



**BELSHIPS**



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## QUARTERLY REPORT – Q4 2020

*24 February 2021*

**Belships ASA**

Lilleakerveien 6D, N-0283 Oslo, Norway

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

Enterprise no: NO 930776793 MVA



## THE MARKET IS BACK – 2021 OUTLOOK IMPROVED

### HIGHLIGHTS

- Operating income of USD 59.9 million (Q4 2019: USD 38.9m)
- EBITDA of USD 11.3m (USD 8.5m)
- Net result of USD 0.9m (USD 2.1m)
- Net TCE per ship of USD 10 502 per day versus BSI index of USD 10 211 net per day
- 33 per cent of available ship days in 2021 are booked at USD 11 716 net per day
- Positioned to take advantage of improved market with 80 per cent open days in Q2-Q4 2021
- BELFORT and BELORIENT sold with delivery in Q2 2021 as part of fleet modernising with two newbuildings delivering in 2021
- Record EBITDA of USD 5.6m from management companies after rebound and expansion
- Modern fleet of 23 vessels with an average age of 5 years

### Fleet status

Time charter earnings per ship in the quarter were recorded at USD 10 502 net per day versus BSI index of USD 10 211 net per day for the same period. Average net TCE per ship in the last two years amounted to USD 9 992 versus BSI index of USD 8 612 net per day for the same period, representing an outperformance of the BSI index of 16 per cent.

Our long-term outperformance of the BSI index is due to the portfolio of period charter coverage and outsized spot earnings earned by our subsidiary Lighthouse Navigation. The inherent lag in our business means that when the spot markets fall, our outperformance will tend to be higher. Conversely, when the markets rise rapidly our performance will tend to lag on a short-term basis.

Approximately 30 per cent of available days in 2021 are booked at about USD 11 700 net per day. About 90 per cent of available days in Q1 2021 have been booked at about USD 12 200 net per day.

BELMONT and BELOCEAN were drydocked in the quarter. The remaining fleet sailed without significant off-hire in the quarter.

BELFORT and BELORIENT have been sold and deliveries are expected within the second quarter of 2021. Net cash flow upon delivery will be approximately USD 1.0m after repayment of outstanding loans.

BELFAST, an Ultramax newbuilding of 64 000 dwt was delivered in January 2021 from Imabari Shipyard in Japan.

BELMAR, an Ultramax newbuilding of 64 000 dwt is expected to be delivered by the end of Q3 2021.

Belships' fleet continues to increase and improve with only modest cash investments, signalling the competitive advantage Belships has in sourcing ship finance. Taking into consideration nine acquisitions and four divested vessels the net cash effect amounts to about USD 1.5m. The Japanese-designed Ultramax bulk carriers entering the fleet represent the highest quality and lowest fuel consumption available in the market today.

**Commercial platform**

Lighthouse Navigation expanded its commercial platform in 2020 and now have offices in Bangkok, Oslo, Singapore and Melbourne. The aim of this expansion is to further enhance the vessels earning capability and to generate profits around cargo trading opportunities in the market. We are already seeing the impact of this with a record EBITDA in the quarter from the commercial platform.

**Sustainability**

Belships is regarded as a market leader in corporate governance and is well placed to deliver emission cuts in line with industry ambitions for 2030. A new carbon footprint study and review has been initiated with leading classification society DNV with the aim to monitor performance and identify areas for improvement. This will be included in a separate ESG report for 2020.

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 34.0m, while mortgage debt was USD 141.7m. The group's mortgage debt comprises two loan facilities, both with a margin of 275 basis points above LIBOR and maturity in Q2 2024.

Net leasing obligation at the end of the quarter was USD 139.7m. Leasing liabilities have been calculated under the assumption that Belships will exercise its options to acquire all seven 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 5.63 (USD 0.66), corresponding to an equity ratio of 32 per cent.

**Market highlights**

In the fourth quarter we observed a gradual improvement in the spot rates with the Baltic Supramax 58 index averaging USD 10 211 net per day. This is compared to an average of USD 9 435 net per day in the third quarter evidencing a more normalised market since the outbreak of COVID-19.

Total Supramax shipment volumes came in at 264.1 million metric tons for the quarter, which marked a 1.8 per cent increase from Q3. Of the main commodity groups, coal and steel products made the strongest growth, increasing by about 17 and 12 per cent respectively. Following records in Q3, iron ore and grains declined by around 10 per cent during the last quarter of the year.

According to Fearnleys, new vessel deliveries dropped to 26 in Q4 from 28 in the previous quarter (43 in Q2 2020), which are very low numbers. The orderbook delivery schedule for 2021 predict deliveries will be 20 per cent lower than 2020, with 115 vessels scheduled for 2021 against 143 vessels delivered in 2020. In 2022, just 45 vessels are currently scheduled for delivery, which would be the lowest number of deliveries since 2000. In relative terms, we are heading towards the lowest rate of supply growth in almost 30 years.

The publicly quoted orderbook indicates fleet growth will drop towards 2 per cent this year and in 2022 it may drop to less than 1 per cent. 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 very few newbuilding orders as lack of conviction for fuel and propulsion systems will restrain ordering activity in the near term. Importantly, current prices for modern secondhand bulk carriers continue to represent a considerable discount to newbuilding prices, therefore a repricing of secondhand tonnage has begun.

**Outlook**

The Baltic exchange Supramax index YTD 2021 has averaged USD 12 350 net per day. There has been a remarkable development over the past few weeks. Freight Forward Agreements (FFA) currently indicate a market for Supramax and Ultramax of about USD 14 500 and 16 000 per day for the remaining part of the year. A cold winter season has sparked energy demand, coupled with a wider rally in commodity markets resulting in increased cargo volumes in all regions. Usual seasonal weakness vanished in a very short amount of time and Chinese New Year marked the start of the year of the Ox. The Baltic index during March is currently expected to surpass USD 19 000 per day. A market like this, during this time of year, has not been experienced in over a decade.

As we mentioned in previous reports, the supply side has passed the peak of deliveries and the publicly quoted orderbook for our segment now stands below 5 per cent – which is historically low. Even with increased bunker prices the average sailing speed has increased confirming an improved rate of vessel utilisation. We remain optimistic in terms of market prospects, and with the worst of the pandemic likely behind us we are seeing signs of solid demand fundamentals which could lead to a very strong dry cargo market. At the time of writing Belships has most of the fleet open for the remaining part of 2021 and onwards. We are actively pursuing opportunities for further growth.

We do not intend to propose a dividend for the financial year ended 31<sup>st</sup> Dec 2020. We expect that the company's growth initiatives will lead to increased profitability. A competitive return is to be obtained through growth in the value of the company's shares and the payment of competitive dividends, as measured by the total return.

Belships has a uniform and modern fleet of 23 Supramax/Ultramax bulk carriers well positioned to capitalise on a potential recovery towards historical averages for vessel values. 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.

24 February 2021  
THE BOARD OF BELSHIPS ASA

Peter Frølich  
*Chairman*

Frode Teigen	Sverre Jørgen Tidemand	Sissel Grefsrud
Carl Erik Steen	Birthe Cecilie Lepsøe	Jorunn Seglem

Lars Christian Skarsgård  
*CEO*



## CONSOLIDATED STATEMENT OF INCOME

The quarterly figures are not audited

USD 1 000		Q4 2020	Q4 2019	2020	2019
Gross freight revenue	Note	78 095	48 784	220 332	153 909
Voyage expenses		-19 918	-10 008	-61 065	-30 243
<b>Net freight revenue</b>	2	<b>58 177</b>	38 776	<b>159 267</b>	123 666
Management fees		1 679	194	6 095	7 650
<b>Operating income</b>	2	<b>59 856</b>	38 970	<b>165 362</b>	131 316
Share of result from j/v and assoc. comp.		1 541	815	3 052	2 715
T/C hire expenses		-36 642	-13 958	-90 401	-49 825
Ship operating expenses		-8 673	-11 952	-38 675	-33 558
Operating expenses ship management		-1 129	-1 215	-3 490	-4 125
General and administrative expenses		-3 633	-4 133	-11 862	-11 815
<b>Operating expenses</b>		<b>-48 536</b>	-30 443	<b>-141 376</b>	-96 608
<b>EBITDA</b>		<b>11 320</b>	8 527	<b>23 986</b>	34 708
Depreciation and amortisation	3	-6 036	-9 372	-27 286	-23 074
Impairment	3	-89	0	-4 957	0
Gain on sale of ships		0	4 381	2 469	4 381
Other gains/(-losses)	6	-891	2 119	1 165	2 119
<b>Operating result (EBIT)</b>		<b>4 304</b>	5 655	<b>-4 623</b>	18 134
Interest income		242	99	985	283
Interest expenses		-3 233	-2 817	-13 668	-10 522
Other financial items		-340	-389	-729	-1 127
Currency gains/(-losses)		239	666	875	-13
<b>Net financial items</b>		<b>-3 092</b>	-2 441	<b>-12 537</b>	-11 379
<b>Result before taxes</b>		<b>1 212</b>	3 214	<b>-17 160</b>	6 755
Taxes		-349	-1 142	-583	-1 655
<b>Net result</b>		<b>863</b>	2 072	<b>-17 743</b>	5 100
Hereof majority interests		-1 742	1 243	-19 898	3 487
Hereof non-controlling interests		2 605	829	2 155	1 613
Earnings per share		0.01	0.01	-0.08	0.03
Diluted earnings per share		0.01	0.01	-0.08	0.03

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD 1 000		Q4 2020	Q4 2019	2020	2019
<b>Net result</b>		<b>863</b>	2 072	<b>-17 743</b>	5 100
<i>Other comprehensive income not to be reclassified to profit or (loss) in subsequent periods:</i>					
Actuarial gain/(loss) on defined benefit plans		0	-10	-10	-10
<i>Items that may be subsequent. reclassified to profit or (loss):</i>					
Exchange differences		-9	167	63	167
<b>Total comprehensive income</b>		<b>854</b>	2 229	<b>-17 690</b>	5 257
Hereof majority interests		-1 751	1 313	-19 761	3 557
Hereof non-controlling interests		2 605	916	2 071	1 700

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

USD 1 000		31 Dec 2020	31 Dec 2019
<b>NON-CURRENT ASSETS</b>			
	<i>Note</i>		
Intangible assets		1 770	4 629
Ships, owned	3	214 494	213 052
Ships, right-of-use assets	3	157 143	92 720
Prepayment of lease obligations on ships		3 000	6 000
Property, Plant, and Equipment		4 878	4 790
Investments in j/v and assoc. companies		2 123	3 303
Other non-current assets		5 394	8 311
<b>Total non-current assets</b>		<b>388 802</b>	<b>332 805</b>
<b>CURRENT ASSETS</b>			
Assets held for sale		5 917	0
Bunkers		5 344	5 832
Current receivables		30 431	14 576
Cash and cash equivalents		33 985	44 428
<b>Total current assets</b>		<b>75 677</b>	<b>64 836</b>
<b>Total assets</b>		<b>464 479</b>	<b>397 641</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in capital		137 962	125 927
Retained earnings		5 956	25 717
Non-controlling interests		6 099	4 471
<b>Total equity</b>		<b>150 017</b>	<b>156 115</b>
<b>Non-current liabilities</b>			
Mortgage debt	4	119 561	127 249
Lease liability	5	127 754	73 646
Other non-current liabilities		2 769	3 060
<b>Total non-current liabilities</b>		<b>250 084</b>	<b>203 955</b>
<b>Current liabilities</b>			
Mortgage debt	4	22 176	9 388
Lease liability	5	11 986	7 315
Other current liabilities		30 216	20 868
<b>Total current liabilities</b>		<b>64 378</b>	<b>37 571</b>
<b>Total equity and liabilities</b>		<b>464 479</b>	<b>397 641</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

*The quarterly figures are not audited*

USD 1 000	31 Dec 2020	31 Dec 2019
<b>Cash flow from operating activities</b>		
Net result before taxes	-17 160	6 755
Adjustments to reconcile profit before tax to net cash flows:		
Depreciations/impairment on fixed assets	32 243	23 074
Gain on sale of ships	-2 469	-4 381
Share-based compensation expense	545	23
Difference between pension exps and paid pension premium	-66	-51
Share of result from j/v and assoc. companies	-3 052	-2 715
Net finance costs	12 537	11 379
Change in other short-term items	2 830	-2 784
Interest received	985	283
Interest paid	-13 668	-10 359
Income tax paid	-1 119	-632
<b>Net cash flow from operating activities</b>	<b>11 606</b>	<b>20 592</b>
<b>Cash flow from investing activities</b>		
Payment of ships	-15 250	-21 500
Received instalments from sale of ships	2 615	804
Payment of other investments	-4 908	-2 549
<b>Net cash flow from investing activities</b>	<b>-17 543</b>	<b>-23 245</b>
<b>Cash flow from financing activities</b>		
Proceeds from long-term debt	14 700	123 755
Paid-in capital (net)	0	8 021
Repayment of long-term debt	-18 767	-114 876
Dividend paid	0	-1 205
Dividend to non-controlling interests	-439	-648
<b>Net cash flow from financing activities</b>	<b>-4 506</b>	<b>15 047</b>
Net change in cash and cash equivalents during the period	-10 443	12 394
Cash and cash equivalents at 1 January	44 428	32 034
<b>Cash and cash equivalents at end of period (incl. restricted cash)</b>	<b>33 985</b>	<b>44 428</b>



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The quarterly figures are not audited

USD 1 000

	Majority interest						Total equity
	Paid-in				Retained		
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity	Non-controlling interests	
<b>As at 31 December 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
Non-controlling interests	0	0	0	0	0	-443	-443
Share-based payment expense	0	0	0	545	0	0	545
Net result for the period	0	0	0	0	-19 898	2 155	-17 743
Other comprehensive income	0	0	0	0	137	-84	53
Total comprehensive income	0	0	0	0	-19 761	2 071	-17 690
<b>Equity as at 31 December 2020</b>	<b>53 617</b>	<b>-166</b>	<b>47 775</b>	<b>36 736</b>	<b>5 956</b>	<b>6 099</b>	<b>150 017</b>
<b>As at 31 December 2019</b>							
Equity as at 31 December 2018	41 870	-166	18 166	37 000	23 738	3 174	123 782
Share issue	8 533	0	21 333	-832	0	0	29 034
Dividend paid	0	0	0	0	-1 205	0	-1 205
Share-based payment expense	0	0	0	23	0	0	23
Adoption of IFRS 16	0	0	0	0	-373	0	-373
Non-controlling interests	0	0	0	0	0	-403	-403
Net result for the period	0	0	0	0	3 487	1 613	5 100
Other comprehensive income	0	0	0	0	70	87	157
Total comprehensive income	0	0	0	0	3 557	1 700	5 257
<b>Equity as at 31 December 2019</b>	<b>50 403</b>	<b>-166</b>	<b>39 499</b>	<b>36 191</b>	<b>25 717</b>	<b>4 471</b>	<b>156 115</b>





## KEY FINANCIAL FIGURES

		31 Dec 2020	31 Dec 2019
EBITDA	USD 1000	23 986	34 708
Interest coverage ratio		-0.34	1.72
Current ratio		1.18	1.73
Equity ratio		0.32	0.39
Earnings per share	USD	-0.08	0.03
Earnings per share	NOK	-0.64	0.28
Equity per share	USD	0.66	0.74
Equity per share	NOK	5.62	6.46
Number of issued shares as at end of period		228 175 404	212 224 705
Diluted number of shares (excl. treasury shares)		232 627 404	216 876 705

## 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 defined as operating result adjusted for depreciation and amortisation, other gains/(losses), interest income, interest expenses and other financial items
- *EBIT* - is defined as operating result adjusted for interest income, interest expenses and other financial items
- *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
- *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 2019.

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

This report was approved by the Board of Directors on 24 February 2021.

### Note 2 Segment information

January - December 2020						
USD 1 000	Own ships	Lighthouse Navigation	Ship managm.	Admin.	Group transactions	Total
Gross freight revenue	77 955	142 377	0	0	0	220 332
Voyage expenses	-16 953	-45 870	0	0	1 758	-61 065
<b>Net freight revenue</b>	<b>61 002</b>	<b>96 507</b>	<b>0</b>	<b>0</b>	<b>1 758</b>	<b>159 267</b>
Management fees	0	6 167	5 480	0	-5 552	6 095
<b>Operating income</b>	<b>61 002</b>	<b>102 674</b>	<b>5 480</b>	<b>0</b>	<b>-3 794</b>	<b>165 362</b>
Share of result from j/v and assoc. comp.	0	3 058	-6	0	0	3 052
T/C hire expenses	0	-90 401	0	0	0	-90 401
Ship operating expenses	-41 213	-1 256	0	0	3 794	-38 675
Operating expenses ship management	0	0	-3 490	0	0	-3 490
General and administrative expenses	-358	-8 371	0	-3 133	0	-11 862
<b>Operating expenses</b>	<b>-41 571</b>	<b>-96 970</b>	<b>-3 496</b>	<b>-3 133</b>	<b>3 794</b>	<b>-141 376</b>
<b>EBITDA</b>	<b>19 431</b>	<b>5 704</b>	<b>1 984</b>	<b>-3 133</b>	<b>0</b>	<b>23 986</b>
Depreciation and amortisation	-24 717	-2 165	-221	-183	0	-27 286
Impairment	-4 957	0	0	0	0	-4 957
Gain on sale of ship	2 469	0	0	0	0	2 469
Other gains/-losses	1 165	0	0	0	0	1 165
<b>Operating result (EBIT)</b>	<b>-6 609</b>	<b>3 539</b>	<b>1 763</b>	<b>-3 316</b>	<b>0</b>	<b>-4 623</b>
Interest income	937	21	17	10	0	985
Interest expenses	-13 537	-97	-16	-18	0	-13 668
Other financial items	-724	-21	16	0	0	-729
Currency gains/(-losses)	926	-13	-38	0	0	875
<b>Net financial items</b>	<b>-12 398</b>	<b>-110</b>	<b>-21</b>	<b>-8</b>	<b>0</b>	<b>-12 537</b>
<b>Result before taxes</b>	<b>-19 007</b>	<b>3 429</b>	<b>1 742</b>	<b>-3 324</b>	<b>0</b>	<b>-17 160</b>
Taxes	-250	6	-339	0	0	-583
<b>Net result</b>	<b>-19 257</b>	<b>3 435</b>	<b>1 403</b>	<b>-3 324</b>	<b>0</b>	<b>-17 743</b>
Hereof majority interests	-19 257	1 496	1 187	-3 324	0	-19 898
Hereof non-controlling interests	0	1 939	216	0	0	2 155
Assets	409 261	42 348	5 036	7 834	0	464 479
Liabilities	286 584	23 946	2 352	1 580	0	314 462

**Note 2 Segment information, continued**

January - December 2019						
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	79 331	74 578	0	0	0	153 909
Voyage expenses	-11 352	-20 267	0	0	1 376	-30 243
<b>Net freight revenue</b>	<b>67 979</b>	<b>54 311</b>	<b>0</b>	<b>0</b>	<b>1 376</b>	<b>123 666</b>
Management fees	0	6 005	5 303	0	-3 658	7 650
<b>Operating income</b>	<b>67 979</b>	<b>60 316</b>	<b>5 303</b>	<b>0</b>	<b>-2 282</b>	<b>131 316</b>
Share of result from j/v and assoc. comp.	0	2 715	0	0	0	2 715
T/C hire expenses	-497	-49 328	0	0	0	-49 825
Ship operating expenses	-35 715	0	0	0	2 157	-33 558
Operating expenses ship management	0	0	-4 125	0	0	-4 125
General and administrative expenses	-555	-7 184	0	-4 076	0	-11 815
<b>Operating expenses</b>	<b>-36 767</b>	<b>-53 797</b>	<b>-4 125</b>	<b>-4 076</b>	<b>2 157</b>	<b>-96 608</b>
<b>EBITDA</b>	<b>31 212</b>	<b>6 519</b>	<b>1 178</b>	<b>-4 076</b>	<b>-125</b>	<b>34 708</b>
Depreciation and amortisation	-19 598	-2 608	-868	0	0	-23 074
Gain on sale of ship	4 381	0	0	0	0	4 381
Other gains	180	0	1 939	0	0	2 119
<b>Operating result (EBIT)</b>	<b>16 175</b>	<b>3 911</b>	<b>2 249</b>	<b>-4 076</b>	<b>-125</b>	<b>18 134</b>
Interest income	230	51	2	0	0	283
Interest expenses	-10 522	0	0	0	0	-10 522
Other financial items	-863	-215	-49	0	0	-1 127
Currency gains/(-losses)	-2	-27	16	0	0	-13
<b>Net financial items</b>	<b>-11 157</b>	<b>-191</b>	<b>-31</b>	<b>0</b>	<b>0</b>	<b>-11 379</b>
<b>Result before taxes</b>	<b>5 018</b>	<b>3 720</b>	<b>2 218</b>	<b>-4 076</b>	<b>-125</b>	<b>6 755</b>
Taxes	-697	-958	0	0	0	-1 655
<b>Net result</b>	<b>4 321</b>	<b>2 762</b>	<b>2 218</b>	<b>-4 076</b>	<b>-125</b>	<b>5 100</b>
Hereof majority interests	4 261	1 209	2 218	-4 076	-125	3 487
Hereof non-controlling interests	60	1 553	0	0	0	1 613
Assets	367 191	22 446	6 829	1 175	0	397 641
Liabilities	221 269	15 687	2 360	2 210	0	241 526


**Note 2 Segment information, continued**

USD 1 000	Q1 - 2020					Q1 - 2019				
	Own ships	LHN	Ship mgmt	Adm/ Grp trs	Total	Own ships	LHN	Ship mgmt	Adm/ Grp trs	Total
Gross freight revenue	20 005	29 470	0	0	49 475	18 729	17 447	0	0	36 176
Voyage expenses	-5 240	-12 909	0	357	-17 792	-3 655	-4 291	0	209	-7 737
<b>Net freight revenue</b>	<b>14 765</b>	<b>16 561</b>	<b>0</b>	<b>357</b>	<b>31 683</b>	<b>15 074</b>	<b>13 156</b>	<b>0</b>	<b>209</b>	<b>28 439</b>
Management fees	0	1 600	1 306	-1 033	1 873	0	1 232	1 946	-541	2 637
<b>Operating income</b>	<b>14 765</b>	<b>18 161</b>	<b>1 306</b>	<b>-676</b>	<b>33 556</b>	<b>15 074</b>	<b>14 388</b>	<b>1 946</b>	<b>-332</b>	<b>31 076</b>
Share of result j/v and assoc. comp.	0	573	0	0	573	0	634	0	0	634
T/C hire expenses	0	-15 583	0	0	-15 583	0	-12 515	0	0	-12 515
Ship operating expenses	-10 158	-419	0	676	-9 901	-6 384	0	0	409	-5 975
Operating expenses ship management	0	0	-961	0	-961	0	0	-971	0	-971
General and administrative expenses	-138	-1 962	0	-731	-2 831	-143	-1 189	0	-811	-2 143
<b>Operating expenses</b>	<b>-10 296</b>	<b>-17 391</b>	<b>-961</b>	<b>-55</b>	<b>-28 703</b>	<b>-6 527</b>	<b>-13 070</b>	<b>-971</b>	<b>-402</b>	<b>-20 970</b>
<b>Operating result (EBITDA)</b>	<b>4 469</b>	<b>770</b>	<b>345</b>	<b>-731</b>	<b>4 853</b>	<b>8 547</b>	<b>1 318</b>	<b>975</b>	<b>-734</b>	<b>10 106</b>
Depreciation and amortisation	-6 054	-655	-13	-6	-6 728	-4 235	-20	-272	-28	-4 555
Gain on sale of ship	2 469	0	0	0	2 469	0	0	0	0	0
Other gains/(-losses)	2 936	0	0	0	2 936	0	0	0	0	0
<b>Operating result (EBIT)</b>	<b>3 820</b>	<b>115</b>	<b>332</b>	<b>-737</b>	<b>3 530</b>	<b>4 312</b>	<b>1 298</b>	<b>703</b>	<b>-762</b>	<b>5 551</b>

USD 1 000	Q2 - 2020					Q2 - 2019				
	Own ships	LHN	Ship mgmt	Adm/ Grp trs	Total	Own ships	LHN	Ship mgmt	Adm/ Grp trs	Total
Gross freight revenue	16 285	21 588	0	0	37 873	17 898	17 229	0	0	35 127
Voyage expenses	-4 335	-6 880	0	451	-10 764	-2 961	-5 410	0	303	-8 068
<b>Net freight revenue</b>	<b>11 950</b>	<b>14 708</b>	<b>0</b>	<b>451</b>	<b>27 109</b>	<b>14 937</b>	<b>11 819</b>	<b>0</b>	<b>303</b>	<b>27 059</b>
Management fees	0	1 363	1 312	-1 167	1 508	0	1 318	1 983	-790	2 511
<b>Operating income</b>	<b>11 950</b>	<b>16 071</b>	<b>1 312</b>	<b>-716</b>	<b>28 617</b>	<b>14 937</b>	<b>13 137</b>	<b>1 983</b>	<b>-487</b>	<b>29 570</b>
Share of result j/v and assoc. comp.	0	728	14	0	742	0	608	0	0	608
T/C hire expenses	0	-14 692	0	0	-14 692	0	-12 121	0	0	-12 121
Ship operating expenses	-9 342	-841	0	716	-9 467	-6 980	0	0	515	-6 465
Operating expenses ship management	0	0	-865	0	-865	0	0	-916	0	-916
General and administrative expenses	-1	-1 824	0	-637	-2 462	-115	-1 433	0	-1 152	-2 700
<b>Operating expenses</b>	<b>-9 343</b>	<b>-16 629</b>	<b>-851</b>	<b>79</b>	<b>-26 744</b>	<b>-7 095</b>	<b>-12 946</b>	<b>-916</b>	<b>-637</b>	<b>-21 594</b>
<b>Operating result (EBITDA)</b>	<b>2 607</b>	<b>-558</b>	<b>461</b>	<b>-637</b>	<b>1 873</b>	<b>7 842</b>	<b>191</b>	<b>1 067</b>	<b>-1 124</b>	<b>7 976</b>
Depreciation and amortisation	-6 506	-934	-12	-247	-7 699	-4 380	-22	-276	-24	-4 702
Impairment	-4 868	0	0	0	-4 868	0	0	0	0	0
Other gains/(-losses)	-598	0	0	0	-598	0	0	0	0	0
<b>Operating result (EBIT)</b>	<b>-9 365</b>	<b>-1 492</b>	<b>449</b>	<b>-884</b>	<b>-11 292</b>	<b>3 462</b>	<b>169</b>	<b>791</b>	<b>-1 148</b>	<b>3 274</b>

**Note 2 Segment information, continued**

USD 1 000	Q3 - 2020					Q3 - 2019				
	Own ships	LHN	Ship mgmt	Adm/ Grp.tr	Total	Own ships	LHN	Ship mgmt	Adm/ Grp.tr	Total
Gross freight revenue	19 901	34 988	0	0	54 889	18 389	15 433	0	0	33 822
Voyage expenses	-2 919	-10 136	0	464	-12 591	-1 938	-2 810	0	318	-4 430
<b>Net freight revenue</b>	<b>16 982</b>	<b>24 852</b>	<b>0</b>	<b>464</b>	<b>42 298</b>	<b>16 451</b>	<b>12 623</b>	<b>0</b>	<b>318</b>	<b>29 392</b>
Management fees	0	1 382	797	-1 144	1 035	0	1 425	1 469	-586	2 308
<b>Operating income</b>	<b>16 982</b>	<b>26 234</b>	<b>797</b>	<b>-680</b>	<b>43 333</b>	<b>16 451</b>	<b>14 048</b>	<b>1 469</b>	<b>-268</b>	<b>31 700</b>
Share of res. from j/v and assoc. comp.	0	190	6	0	196	0	658	0	0	658
T/C hire expenses	-386	-23 098	0	0	-23 484	0	-11 231	0	0	-11 231
Ship operating expenses	-10 753	-562	0	681	-10 634	-9 780	0	0	614	-9 166
Operating expenses ship management	0	0	-535	0	-535	0	0	-1 023	0	-1 023
General and administrative expenses	-119	-2 087	0	-730	-2 936	-199	-1 763	0	-877	-2 839
<b>Operating expenses</b>	<b>-11 258</b>	<b>-25 557</b>	<b>-529</b>	<b>-49</b>	<b>-37 393</b>	<b>-9 979</b>	<b>-12 336</b>	<b>-1 023</b>	<b>-263</b>	<b>-23 601</b>
<b>Operating result (EBITDA)</b>	<b>5 724</b>	<b>677</b>	<b>268</b>	<b>-729</b>	<b>5 940</b>	<b>6 472</b>	<b>1 712</b>	<b>446</b>	<b>-531</b>	<b>8 099</b>
Depreciation and amortisation	-6 224	-433	-22	-144	-6 823	-4 382	-23	-15	-25	-4 445
Other gains/-losses	-282	0	0	0	-282	0	0	0	0	0
<b>Operating result (EBIT)</b>	<b>-782</b>	<b>244</b>	<b>246</b>	<b>-873</b>	<b>-1 165</b>	<b>2 090</b>	<b>1 689</b>	<b>431</b>	<b>-556</b>	<b>3 654</b>

USD 1 000	Q4 - 2020					Q4 - 2019				
	Own ships	LHN	Ship mgmt	Adm/ Grp.tr	Total	Owned ships	LHN	Ship mgmt	Adm/ Grp.tr	Total
Gross freight revenue	21 764	56 331	0	0	78 095	24 315	24 469	0	0	48 784
Voyage expenses	-4 459	-15 945	0	486	-19 918	-2 798	-7 756	0	546	-10 008
<b>Net freight revenue</b>	<b>17 305</b>	<b>40 386</b>	<b>0</b>	<b>486</b>	<b>58 177</b>	<b>21 517</b>	<b>16 713</b>	<b>0</b>	<b>546</b>	<b>38 776</b>
Management fees	0	1 822	2 065	-2 208	1 679	0	2 030	-95	-1 741	194
<b>Operating income</b>	<b>17 305</b>	<b>42 208</b>	<b>2 065</b>	<b>-1 722</b>	<b>59 856</b>	<b>21 517</b>	<b>18 743</b>	<b>-95</b>	<b>-1 195</b>	<b>38 970</b>
Share of res. from j/v and assoc. comp.	0	1 567	-26	0	1 541	0	815	0	0	815
T/C hire expenses	386	-37 028	0	0	-36 642	-497	-13 461	0	0	-13 958
Ship operating expenses	-10 960	566	0	1 721	-8 673	-12 571	0	0	619	-11 952
Operating expenses ship management	0	0	-1 129	0	-1 129	0	0	-1 215	0	-1 215
General and administrative expenses	-100	-2 498	0	-1 035	-3 633	-98	-2 799	0	-1 236	-4 133
<b>Operating expenses</b>	<b>-10 674</b>	<b>-37 393</b>	<b>-1 155</b>	<b>686</b>	<b>-48 536</b>	<b>-13 166</b>	<b>-15 445</b>	<b>-1 215</b>	<b>-617</b>	<b>-30 443</b>
<b>Operating result (EBITDA)</b>	<b>6 631</b>	<b>4 815</b>	<b>910</b>	<b>-1 036</b>	<b>11 320</b>	<b>8 351</b>	<b>3 298</b>	<b>-1 310</b>	<b>-1 812</b>	<b>8 527</b>
Depreciation and amortisation	-5 933	-143	-174	214	-6 036	-6 601	-2 543	-305	77	-9 372
Impairment	-89	0	0	0	-89	0	0	0	0	0
Gain on sale of ships	0	0	0	0	0	4 381	0	0	0	4 381
Other gains/-losses	-891	0	0	0	-891	180	0	1 939	0	2 119
<b>Operating result (EBIT)</b>	<b>-282</b>	<b>4 672</b>	<b>736</b>	<b>-822</b>	<b>4 304</b>	<b>6 311</b>	<b>755</b>	<b>324</b>	<b>-1 735</b>	<b>5 655</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 the ongoing COVID-19 outbreak is an impairment indicator pursuant to IAS 36. Consequently, Belships carried out an impairment test of ships owned or recognised as right-of-use assets at the end of the quarter.

The Company considers each ship as a separate cash-generating unit and has compared recoverable amounts against carrying amounts at the end of the quarter. Recoverable amounts are based on value-in-use and have been derived from calculation of present value of estimated cash flows over the useful life of the ship. Assumptions represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the ships. The value-in-use calculations are mainly sensitive to changes in revenue and cost of capital assumptions. Revenues have been based on current contracts and long-term historical rates for equivalent ships derived from the Baltic Supramax market index. OPEX and CAPEX estimates have been derived from the budgets approved by Board of Directors. Cash flows have been discounted using a cost of capital of 5.8 per cent.

At the end of Q2 2020, recoverable amounts were higher than carrying amounts for all ships, except for the four oldest vessels in the fleet. Consequently, Belships recorded an impairment loss of USD 4.9m in the second quarter.

At the end of Q3 2020, recoverable amounts were higher than carrying amounts for all ships and no impairments were recorded.

At the end of Q4 2020, recoverable amounts were higher than carrying amounts for all ships, except the two oldest vessels where an impairment loss of USD 2.1m was recorded. For two other vessels impairment done in Q2 2020 was reversed and a gain of USD 2m was recorded.

The Company has performed sensitivity tests on the assumptions used in the impairment tests. Reducing the long-term rate by 10 per cent per day would have led to an impairment recognition of USD 40.6m in total. At the end of the quarter, an increase of one percentage point cost of capital would have resulted in impairments of USD 1.0m in total.

**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. Following a voluntary prepayment in January 2020, the next instalment on the first tranche is due in Q2 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 of USD 1.2m.

The USD 14m loan acquired as part of the acquisition of shares in Sofie Victory AS was amended in Q3 2020. The margin was reduced to 275 basis points over LIBOR and the maturity was extended until Q2 2024, with semi-annual repayments of USD 0.5m.

Total mortgage debt at the end of the quarter amounted to USD 142.7m. 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 at the end of the quarter.

**Note 5 Leasing**

In January, newbuilding BELFUJI was delivered. The ship is leased on time charter for a period of 8 years and increased leasing liabilities at the end of the first quarter by USD 15.5m.

In January, newbuilding BELMOIRA was delivered. The ship is leased on bareboat charter for a period of 7 years and increased leasing liabilities at the end of the first quarter by USD 25.0m, including the USD 3.0m prepayment made in 2019.

In February, newbuilding BELAJA was delivered. The ship is leased on bareboat charter for a period of 7 years and increased leasing liabilities at the end of the first quarter by USD 25.0m, including the USD 3.0m prepayment made in 2019.

Leasing liabilities at the end of the quarter arising from bareboat obligations and long-term time charters were USD 138.6m. Corresponding right-of-use assets, including upfront payments relating to the purchase options, were recorded at USD 160.7m.

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

**Note 6 Financial instruments**

Forward Freight Agreements (FFA) are measured at fair value at the end of each reporting period. Net loss from unrealised fair value changes and realised positions amounting to USD 0.9m have been included in other gains and losses. At the end of the quarter, the remaining FFA portfolio comprised 1080 days at an average rate of USD 9 100 per day.

**Note 7 Subsequent events**

In January 2021, newbuilding BELFAST was delivered. The ship is leased on bareboat charter for a period of 10 years and will increase leasing liabilities at the end of the first quarter by USD 25.0m, including the USD 3.0m prepayment made in 2020. Belships has no obligation to purchase the vessel.



## 20 LARGEST SHAREHOLDERS

Updated 22 February 2021

Shareholder	Number of shares	%
KONTRARI AS	95 822 108	41.99%
KONTRAZI AS	32 463 265	14.23%
SONATA AS	17 461 778	7.65%
CITIBANK, N.A.	15 304 131	6.71%
LGT BANK AG	12 630 754	5.54%
JAKOB HATTELAND HOLDING AS	11 000 000	4.82%
EGENHANDELSKONTO DNB NOR BANK ASA	10 050 670	4.40%
WENAASGRUPPEN AS	8 000 000	3.51%
PERSHING LLC	4 715 043	2.07%
UBS SWITZERLAND AG	3 004 395	1.32%
JAHATT AS	2 000 000	0.88%
CLEARSTREAM BANKING S.A.	1 635 132	0.72%
STAVANGER FORVALTNING AS	1 432 950	0.63%
SIX SIS AG	1 399 721	0.61%
OLA RUSTAD AS	850 000	0.37%
OLE KETIL TEIGEN	700 000	0.31%
AUGUST RINGVOLD AGENTUR AS	556 435	0.24%
ARAGES HOLDING AS	500 000	0.22%
AS TORINITAMAR	417 100	0.18%
BELSHIPS ASA	388 000	0.17%
OTHER SHAREHOLDERS	7 843 922	3.44%
<b>TOTAL OUTSTANDING SHARES</b>	<b>228 175 404</b>	<b>100.00%</b>



**FLEET LIST**

Ship	Ownership	Built year	Dwt	Yard
<b>Ultramax</b>				
Newbuilding tbn BELMAR	BBC <sup>1</sup>	2021	64,000	Imabari
Newbuilding tbn BELFAST	BBC <sup>2</sup>	2021	64,000	Imabari
BELFUJI	TC <sup>3</sup>	2020	63,000	Imabari
BELMOIRA	BBC <sup>4</sup>	2020	61,000	Shin Kurushima
BELAJA	BBC <sup>4</sup>	2020	61,000	Shin Kurushima
BELRAY	BBC <sup>5</sup>	2019	61,000	Shin Kurushima
BELNIPPON	TC <sup>6</sup>	2018	63,000	Imabari
BELHAVEN	100%	2017	63,000	Imabari
BELISLAND	BBC <sup>7</sup>	2016	61,000	Imabari
BELINDA	100%	2016	63,000	Hantong
BELMONT	100%	2016	63,000	Hantong
BELATLANTIC	100%	2016	63,000	Hantong
BELLIGHT (ex SOFIE VICTORY)	100%	2016	63,000	New Times
BELFOREST	BBC <sup>8</sup>	2015	61,000	Imabari
BELPAREIL	100%	2015	63,000	Hantong
BELSOUTH	100%	2015	63,000	Hantong
<b>Supramax</b>				
BELOCEAN	100%	2011	58,000	Dayang
BELNOR	100%	2010	58,000	Dayang
BELSTAR	100%	2009	58,000	Dayang
BELFORT	100% <sup>9</sup>	2008	50,000	PT Pal
BELORIENT	100% <sup>10</sup>	2008	50,000	PT Pal
BELCARGO	100%	2008	58,000	Tsuneishi
BELFRI	100%	2007	55,000	Kawasaki

- 1) Delivery 2H 2021 ten years bareboat charter with purchase options after fourth year.
- 2) Delivery January/February 2021 ten years bareboat charter with purchase options after fourth year
- 3) Delivered January 2020 eight years time charter with purchase options after fourth year
- 4) Delivered Q1 2020 seven years bareboat charter with purchase options after fourth year
- 5) Delivered October 2019 seven years bareboat with purchase options after fourth year
- 6) Delivered January 2018 eight years time charter with purchase options after fourth year
- 7) Delivered 2016 fifteen years bareboat charter with purchase options after fifth year
- 8) Delivered 2015 twelve years bareboat charter with purchase options after third year
- 9) Sold with expected delivery to buyer in March/April 2021
- 10) Sold with expected delivery to buyer in April/May 2021

*There are no purchase obligations on any of the above lease agreements.*

*BELFAST and PACIFIC LIGHT have been delivered to Marti Shipping & Ship Management of Turkey for bareboat charter and subsequent sale.*