**BELSHIPS**

## **QUARTERLY REPORT – Q3 2021**

*12 November 2021*

Belships ASA

Lilleakerveien 6D, N-0283 Oslo, Norway

[www.belships.com](http://www.belships.com)

Enterprise no: NO 930776793 MVA



## **STRONG QUARTER – RETURNING VALUE TO SHAREHOLDERS**

### **HIGHLIGHTS**

- Operating income of USD 205.3m (USD 43.3m)
- EBITDA of USD 57.1m (USD 5.9m) including USD 23.3m from Lighthouse Navigation
- Net result of USD 35.2m (USD -4.2m)
- Declared dividend of USD 16.0m (NOK 0.55 per share)
- Net TCE of USD 25 378 per day for owned fleet
- Entered into agreements to acquire two new Ultramax bulk carriers
- 77 per cent of ship days in Q4 are booked at about USD 29 000 net per day. 42 per cent of ship days in the next four quarters are booked at about USD 25 500 net per day
- Modern fleet of 30 vessels with an average age of about 4 years and cash breakeven of about USD 10 500 per day

### **Subsequent events**

- BELFRI (2007) was delivered to its new owners in October 2021. Net cash flow upon delivery was approximately USD 9.0m after repayment of outstanding loans.
- Belships entered into an agreement for the acquisition of two bulk carriers of 58 000 dwt built in 2016 by a Japanese shipyard to be named BELFRIEND and BELTIDE upon delivery. The purchase price was USD 28.0m per vessel, of which 60 per cent will be financed under a new bank loan facility. Delivery is expected November-December 2021.
- Belships entered into an agreement for the acquisition of a Japanese Ultramax newbuilding resale of 64 000 dwt to be named BELMONDO. Delivery is expected January 2023.
- BELCARGO (2008) was delivered to its new owners in November 2021. Net cash flow upon delivery was approximately USD 11.0m after repayment of outstanding loans.
- BELHAVEN has been fixed for a time charter contract for about 22-24 months duration at a gross rate of USD 26 250 per day. The contract commenced during October 2021.
- Previously announced time charter contract on BELPAREIL for about 23-25 months duration at a gross rate of USD 25 500 per day has been cancelled due to delays under current voyage.
- BELSOUTH has been fixed for a time charter contract for about 23-25 months duration at a gross rate of USD 25 500 per day. The contract commenced during November 2021.
- BELHAWK, an Ultramax bulk carrier of 61 000 dwt built in 2015 was delivered in November 2021 and has commenced a time charter contract for about 3-5 months at a gross rate of USD 35 000 per day.

### **Financial results commentary**

Belships reports a net result of USD 35.2m for Q3 2021, compared to a net result of USD -4.2m for Q3 2020. The increase in net result is mainly caused by the improved freight market and Belships



increased fleet during the last year. EBITDA contribution from Lighthouse Navigation was USD 23.2m in Q3 2021 compared to USD 0.9m in Q3 2020. The increase in EBITDA from Lighthouse Navigation is due to the expansion of the companies in addition to rapidly improved freight markets. Net freight revenue for owned vessels was USD 106.0m in Q3 2021 compared to USD 43.7m in Q3 2020. The increase in net freight revenue is driven by an increase in TCE on owned vessels from 9 067 in Q3 2020 to 25 378 in Q3 2021 and an increase in active days of about 25 per cent.

### **Fleet status**

Time charter equivalent per ship in the quarter were recorded at USD 25 378 net per day versus BSI index of USD 32 478 net per day for the same period. The inherent lag in our business means that when the spot markets fall, our outperformance will tend to be higher. Conversely, when the market rises, our performance will tend to lag on a short-term basis. It is also caused by a certain number of vessels in the fleet performing period time charter contracts which contributed to increase our contract coverage for 2022-2023.

Approximately 77 per cent of available ship days in Q4 are booked at about USD 29 000 net per day. Approximately 42 per cent of available ship days in the next four quarters are booked at about USD 25 500 net per day.

BELATLANTIC and BELLIGHT were drydocked in the quarter. The remaining fleet sailed without significant off-hire in the quarter with a total of 1 981 on-hire days.

BELTIGER, BELTRADER, BELGUARDIAN and BELKNIGHT were delivered in August. BELFORCE and BELMAR were delivered in September.

Updated delivery schedule for new vessels:

BELTIDE is expected mid-November 2021

BELFRIEND is expected beginning of December 2021

BELTOKYO is expected mid-December 2021

BELYAMATO is expected Q4 2022

BELMONDO is expected January 2023

### **Transactions**

In July, Belships entered into an agreement for the sale of BELFRI (2007). Delivery of the vessel occurred in October and Belships realised a gain of approximately USD 4.6m. Net cash flow upon delivery was USD 9.0m after repayment of outstanding loans.

In July, Belships entered into an agreement for the acquisition of two 64 000 dwt Ultramax newbuilding resales under construction at a Japanese shipyard. BELTOKYO is expected to be delivered December 2021 and BELYAMATO is expected to be delivered November 2022. BELTOKYO will be leased on a bareboat charter for a period of 12 years. The estimated cash breakeven for the vessel upon delivery is about USD 11 750 per day including operational expenses. The agreement comes with purchase options and there are no obligations to purchase the vessel. A similar financing arrangement is expected to be arranged for BELYAMATO before delivery.



In August, Belships has entered into an agreement for the sale of BELCARGO (2008). Delivery of the vessel occurred in November 2021 and Belships will realise a gain of approximately USD 5.5m. Net cash flow upon delivery will be approximately USD 11.0m after repayment of outstanding loans.

Belships' fleet has increased and improved with only modest cash investments, signalling the competitive advantage Belships has in sourcing ship finance. The Japanese-designed Ultramax bulk carriers entering the fleet represent the highest quality and lowest fuel consumption available in the market today.

### **Lighthouse Navigation**

Lighthouse Navigation has delivered another record quarter with EBITDA of USD 23.3m for the third quarter, bringing the year-to-date EBITDA up to USD 41.3m. We expect to make provisions for potential loss-making contracts if the reduction in forward freight assessments observed so far in the fourth quarter continue towards the end of the year.

### **Sustainability**

Belships aims for the highest standards in corporate governance and is well placed to deliver emission cuts in line with industry ambitions for 2030. Belships published a comprehensive sustainability report in 2020 (ESG Report) reflecting our ongoing commitment to transparency and meeting investor and stakeholder expectations.

Covid-19 has greatly impacted seafarers, and we have signed the Neptune declaration on Seafarer Wellbeing and Crew Change to join forces with more than 600 shipping companies to influence governments and policy makers to adopt relief measures for our essential workers.

### **Financial and corporate matters**

At the end of the quarter, cash and cash equivalents was USD 106.5m, while mortgage debt was USD 135.2m.

Net leasing liability at the end of the quarter was USD 281.4m. Leasing liabilities have been calculated under the assumption that Belships will exercise its options to acquire all Ultramax bulk carriers on bareboat charter, whereas we have assumed that the company will not exercise the purchase options on time-chartered vessels BELNIPPON and BELFUJI. Belships has no contractual obligation to acquire any of its leased vessels.

At the end of the quarter, book value per share amounted to NOK 8.03 (USD 0.91), corresponding to a book equity ratio of 31 per cent.

### **Dividend policy**

Belships ASA aims to distribute quarterly cash dividends targeting about 50 per cent of net result adjusted for non-recurring items.

Other surplus cash flow may be used for accelerated amortisation of debt, share buy-backs or vessel acquisitions considered to be accretive to shareholders' value.



Belships believes this approach will create value for shareholders and has the flexibility to manage the company and support the continued growth.

### **Dividend payment**

Based on the financial result in the third quarter 2021 the Board declared a dividend payment of USD 16.0m (NOK 0.55 per share) equivalent to about 64 per cent of net result adjusted for non-controlling interests.

### **Market highlights**

In the third quarter, we observed steady improvements in the spot rates with the Baltic Supramax 58 index averaging USD 32 478 net per day, up from USD 25 406 net per day in the preceding quarter. The very strong sentiment continued into the fourth quarter before peaking towards the end of October, whereafter the spot rates have trended downwards significantly.

Total Supramax shipment volumes ended at 258 million tons in Q3, slightly down from 266 million tons in Q2. About 85 million tons being shipped in each month during the quarter, is still very high historically. Preliminary estimates for shipments in October show all-time high shipments of 94 million tons.

Demand growth has been strong across almost all commodities and regions, as the global manufacturing boom continued through Q3. Shipments of Iron Ore, Grains, Fertilizers, Steels and Minor Bulks are all on track for all-time highs this year, whereas Coal shipments are still lagging. If the year-to-date run rate of Coal shipments continue in the coming months, shipments will end slightly below both 2020 and 2019 levels. However, the winter restocking season is expected to begin shortly and according to Fearnleys, this year could still end up being a record year for coal shipments. It is also undeniable that the fleet productivity is lower than usual as caused by the continued disruptions stemming from the COVID-19 pandemic. Port waiting times, general congestion and many vessels having to deviate and wait in order to manage crew changes is absorbing vessel capacity. Nevertheless, global port congestion levels dropped from around 370 vessels at the start of October to around 300 vessels at the start of November.

According to Fearnleys, 31 vessels were delivered in the third quarter, up from 23 in the second quarter. The vessel delivery schedule for the remainder of this year says 24 during the fourth quarter, including the 19 already delivered. This would take the full year total to 126, which is lower than last year's 143. Next year, without assuming any slippage or cancellation, the order book indicates only 131 scheduled for delivery.

The publicly quoted orderbook indicates fleet growth will drop next year and then even further in 2023, also according to Clarksons Research. There will be changes to this outlook for fleet growth as the amount of newbuilding orders being placed over the next 12 months are uncertain and it is also normal that 10-20 per cent of the orderbook ends up being cancelled, deferred or simply incorrect. However, we expect relatively low newbuilding activity as the lack of conviction and alternatives for fuel and propulsion systems will continue to restrain ordering activity in the near term. Most importantly, demand for newbuildings in other segments than dry cargo is absorbing most of the shipbuilding capacity for 2022-2023 and has led to strong increases in newbuilding prices.

Prices for secondhand vessels increased considerably in the third quarter and appeared strongly supported by freight market earnings. Current value estimates for five-year old Japanese Ultramax



bulk carriers trended up 20 per cent since the start of the third quarter. Contract for a Japanese Ultramax for delivery in 2024 was reportedly concluded at USD 35m. Newbuilding prices in general continued to increase due to increased steel prices and relatively high demand from other shipping segments.

**Outlook**

The Baltic Exchange Supramax index YTD 2021 has averaged USD 25 500 net per day. The strong market has continued into the fourth quarter, though spot rates, and forward expectations, have been revised down from peak levels. Freight Forward Agreements (FFA) currently indicate a market for Supramax and Ultramax of about USD 25 000 and 27 000 per day for the remaining part of the year. FFA for next year, 2022, is currently indicating an average of USD 20 000 per day for Ultramax bulk carriers.

As we mentioned in previous reports, the supply side as observed from the number of deliveries and the publicly quoted orderbook for our segment is historically low. On the back of stable demand, we remain optimistic in terms of market prospects. About 77 pct of available days in Q4 are booked at USD 29 000 net per day. For the next four quarters, Belships has secured contract coverage for about 43 per cent of available ship days at USD 25 500 net per day.

We will continue to pursue opportunities for further growth whilst being selective and disciplined in the use of our capital. The purpose of growth is to increase profitability and the value and attractiveness of owning our shares. A competitive return for our shareholders is to be obtained through increase in the value of the company's shares and the payment of dividends, as measured by the total return. Based on current market expectations, we expect to generate significant free cash flow and aim to pay a quarterly dividend as announced with our dividend policy.

Belships has a uniform and modern fleet of 30 Supra/Ultramax bulk carriers well positioned to capitalise on a strong dry bulk market. We are focused on maintaining a solid balance sheet and liquidity position. Our strategy is to continue developing Belships as an owner and operator of geared bulk carriers, through quality of operations and accretive growth opportunities.

12 November 2021

THE BOARD OF BELSHIPS ASA

Peter Frølich  
*Chairman*

Frode Teigen	Sverre Jørgen Tidemand	Marianne Møgster
Carl Erik Steen	Birthe Cecilie Lepsøe	Jorunn Seglem
Lars Christian Skarsgård <i>CEO</i>		

**CONSOLIDATED STATEMENT OF INCOME***The quarterly figures are not audited*

USD 1 000		Q3 2021	Q3 2020	YTD Q3 2021	YTD Q3 2020	2020
Gross freight revenue	Note	238 169	54 889	511 150	142 237	220 332
Voyage expenses		-34 306	-12 591	-93 666	-41 147	-61 065
<b>Net freight revenue</b>	2	<b>203 863</b>	42 298	<b>417 484</b>	101 090	159 267
Management fees		1 397	1 035	4 569	4 416	6 095
<b>Operating income</b>	2	<b>205 260</b>	43 333	<b>422 053</b>	105 506	165 362
Share of result from j/v and assoc. comp.		3 598	196	6 081	1 511	3 052
T/C hire expenses		-125 262	-23 484	-260 187	-53 759	-90 401
Ship operating expenses		-14 675	-10 634	-35 040	-30 002	-38 675
Operating expenses management companies		-10 689	-2 622	-21 605	-8 234	-11 861
General and administrative expenses		-1 090	-849	-3 463	-2 356	-3 491
<b>Operating expenses</b>		<b>-148 118</b>	-37 393	<b>-314 214</b>	-92 840	-141 376
<b>EBITDA</b>		<b>57 142</b>	5 940	<b>107 839</b>	12 666	23 986
Depreciation and amortisation	3	-6 780	-6 823	-20 633	-21 250	-27 286
Impairment	3	0	0	0	-4 868	-4 957
Gain on sale of ships		0	0	0	2 469	2 469
Other gains/(-losses)		0	-282	-6 739	2 056	1 165
<b>Operating result (EBIT)</b>		<b>50 362</b>	-1 165	<b>80 467</b>	-8 927	-4 623
Interest income		224	236	655	743	985
Interest expenses		-4 000	-3 386	-10 841	-10 435	-13 668
Other financial items		-950	-13	-1 294	-389	-729
Currency gains/(-losses)		-798	282	-946	636	875
<b>Net financial items</b>		<b>-5 524</b>	-2 881	<b>-12 426</b>	-9 445	-12 537
<b>Result before taxes</b>		<b>44 838</b>	-4 046	<b>68 041</b>	-18 372	-17 160
Taxes	6	-9 619	-127	6 173	-234	-583
<b>Net result</b>		<b>35 219</b>	-4 173	<b>74 214</b>	-18 606	-17 743
Hereof majority interests		25 024	-4 260	55 503	-18 156	-19 898
Hereof non-controlling interests		10 195	87	18 711	-450	2 155
Earnings per share		0.14	-0.02	0.29	-0.08	-0.08
Diluted earnings per share		0.14	-0.02	0.30	-0.08	-0.08

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

USD 1 000		Q3 2021	Q3 2020	YTD Q3 2021	YTD Q3 2020	2020
<b>Net result</b>		<b>35 219</b>	-4 173	<b>74 214</b>	-18 606	-17 743
<i>Other comprehensive income not to be reclassified to profit or (loss) in subsequent periods:</i>						
Actuarial gain/(loss) on defined benefit plans		0	0	0	0	-10
<i>Items that may be subseq. reclassified to profit or (loss):</i>						
Exchange differences		95	32	75	72	63
<b>Total comprehensive income</b>		<b>35 314</b>	-4 141	<b>74 289</b>	-18 534	-17 690
Hereof majority interests		25 119	-4 228	55 578	-18 084	-19 761
Hereof non-controlling interests		10 195	87	18 711	-450	2 071

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***The quarterly figures are not audited*

USD 1 000		30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>NON-CURRENT ASSETS</b>				
	<i>Note</i>			
Intangible assets	6	11 178	2 506	1 770
Ships, owned	3	203 105	223 500	214 494
Ships, right-of-use assets	3	308 661	160 667	157 143
Prepayment of lease obligations on ships		0	3 000	3 000
Property, Plant, and Equipment		4 375	4 312	4 878
Investments in j/v and assoc. companies		5 779	1 883	2 123
Other non-current assets		2 373	13 392	5 394
<b>Total non-current assets</b>		<b>535 471</b>	409 260	388 802
<b>CURRENT ASSETS</b>				
Asset held for sale	3	21 349	0	5 917
Bunkers		14 963	6 174	5 344
Current receivables		64 031	13 053	30 431
Cash and cash equivalents		106 461	35 453	33 985
<b>Total current assets</b>		<b>206 804</b>	54 680	75 677
<b>Total assets</b>		<b>742 275</b>	463 940	464 479
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in capital		158 678	137 830	137 962
Retained earnings		49 773	7 633	5 956
Non-controlling interests		23 131	3 937	6 099
<b>Total equity</b>		<b>231 582</b>	149 400	150 017
<b>Non-current liabilities</b>				
Mortgage debt	4	120 907	132 313	119 561
Lease liability	5	265 447	124 484	127 754
Other non-current liabilities		2 189	2 364	2 769
<b>Total non-current liabilities</b>		<b>388 543</b>	259 161	250 084
<b>Current liabilities</b>				
Mortgage debt	4	14 268	10 368	22 176
Lease liability	5	15 975	19 375	11 986
Other current liabilities		91 907	25 636	30 216
<b>Total current liabilities</b>		<b>122 150</b>	55 379	64 378
<b>Total equity and liabilities</b>		<b>742 275</b>	463 940	464 479



**CONSOLIDATED STATEMENT OF CASH FLOW***The quarterly figures are not audited*

USD 1 000	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>Cash flow from operating activities</b>			
Net result before taxes	<b>68 041</b>	-18 372	-17 160
Adjustments to reconcile profit before tax to net cash flows:			
Depreciations/impairment on fixed assets	<b>20 633</b>	26 118	32 243
Gain on sale of ships and other gains/(losses)	<b>2 165</b>	-2 469	-2 469
Share-based compensation expense	<b>375</b>	413	545
Difference between pension exps and paid pension premium	<b>0</b>	0	-66
Share of result from j/v and associated companies	<b>-6 081</b>	-1 511	-3 052
Net finance costs	<b>12 426</b>	9 445	12 537
Change in current items	<b>18 556</b>	6 027	4 928
Interest received	<b>655</b>	743	985
Interest paid	<b>-10 841</b>	-10 435	-13 668
Financing costs	<b>-379</b>	0	0
Income tax paid	<b>-578</b>	-958	-1 119
<b>Net cash flow from operating activities</b>	<b>104 972</b>	9 001	13 704
<b>Cash flow from investing activities</b>			
Proceeds from sale of ships	<b>19 012</b>	0	0
Payment of ships and right of use assets	<b>-35 425</b>	-12 250	-15 250
Received instalments from sale of ships	<b>1 579</b>	2 011	2 615
Additions to ships	<b>-4 346</b>	-7 452	-5 672
<b>Net cash flow from investing activities</b>	<b>-19 180</b>	-17 691	-18 307
<b>Cash flow from financing activities</b>			
Proceeds from non-current debt	<b>13 050</b>	14 700	14 700
Paid-in capital (net)	<b>15 952</b>	0	0
Repayment of non-current debt	<b>-28 917</b>	-14 901	-20 101
Sold treasury shares	<b>129</b>	0	0
Dividend paid	<b>-13 530</b>	-84	-439
<b>Net cash flow from financing activities</b>	<b>-13 316</b>	-285	-5 840
Net change in cash and cash equivalents during the period	<b>72 476</b>	-8 975	-10 443
Cash and cash equivalents at 1 January	<b>33 985</b>	44 428	44 428
<b>Cash and cash equival. at end of period (incl. restricted cash)</b>	<b>106 461</b>	35 453	33 985

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY***The quarterly figures are not audited*

USD 1 000

	Majority interest						
	Paid-in				Retained	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity		
<b>As at 30 September 2021</b>							
Equity as at 31 December 2020	53 617	-166	47 775	36 736	5 956	6 099	150 017
Share issue	5 849	0	14 907	-454	0	0	20 302
Sale of treasury shares	0	38	0	0	91	0	129
Share-based payment expense	0	0	0	375	0	0	375
Dividend paid	0	0	0	0	-11 852	-1 678	-13 530
Net result for the period	0	0	0	0	55 503	18 711	74 214
Other comprehensive income	0	0	0	0	75	0	75
Total comprehensive income	0	0	0	0	55 578	18 711	74 289
<b>Equity as at 30 September 2021</b>	<b>59 466</b>	<b>-128</b>	<b>62 682</b>	<b>36 657</b>	<b>49 773</b>	<b>23 132</b>	<b>231 582</b>
<b>As at 30 September 2020</b>							
Equity as at 31 December 2019	50 403	-166	39 499	36 191	25 717	4 471	156 115
Share issue	3 214	0	8 276	0	0	0	11 490
Dividend paid	0	0	0	0	0	-84	-84
Share-based payment expense	0	0	0	413	0	0	413
Net result for the period	0	0	0	0	-18 156	-450	-18 606
Other comprehensive income	0	0	0	0	72	0	72
Total comprehensive income	0	0	0	0	-18 084	-450	-18 534
<b>Equity as at 30 September 2020</b>	<b>53 617</b>	<b>-166</b>	<b>47 775</b>	<b>36 604</b>	<b>7 633</b>	<b>3 937</b>	<b>149 400</b>

**KEY FINANCIAL FIGURES**

		<b>30 Sep 2021</b>	30 Sep 2020	31 Dec 2020
EBITDA	<i>USD 1000</i>	<b>107 839</b>	12 666	23 986
Interest coverage ratio		<b>7.42</b>	-0.86	-0.34
Current ratio		<b>1.69</b>	0.99	1.18
Equity ratio		<b>0.31</b>	0.32	0.32
Earnings per share	<i>USD</i>	<b>0.29</b>	-0.08	-0.08
Earnings per share	<i>NOK</i>	<b>2.57</b>	-0.76	-0.66
Equity per share	<i>USD</i>	<b>0.91</b>	0.65	0.66
Equity per share	<i>NOK</i>	<b>8.03</b>	6.21	5.61
Number of issued shares at end of period		<b>253 136 666</b>	228 175 404	228 175 404
Diluted average issued shares (excl. treasury shares)		<b>248 198 446</b>	224 419 198	227 490 765

**DEFINITION OF NON-IFRS FINANCIAL MEASURES**

The Group's financial information is prepared in accordance with international financial reporting standards ("IFRS") as adopted by the European Union. In addition, it is the management's intention to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of the Group's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. Due to the recent establishment of the enlarged Group, Management is in the initial phase of assessing its external financial reporting and performance measures are therefore subject to change.

The alternative performance measures are intended to enhance comparability of the results and to give supplemental information to the users of the Group's external reporting.

- *Time charter equivalent (TCE)* – is defined as freight revenues less voyage expenses divided by the number of available on-hire days
- *Current ratio* - is defined as total current assets, divided by total current liabilities
- *EBITDA* - is the earnings before interest, taxes, depreciation and amortisation
- *EBIT* - is the earnings before interest and taxes. It can be calculated by the result before tax added by the interest
- *Equity ratio* - is equal to shareholders' equity including non-controlling interest, divided by total assets
- *Interest coverage ratio* - is equal to earnings before interest and taxes (EBIT), divided by interest expenses
- *Book equity per share* - is defined as total equity, divided by number of issued shares at end of period



## NOTES TO THE CONSOLIDATED ACCOUNTS

The consolidated financial statements are presented in USD thousands unless otherwise indicated

### Note 1 Accounting principles

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all of the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Belships for the year ended 31 December 2020.

EPS is calculated based on actual outstanding shares in Belships ASA.

This report was approved by the Board of Directors on 12 November 2021.

### Note 2 Segment information

USD 1 000	January - September 2021					
	Own ships	Lighthouse Navigation	Ship managm.	Admin.	Group transactions	Total
Gross freight revenue	119 678	390 667	0	0	805	511 150
Voyage expenses	-13 681	-81 578	0	0	1 593	-93 666
<b>Net freight revenue</b>	<b>105 997</b>	<b>309 089</b>	<b>0</b>	<b>0</b>	<b>2 398</b>	<b>417 484</b>
Management fees	0	6 155	3 182	0	-4 768	4 569
<b>Operating income</b>	<b>105 997</b>	<b>315 244</b>	<b>3 182</b>	<b>0</b>	<b>-2 370</b>	<b>422 053</b>
Share of result from j/v and assoc. comp.	0	6 080	1	0	0	6 081
T/C hire expenses	0	-260 187	0	0	0	-260 187
Ship operating expenses	-36 154	-1 256	0	0	2 370	-35 040
Operating exps management companies	0	-18 609	-2 996	0	0	-21 605
General and administrative expenses	-197	0	0	-3 266	0	-3 463
<b>Operating expenses</b>	<b>-36 351</b>	<b>-273 972</b>	<b>-2 995</b>	<b>-3 266</b>	<b>2 370</b>	<b>-314 214</b>
<b>EBITDA</b>	<b>69 646</b>	<b>41 272</b>	<b>187</b>	<b>-3 266</b>	<b>0</b>	<b>107 839</b>
Depreciation and amortisation	-18 927	-1 401	-122	-183	0	-20 633
Gain on sale of ship	0	0	0	0	0	0
Other gains/-losses	-6 739	0	0	0	0	-6 739
<b>Operating result (EBIT)</b>	<b>43 980</b>	<b>39 871</b>	<b>65</b>	<b>-3 449</b>	<b>0</b>	<b>80 467</b>
Interest income	625	27	3	0	0	655
Interest expenses	-10 697	-101	-8	-35	0	-10 841
Other financial items	-1 285	0	-9	0	0	-1 294
Currency gains/(-losses)	245	52	-3	-1 240	0	-946
<b>Net financial items</b>	<b>-11 112</b>	<b>-22</b>	<b>-17</b>	<b>-1 275</b>	<b>0</b>	<b>-12 426</b>
<b>Result before taxes</b>	<b>32 868</b>	<b>39 849</b>	<b>48</b>	<b>-4 724</b>	<b>0</b>	<b>68 041</b>
Taxes	0	-4 965	-40	11 178	0	6 173
<b>Net result</b>	<b>32 868</b>	<b>34 884</b>	<b>8</b>	<b>6 454</b>	<b>0</b>	<b>74 214</b>
Hereof majority interests	32 868	16 245	-64	6 454	0	55 503
Hereof non-controlling interests	0	18 639	72	0	0	18 711
Assets	583 889	126 180	4 917	27 289	0	742 275
Liabilities	428 241	77 865	2 386	2 201	0	510 693

**Note 2 Segment information, continued**

January - September 2020						
USD 1 000						
	<i>Own ships</i>	<i>Lighthouse Navigation</i>	<i>Ship managm.</i>	<i>Admin.</i>	<i>Group transactions</i>	<i>Total</i>
Gross freight revenue	56 191	86 046	0	0	0	142 237
Voyage expenses	-12 494	-29 925	0	0	1 272	-41 147
<b>Net freight revenue</b>	<b>43 697</b>	<b>56 121</b>	<b>0</b>	<b>0</b>	<b>1 272</b>	<b>101 090</b>
Management fees	0	4 345	3 415	0	-3 344	4 416
<b>Operating income</b>	<b>43 697</b>	<b>60 466</b>	<b>3 415</b>	<b>0</b>	<b>-2 072</b>	<b>105 506</b>
Share of result from j/v and assoc. comp.	0	1 491	20	0	0	1 511
T/C hire expenses	-386	-53 373	0	0	0	-53 759
Ship operating expenses	-30 253	-1 822	0	0	2 072	-30 003
Operating exps management companies	0	-5 873	-2 361	0	0	-8 234
General and administrative expenses	-258	0	0	-2 097	0	-2 355
<b>Operating expenses</b>	<b>-30 897</b>	<b>-59 577</b>	<b>-2 341</b>	<b>-2 097</b>	<b>2 072</b>	<b>-92 840</b>
<b>EBITDA</b>	<b>12 800</b>	<b>889</b>	<b>1 074</b>	<b>-2 097</b>	<b>0</b>	<b>12 666</b>
Depreciation and amortisation	-18 784	-2 022	-47	-397	0	-21 250
Impairment	-4 868	0	0	0	0	-4 868
Gain on sale of ship	2 469	0	0	0	0	2 469
Other gains	2 056	0	0	0	0	2 056
<b>Operating result (EBIT)</b>	<b>-6 327</b>	<b>-1 133</b>	<b>1 027</b>	<b>-2 494</b>	<b>0</b>	<b>-8 927</b>
Interest income	726	7	3	7	0	743
Interest expenses	-10 331	-80	-13	-11	0	-10 435
Other financial items	-408	0	-10	29	0	-389
Currency gains/(-losses)	-28	3	1	660	0	636
<b>Net financial items</b>	<b>-10 041</b>	<b>-70</b>	<b>-19</b>	<b>685</b>	<b>0</b>	<b>-9 445</b>
<b>Result before taxes</b>	<b>-16 368</b>	<b>-1 203</b>	<b>1 008</b>	<b>-1 809</b>	<b>0</b>	<b>-18 372</b>
Taxes	0	-96	-138	0	0	-234
<b>Net result</b>	<b>-16 368</b>	<b>-1 299</b>	<b>870</b>	<b>-1 809</b>	<b>0</b>	<b>-18 606</b>
Hereof majority interests	-16 368	-735	756	-1 809	0	-18 156
Hereof non-controlling interests	0	-564	114	0	0	-450
Assets	418 140	37 819	4 850	3 131	0	463 940
Liabilities	285 991	25 090	2 483	976	0	314 540


**Note 2 Segment information, continued**

USD 1 000	Q1 - 2021					Q1 - 2020				
	Own ships	LHN	Ship mgmt	Adm/ Grp.tr	Total	Owned ships	LHN	Ship mgmt	Adm/ Grp.tr	Total
Gross freight revenue	27 504	79 197	0	589	107 290	20 005	29 470	0	0	49 475
Voyage expenses	-4 354	-28 000	0	0	-32 354	-5 240	-12 909	0	357	-17 792
<b>Net freight revenue</b>	<b>23 150</b>	<b>51 197</b>	<b>0</b>	<b>589</b>	<b>74 936</b>	<b>14 765</b>	<b>16 561</b>	<b>0</b>	<b>357</b>	<b>31 683</b>
Management fees	0	1 687	1 089	-1 323	1 453	0	1 600	1 306	-1 033	1 873
<b>Operating income</b>	<b>23 150</b>	<b>52 884</b>	<b>1 089</b>	<b>-734</b>	<b>76 389</b>	<b>14 765</b>	<b>18 161</b>	<b>1 306</b>	<b>-676</b>	<b>33 556</b>
Share of result from j/v and assoc. comp.	0	761	-1	0	760	0	573	0	0	573
T/C hire expenses	0	-46 672	0	0	-46 672	0	-15 583	0	0	-15 583
Ship operating expenses	-11 135	-414	0	734	-10 815	-10 158	-419	0	676	-9 901
Operating exps management companies	0	-3 049	-914	0	-3 963	0	-1 962	-961	0	-2 923
General and administrative expenses	-95	0	0	-874	-969	-138	0	0	-731	-869
<b>Operating expenses</b>	<b>-11 230</b>	<b>-49 374</b>	<b>-915</b>	<b>-140</b>	<b>-61 659</b>	<b>-10 296</b>	<b>-17 391</b>	<b>-961</b>	<b>-55</b>	<b>-28 703</b>
<b>Operating result (EBITDA)</b>	<b>11 920</b>	<b>3 510</b>	<b>174</b>	<b>-874</b>	<b>14 730</b>	<b>4 469</b>	<b>770</b>	<b>345</b>	<b>-731</b>	<b>4 853</b>
Depreciation and amortisation	-6 982	-469	-42	-47	-7 540	-6 054	-655	-13	-6	-6 728
Gain on sale of ship	0	0	0	0	0	2 469	0	0	0	2 469
Other gains/-losses	-6 734	0	0	0	-6 734	2 936	0	0	0	2 936
<b>Operating result (EBIT)</b>	<b>-1 796</b>	<b>3 041</b>	<b>132</b>	<b>-921</b>	<b>456</b>	<b>3 820</b>	<b>115</b>	<b>332</b>	<b>-737</b>	<b>3 530</b>

USD 1 000	Q2 - 2021					Q2 - 2020				
	Own ships	LHN	Ship mgmt	Adm/ Grp.tr	Total	Owned ships	LHN	Ship mgmt	Adm/ Grp.tr	Total
Gross freight revenue	36 840	128 917	0	-66	165 691	16 285	21 588	0	0	37 873
Voyage expenses	-4 267	-23 513	0	774	-27 006	-4 335	-6 880	0	451	-10 764
<b>Net freight revenue</b>	<b>32 573</b>	<b>105 404</b>	<b>0</b>	<b>708</b>	<b>138 685</b>	<b>11 950</b>	<b>14 708</b>	<b>0</b>	<b>451</b>	<b>27 109</b>
Management fees	0	2 108	1 016	-1 405	1 719	0	1 363	1 312	-1 167	1 508
<b>Operating income</b>	<b>32 573</b>	<b>107 512</b>	<b>1 016</b>	<b>-697</b>	<b>140 404</b>	<b>11 950</b>	<b>16 071</b>	<b>1 312</b>	<b>-716</b>	<b>28 617</b>
Share of result from j/v and assoc. comp.	0	1 725	-2	0	1 723	0	728	14	0	742
T/C hire expenses	0	-88 253	0	0	-88 253	0	-14 692	0	0	-14 692
Ship operating expenses	-9 828	-419	0	697	-9 550	-9 342	-841	0	716	-9 467
Operating exps management companies	0	-6 053	-900	0	-6 953	0	-1 824	-865	0	-2 689
General and administrative expenses	-82	0	0	-1 322	-1 404	-1	0	0	-637	-638
<b>Operating expenses</b>	<b>-9 910</b>	<b>-93 000</b>	<b>-902</b>	<b>-625</b>	<b>-104 437</b>	<b>-9 343</b>	<b>-16 629</b>	<b>-851</b>	<b>79</b>	<b>-26 744</b>
<b>Operating result (EBITDA)</b>	<b>22 663</b>	<b>14 512</b>	<b>114</b>	<b>-1 322</b>	<b>35 967</b>	<b>2 607</b>	<b>-558</b>	<b>461</b>	<b>-637</b>	<b>1 873</b>
Depreciation and amortisation	-5 720	-467	-42	-84	-6 313	-6 506	-934	-12	-247	-7 699
Impairment	0	0	0	0	0	-4 868	0	0	0	-4 868
Other gains/-losses	-5	0	0	0	-5	-598	0	0	0	-598
<b>Operating result (EBIT)</b>	<b>16 938</b>	<b>14 045</b>	<b>72</b>	<b>-1 406</b>	<b>29 649</b>	<b>-9 365</b>	<b>-1 492</b>	<b>449</b>	<b>-884</b>	<b>-11 292</b>

USD 1 000	Q3 - 2021					Q3 - 2020				
	Own ships	LHN	Ship mgmt	Adm/ Grp.tr	Total	Owned ships	LHN	Ship mgmt	Adm/ Grp.tr	Total
Gross freight revenue	55 334	182 553	0	282	238 169	19 901	34 988	0	0	54 889
Voyage expenses	-5 060	-30 065	0	819	-34 306	-2 919	-10 136	0	464	-12 591
<b>Net freight revenue</b>	<b>50 274</b>	<b>152 488</b>	<b>0</b>	<b>1 101</b>	<b>203 863</b>	<b>16 982</b>	<b>24 852</b>	<b>0</b>	<b>464</b>	<b>42 298</b>
Management fees	0	2 360	1 077	-2 040	1 397	0	1 382	797	-1 144	1 035
<b>Operating income</b>	<b>50 274</b>	<b>154 848</b>	<b>1 077</b>	<b>-939</b>	<b>205 260</b>	<b>16 982</b>	<b>26 234</b>	<b>797</b>	<b>-680</b>	<b>43 333</b>
Share of result from j/v and assoc. comp.	0	3 594	4	0	3 598	0	190	6	0	196
T/C hire expenses	0	-125 262	0	0	-125 262	-386	-23 098	0	0	-23 484
Ship operating expenses	-15 191	-423	0	939	-14 675	-10 753	-562	0	681	-10 634
Operating exps ship management	0	-9 507	-1 182	0	-10 689	0	-2 087	-535	0	-2 622
General and administrative expenses	-20	0	0	-1 070	-1 090	-119	0	0	-730	-849
<b>Operating expenses</b>	<b>-15 211</b>	<b>-131 598</b>	<b>-1 178</b>	<b>-131</b>	<b>-148 118</b>	<b>-11 258</b>	<b>-25 557</b>	<b>-529</b>	<b>-49</b>	<b>-37 393</b>
<b>Operating result (EBITDA)</b>	<b>35 063</b>	<b>23 250</b>	<b>-101</b>	<b>-1 070</b>	<b>57 142</b>	<b>5 724</b>	<b>677</b>	<b>268</b>	<b>-729</b>	<b>5 940</b>
Depreciation and amortisation	-6 225	-465	-38	-52	-6 780	-6 224	-433	-22	-144	-6 823
Other gains/-losses	0	0	0	0	0	-282	0	0	0	-282
<b>Operating result (EBIT)</b>	<b>28 838</b>	<b>22 785</b>	<b>-139</b>	<b>-1 122</b>	<b>50 362</b>	<b>-782</b>	<b>244</b>	<b>246</b>	<b>-873</b>	<b>-1 165</b>

**Note 3 Ships**

At the end of each reporting period, the Company assesses whether there are any impairment indicators present. The Company has concluded that there are no impairment indicators pursuant to IAS 36.

Belships took delivery of 6 Ultramax bulk carriers during the quarter named BELTIGER, BELTRADER, BELGUARDIAN, BELKNIGHT, BELFORCE and BELMAR.

In July, Belships entered into an agreement for the sale of BELFRI (built 2007). Delivery of the vessel occurred in October and Belships will realise a gain of approximately USD 4.6m. Net cash flow upon delivery will be approximately USD 9.0m after repayment of outstanding loans.

In August, Belships has entered into an agreement for the sale of BELCARGO (built 2008). Delivery of the vessel occurred in November 2021 and Belships will realise a gain of approximately USD 5.5m. Net cash flow upon delivery will be approximately USD 11.0m after repayment of outstanding loans.

**Note 4 Mortgage debt**

Belships entered into a new USD 140m loan facility in April 2019. The first tranche of USD 110m replaced previous loan arrangements. The loan has a margin of 275 basis points over LIBOR and matures in Q2 2024. The next instalment on the first tranche is due in Q4 2021.

The second tranche of USD 30m was made available for fleet expansion and utilised to acquire BELCARGO, BELFRI and BELHAVEN. The second tranche has a margin of 275 basis points over LIBOR and semi-annual repayments.

Belships has entered into a third tranche under the loan agreement of USD 37.5m made available for future fleet expansion. USD 13.05m has been committed to finance the acquisition of BELTIGER while USD 24.45m remain available. The third tranche has a margin of 275 basis points over LIBOR and semi-annual repayments.

The USD 14m loan acquired as part of the acquisition of shares in BELLIGHT AS has a margin of 275 basis points over LIBOR and matures in Q2 2024.

Total mortgage debt at the end of the quarter amounted to USD 135.2m. Transaction costs related to the mortgage debt were initially recorded as a reduction of debt in the balance sheet and subsequently amortised over the loan period in accordance with the amortised cost principle.

Belships was in compliance with all covenants during the quarter.

**Note 5 Leasing**

In July, Belships entered into an agreement for the acquisition of two 64 000 dwt Ultramax newbuilding resales under construction at a Japanese shipyard. BELTOKYO is expected to be delivered Q4 2021 and BELYAMATO is expected to be delivered Q4 2022. BELTOKYO will be leased on a bareboat charter for a period of 12 years. The estimated cash breakeven for the vessel upon delivery is about USD 11 750 per day including operational expenses. Belships will pay a sum of USD 4m upon signing the contract, expected to occur during Q4 2021. The agreement comes with purchase options significantly below current market values and can be exercised after the fourth year until the end of the charter. There are no obligations to purchase the vessel. A similar financing arrangement is expected to be arranged for BELYAMATO before delivery. The agreements are conditional upon certain steps to be completed by the parties involved. Conclusion is expected within Q4 2021.



Leasing liabilities at the end of the quarter arising from bareboat obligations and long-term time charters were USD 281.4m. Corresponding right-of-use assets, including upfront payments relating to the purchase options, were recorded at USD 308.7m.

Belships has no obligation to purchase any of the leased vessels.

**Note 6 Taxes**

The Company recognised USD 19.8m in deferred tax assets previously not recognised consisting of USD 26.1m in tax loss carried forward offset by USD 6.3m in temporary differences per Q1 2021. The deferred tax assets were recognised by the Company after concluding it is likely that the company will have sufficient profit in subsequent periods to utilise the tax assets after the significant improvements seen in the freight market during Q1 2021.

The tax expense in Q3 of USD 9.6m is comprised of a reduction in deferred tax assets of USD 5.9m and tax payable of USD 3.7m

**Note 7 Subsequent events**

BELFRI (built 2007) was delivered to its new owners in October 2021. Net cash flow upon delivery was approximately USD 9.0m after repayment of outstanding loans.

Belships entered into an agreement for the acquisition of two bulk carriers of 58 000 dwt built in 2016 by a Japanese shipyard to be named BELFRIEND and BELTIDE upon delivery. The purchase price was USD 28.0m per vessel, of which 60% will be refinanced under a new bank loan agreement. Delivery is expected by the end of November 2021.

Belships entered into an agreement for the acquisition of a Japanese Ultramax newbuilding resale of 64 000 dwt to be named BELMONDO upon delivery. BELMONDO is expected for delivery during January 2023.

BELCARGO (built 2008) was delivered to its new owners in November 2021. Net cash flow upon delivery was approximately USD 11.0m after repayment of outstanding loans.

BELHAVEN has been fixed for a time charter contract for about 22-24 months duration at a gross rate of USD 26 250 per day. The contract commenced during October 2021.

Previously announced time charter contract on BELPAREIL for about 23-25 months duration at a gross rate of USD 25 500 per day has been cancelled due to delays under current voyage.

BELSOUTH has been fixed for a time charter contract for about 23-25 months duration at a gross rate of USD 25 500 per day. The contract commenced during November 2021.

BELHAWK, an Ultramax bulk carrier of 61 000 dwt built in 2015 was delivered in November 2021 and has commenced a time charter contract for about 3-5 months at a gross rate of USD 35 000 per day.





## 20 LARGEST SHAREHOLDERS

Updated 11 November 2021

Shareholder	Number of shares	%
KONTRARI AS	101 500 000	40.10%
KONTRAZI AS	32 500 000	12.84%
SONATA AS	17 747 492	7.01%
LGT BANK AG	11 645 918	4.60%
JAKOB HATTELAND HOLDING AS	11 000 000	4.35%
MEGLERKONTO INNLAND DNB NOR BANK ASA	9 971 507	3.94%
WENAASGRUPPEN AS	8 149 330	3.22%
JAHATT AS	4 000 000	1.58%
SAXO BANK A/S	3 148 508	1.24%
STAVANGER FORVALTNING AS	2 850 000	1.13%
UBS SWITZERLAND AG	2 620 792	1.04%
KILSHOLMEN AS	2 153 574	0.85%
BARCLAYS CAPITAL SEC. LTD FIRM	1 763 639	0.70%
OLE KETIL TEIGEN	1 500 000	0.59%
STATE STREET BANK AND TRUST COMP	1 360 474	0.54%
J.P. MORGAN SECURITIES PLC	1 248 826	0.49%
THE BANK OF NEW YORK MELLON SA/NV	1 203 316	0.48%
SIX SIS AG	1 162 580	0.46%
MORGAN STANLEY & CO. INTERNATIONAL	1 055 697	0.42%
CLEARSTREAM BANKING S.A.	1 038 723	0.41%
OTHER SHAREHOLDERS	35 516 290	14.03%
<b>TOTAL OUTSTANDING SHARES</b>	<b>253 136 666</b>	<b>100.00%</b>

**FLEET LIST***Updated 12 November 2021*

Ship	Ownership	Built year	Dwt	Yard
<b>Ultramax</b>				
BELMONDO (NEWBUILD)	TBD <sup>1</sup>	2023	64 000	Imabari
BELYAMATO (NEWBUILD)	TBD <sup>2</sup>	2022	64 000	Imabari
BELTOKYO (NEWBUILD)	BBC <sup>3</sup>	2021	64 000	Imabari
BELFORCE	BBC <sup>4</sup>	2021	61 000	Dacks
BELKNIGHT	BBC <sup>5</sup>	2021	61 000	Dacks
BELTRADER	BBC <sup>6</sup>	2021	61 000	Dacks
BELGUARDIAN	BBC <sup>6</sup>	2021	61 000	Dacks
BELMAR	BBC <sup>7</sup>	2021	64 000	Imabari
BELFAST	BBC <sup>8</sup>	2021	64 000	Imabari
BELMOIRA	BBC <sup>9</sup>	2020	61 000	Shin Kurushima
BELAJA	BBC <sup>9</sup>	2020	61 000	Shin Kurushima
BELFUJI	TC <sup>10</sup>	2020	63 000	Imabari
BELRAY	BBC <sup>9</sup>	2019	61 000	Shin Kurushima
BELNIPPON	TC <sup>10</sup>	2018	63 000	Imabari
BELHAVEN	100%	2017	63 000	Imabari
BELTIGER	100% <sup>11</sup>	2017	63 000	New Times
BELISLAND	BBC <sup>12</sup>	2016	61 000	Imabari
BELINDA	100%	2016	63 000	Hantong
BELMONT	100%	2016	63 000	Hantong
BELATLANTIC	100%	2016	63 000	Hantong
BELLIGHT	100%	2016	63 000	New Times
BELFRIEND (TO BE DELIVERED)	100%	2016	58 000	Tsuneishi
BELTIDE (TO BE DELIVERED)	100%	2016	58 000	Tsuneishi
BELHAWK	BBC <sup>13</sup>	2015	61 000	Imabari
BELFOREST	BBC <sup>14</sup>	2015	61 000	Imabari
BELPAREIL	100%	2015	63 000	Hantong
BELSOUTH	100%	2015	63 000	Hantong
BELOCEAN	100%	2011	58 000	Dayang
BELNOR	100%	2010	58 000	Dayang
BELSTAR	100%	2009	58 000	Dayang

*1) On delivery January 2023**2) On delivery Q4 2022**3) On delivery December 2021 12 years bareboat charter with purchase options after fourth year**4) Delivered Q3 2021 10 years bareboat charter with purchase options after third year**5) Delivered Q3 2021 7 years bareboat charter with purchase options after third year**6) Delivered Q3 2021 10 years bareboat charter with purchase options after fourth year**7) Delivered Q3 2021 10 years bareboat charter with purchase options after fourth year**8) Delivered Q1 2021 10 years bareboat charter with purchase options after fourth year**9) 7 years bareboat charter with purchase options after fourth year**10) 8 years time charter with purchase options after fourth year**11) Delivered Q3 2021**12) 11 years bareboat charter with purchase options after third year**13) On delivery 2H 2021 9.5 years bareboat charter with purchase options after third year**14) Purchase option declared, conclusion expected during Q1 2022**There are no purchase obligations on any of the above lease agreements.*