



BELSHIPS



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QUARTERLY REPORT – Q1 2022

12 May 2022

Belships ASA

Lilleakerveien 6D, N-0283 Oslo, Norway

www.belships.com

Enterprise no: NO 930776793 MVA



RECORD QUARTER – EXTRAORDINARY DIVIDEND AND POSITIVE MARKET OUTLOOK

HIGHLIGHTS

- Operating income of USD 229.5m (USD 76.4m)
- EBITDA of USD 60.5m (USD 14.7m) including USD 22.6m from Lighthouse Navigation
- Net result of USD 59.5m (USD 16.5m)
- Declared ordinary dividend of USD 26.2m (NOK 1.00 per share)
- Declared extraordinary dividend of USD 32.7m (NOK 1.25 per share)
- TCE of USD 25 466 gross per day for owned fleet
- Secured long term lease agreements for four vessels at competitive terms
- 90 per cent of ship days in Q2 are booked at about USD 24 700 gross per day. 70 per cent of ship days in the next four quarters are booked at about USD 24 000 gross per day.
- Modern fleet of 29 vessels with an average age of 3.5 years and daily cash breakeven for 2022 of about USD 10 000 per vessel

Subsequent events

Belships has entered into agreements for the acquisition of two modern 64 000 dwt Ultramax bulk carriers built at Japanese shipyards in 2019 and 2020. The vessels are financed through time charter lease agreements for a fixed period of about 5 years with options to extend for a further 2 years. Cash breakeven for each vessel will be about USD 11 200 per day. Belships will pay a total of USD 12.0m as down payment upon delivery of the vessels. The agreements come with options to repurchase the vessels significantly below current market levels. There are no obligations to purchase the vessels at the end of the agreements. The agreements are conditional upon certain steps to be completed by the parties involved. Delivery of the vessels is expected within Q2 2022.

The vessels come with charter employment attached as follows:

About 2.5 years period time charter at a gross rate of USD 21 000 per day. The Charterer has an option for two additional years at USD 21 000 and USD 22 000 per day.

About 6 months remaining period of a legacy time charter contract at a gross rate of USD 13 600 per day.

Belships has declared an option to purchase the Ultramax bulk carrier BELNIPPON (2018). The strike price is significantly below current market levels. Conclusion is expected within Q3 2022.

Financial results commentary

Belships reports a net result of USD 59.5m for Q1 2022, compared to a net result of USD 16.5m for Q1 2021. The increase in net result is mainly caused by the improved freight market and Belships' increased fleet. EBITDA contribution from Lighthouse Navigation was USD 22.6m in Q1 2022 compared to USD 3.5m in Q1 2021. The increase in EBITDA from Lighthouse Navigation is due to the expansion of the companies and increased margins from freight trading. Net freight revenue for owned vessels was USD 54.3m in Q1 2022 compared to USD 23.2m in Q1 2021. The increase in



net freight revenue is driven by an increase in TCE on owned vessels from 12 802 in Q1 2021 to 25 466 in Q1 2022 and an increase in vessel days of about 20 per cent.

Ship operating expenses were USD 13.4m in Q1 2022 compared to USD 10.8m in Q1 2021. The increase is due to growth in active days of about 20 per cent, stemming from fleet expansion. Ship operating expenses include non-recurring takeover costs for vessels delivered in the quarter of USD 0.4m, and Covid-19 related crewing expenses of USD 1.4m.

Fleet status

Time charter equivalent (TCE) earnings per ship in the quarter was recorded at USD 25 466 gross per day versus BSI index of USD 25 155 gross 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 affected by a certain number of period time charter contracts which contribute to our contract coverage for 2022-2023.

| | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 |
|--------------------|---------|---------|---------|---------|---------|---------|
| Contract coverage | 90% | 75% | 69% | 52% | 40% | 29% |
| TCE rate (USD/day) | 24 758 | 23 486 | 23 617 | 23 716 | 23 432 | 23 260 |

BELTIGER was drydocked in the quarter, the remaining fleet sailed without significant off-hire with a total of 2 243 on-hire vessel days.

Ultramax newbuildings BELYAMATO and BELMONDO are expected to be delivered from Imabari Shipbuilding, Japan in November 2022 and January 2023.

Transactions

Belships entered into agreements to sell and lease back BELLIGHT and BELFOREST on bareboat charters for 10 and 11.5 years, respectively. The lease agreements have fixed rates for the entire period with an average cost of capital of about 4.4 per cent. Delivery occurred in Q1 2022 and net cash effect was about USD 14.0m in total.

Belships agreed to a new USD 116m loan facility with drawdown in Q1 2022. Proceeds from the facility were used to repay all outstanding amounts under the existing credit facility with two vessels being left unencumbered. The new loan has a reduced margin of 225 basis points and a loan-to-value ratio of 55 per cent, with the first instalment in 2023 and final maturity in 2027. Lenders for the new loan facility are DNB Bank and Sparebank 1 SR-Bank.

Belships entered into agreement to sell and lease back BELYAMATO. The bareboat charter is for 10 years. The lease agreement has a fixed rate for the entire period with an average cost of capital of 4.6 per cent. Belships paid a sum of USD 4.0m as down payment upon signing the agreement.

Belships entered into agreement to sell and lease back BELMONDO, an Ultramax newbuilding which is scheduled for delivery in January 2023. The bareboat charter is for 10 years and comes with options to repurchase the vessel at below current market levels. There is no obligation to purchase the vessel at the end of the agreement. The rate is fixed for the entire period with an average cost of capital of 4.6 per cent. Belships has paid a sum of USD 4.5m as down payment upon



signing the agreement. The agreement is conditional upon certain steps to be completed by the parties involved. Conclusion is expected within Q2 2022.

Belships' fleet has increased and improved with only modest cash investments, signalling the competitive advantage Belships has in sourcing ship finance. The Japanese-designed 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 strong result with EBITDA of USD 22.6m, continuing the performance from previous quarters. FFA gains of USD 3.5m bring the EBIT result to USD 25.6m.

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 recently published a comprehensive sustainability report for 2021 (ESG Report) reflecting our ongoing commitment to transparency and meeting investor and stakeholder expectations.

Belships is compliant with the upcoming emission regulations from IMO in 2023 (EEXI) without additional CAPEX signalling the competitive advantage of Belships modern eco-fleet.

Financial and corporate matters

At the end of the quarter, cash and cash equivalents totalled USD 161.2m, whilst interest bearing bank debt amounted to USD 114.5m.

Net leasing liability at the end of the quarter was USD 347.3m. Leasing liabilities have been calculated under the assumption that all purchase options to acquire Ultramax bulk carriers on bareboat charters will be exercised. All lease agreements have fixed interest rates for the entire duration of the charters. Belships have no contractual obligations to acquire any of its leased vessels.

At the end of the quarter, book value per share amounted to NOK 10.2 (USD 1.17), corresponding to a book equity ratio of 34 per cent. Value-adjusted equity is significantly higher.

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.

Dividend payment

Based on the financial result in the first quarter 2022 the Board declared an ordinary dividend payment of USD 26.2m (NOK 1.00 per share) equivalent to about 55 per cent of net result adjusted for non-controlling interests.



Furthermore, the Board declared an extraordinary dividend payment of USD 32.7m (NOK 1.25 per share) bringing the total dividend payments to USD 58.9m (NOK 2.25 per share).

Market highlights

In the first quarter, the Baltic Supramax Index (BSI-58) averaged USD 25 155 per day - the highest start to a year since 2008. The first quarter is usually the weakest period, due to factors like the Chinese New Year and seasonally lower grain and iron ore shipments. In January, Indonesia implemented a coal export ban which lowered export volumes for some weeks. However, as these temporary and seasonal characteristics passed, the market regained strength and the BSI-58 climbed to USD 30 000 per day.

Total Supramax shipment volumes ended at 237 million tons in Q1 2022, slightly down from 243 million tons in Q4 2021. However, considering the abovementioned seasonal factors, the decline was negligible. In April, shipment volumes rebounded, with 92 million tons shipped boding well for an upward trend into the second quarter.

There were considerable variations in the demand growth for each commodity group in Q1 2022. Breakbulk and other minor bulks grew by 7 and 9 per cent, year on year, whereas coal and iron ore dropped by 22 and 52 per cent, respectively. The strong growth in minor bulk commodities reflect high rates of global industrial production, whereas the drop in coal was due to Indonesia's export ban, and the drop in iron ore was due to lower demand from China as restrictive policies on steel output remained in place. The freight markets continue to underline the advantages of the versatile Supra/Ultramax segments compared to the rest of the dry bulk market.

Port congestion persisted throughout the quarter and the Chinese government's policy to fight the COVID-19 pandemic gives reason to expect that reduced vessel sailing efficiency will continue to support a tight market balance.

Changes in trade patterns stemming from sanctioned Russian commodities is likely to support ton-mile growth in the Supra/Ultramax segment. Average sailing distances for European coal imports may see an increase as Russian coal will be replaced by US, Colombian, South African, Indonesian and Australian coal. The secondary effect of this is that Russian coal exported from Baltic, Black Sea and Murmansk will have to be shipped to Asia. Such changes will probably be seen for other commodities as well, like steel products and possibly also grains.

According to Fearnleys, 28 vessels were delivered in the first quarter, up from 21 vessels in the fourth quarter. 101 vessels remain on schedule for delivery this year. However, given the pace of deliveries year-to-date and considering that there are often order cancellations, slippage or even incorrectly reported orders, that number is likely too high.

Relatively low newbuilding activity continued as the lack of conviction and alternatives for fuel and propulsion systems appear to restrain demand for ordering. Also, available delivery positions with shipyards appear to remain distant, from the very end of 2024 or later. Year-to-date, 24 vessels have been placed for order according to Fearnleys. For comparison, there were 112 vessels placed for order last year.



Newbuilding prices steadily edge upwards as increased input costs as well as full orderbooks for container and gas vessels dictate the position with shipyards. Second-hand values have increased since the New Year, however current values still appear low in comparison with earnings.

Outlook

The Baltic Exchange Supramax index YTD 2022 has averaged about USD 26 000 per day with Ultramaxes earning an additional premium.

The sentiment in the Supra/Ultramax market remains strong and is expected to continue in the near term. Freight Forward Agreements (FFA) for Supramax currently indicate a market average of about USD 29 000 for the remaining part of the year, which is an increase of 10 per cent from our previous report.

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.

The purpose of growth has been to increase profitability and the value and attractiveness of owning our shares. We are focused on capital discipline and returning capital to shareholders. 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. Since we announced a new dividend policy in Q2 2021, we have returned a total of USD 111.9m (NOK 4.10 per share) to shareholders.

Belships is well positioned to capitalise on a strong dry bulk market with a modern fleet of 29 Supra/Ultramax bulk carriers with an average age of 3.5 years and daily cash breakeven for 2022 of about USD 10 000 per vessel.

Lighthouse Navigation continues to deliver strong results and has had a good start to the second quarter. Based on Belships' current contract coverage, we expect to generate significant free cash flow and continue to pay quarterly dividends as announced with our dividend policy.

12 May 2022

THE BOARD OF BELSHIPS ASA

Peter Frølich
Chairman

Frode Teigen

Sten Stenersen

Marianne Møgster

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 | | Q1 2022 | Q1 2021 | 2021 |
|---|------|-----------------|------------|----------|
| Gross freight revenue | Note | 258 287 | 107 290 | 808 237 |
| Voyage expenses | | -30 802 | -32 354 | -164 929 |
| Net freight revenue | 2 | 227 485 | 74 936 | 643 308 |
| Management fees | | 2 003 | 1 453 | 7 366 |
| Operating income | 2 | 229 488 | 76 389 | 650 674 |
| Share of result from j/v and assoc. comp. | | 12 366 | 760 | 14 323 |
| T/C hire expenses | | -156 818 | -46 672 | -400 710 |
| Ship operating expenses | | -13 362 | -10 815 | -50 457 |
| Operating expenses management companies | | -8 564 | -3 963 | -30 756 |
| General and administrative expenses | | -2 601 | -969 | -4 795 |
| Operating expenses | | -168 979 | -61 659 | -472 395 |
| EBITDA | | 60 509 | 14 730 | 178 279 |
| Depreciation and amortisation | 3 | -8 236 | -7 540 | -28 735 |
| Gain on sale of ships | 3 | 12 308 | 0 | 15 333 |
| Other gains/(-losses) | | 3 494 | -6 734 | -4 048 |
| Operating result (EBIT) | | 68 075 | 456 | 160 829 |
| Interest income | | 4 | 219 | 815 |
| Interest expenses | | -5 079 | -3 516 | -15 881 |
| Other financial items | | -1 628 | -148 | -2 308 |
| Currency gains/(-losses) | | -641 | -247 | -1 325 |
| Net financial items | | -7 344 | -3 692 | -18 699 |
| Result before taxes | | 60 731 | -3 236 | 142 130 |
| Taxes | | -1 197 | 19 743 | -8 708 |
| Net result | | 59 534 | 16 507 | 133 422 |
| Hereof majority interests | | 46 738 | 14 914 | 103 983 |
| Hereof non-controlling interests | | 12 796 | 1 593 | 29 439 |
| Earnings per share | | 0.24 | 0.07 | 0.54 |
| Diluted earnings per share | | 0.23 | 0.07 | 0.53 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| USD 1 000 | | Q1 2022 | Q1 2021 | 2021 |
|---|--|---------------|------------|---------|
| Net result | | 59 534 | 16 507 | 133 422 |
| <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 | 3 |
| <i>Items that may be subsequently reclassified to profit or (loss):</i> | | | | |
| Exchange differences | | -23 | 26 | -74 |
| Total comprehensive income | | 59 511 | 16 533 | 133 351 |
| Hereof majority interests | | 46 715 | 14 940 | 103 912 |
| Hereof non-controlling interests | | 12 796 | 1 593 | 29 439 |

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

| USD 1 000 | | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|--|------|----------------|----------------|----------------|
| NON-CURRENT ASSETS | | | | |
| Intangible assets | Note | 0 | 19 752 | 0 |
| Ships | 3 | 574 108 | 388 795 | 580 628 |
| Prepayment of ships | | 10 050 | 0 | 0 |
| Property, Plant, and Equipment | | 4 090 | 5 002 | 4 227 |
| Investments in j/v and assoc. companies | | 26 829 | 3 492 | 13 997 |
| Other non-current assets | | 230 | 119 | 821 |
| Total non-current assets | | 615 307 | 417 160 | 599 673 |
| CURRENT ASSETS | | | | |
| Assets held for sale | 3 | 0 | 6 701 | 23 933 |
| Bunker inventory | | 27 155 | 9 551 | 16 492 |
| Current receivables | | 71 333 | 44 701 | 52 332 |
| Cash and cash equivalents | | 161 162 | 51 570 | 105 204 |
| Total current assets | | 259 650 | 112 523 | 197 961 |
| Total assets | | 874 957 | 529 683 | 797 634 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Paid-in capital | | 157 435 | 154 206 | 158 802 |
| Retained earnings | | 97 383 | 20 980 | 82 739 |
| Non-controlling interests | | 40 275 | 7 692 | 31 378 |
| Total equity | | 295 093 | 182 878 | 272 919 |
| Non-current liabilities | | | | |
| Long term interest bearing debt | 4 | 437 127 | 267 227 | 412 881 |
| Other non-current liabilities | | 1 733 | 2 264 | 1 757 |
| Total non-current liabilities | | 438 860 | 269 491 | 414 638 |
| Current liabilities | | | | |
| Current portion of interest bearing debt | 4 | 24 640 | 29 435 | 24 467 |
| Other current liabilities | | 116 364 | 47 879 | 85 610 |
| Total current liabilities | | 141 004 | 77 314 | 110 077 |
| Total equity and liabilities | | 874 957 | 529 683 | 797 634 |

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

| USD 1 000 | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|----------------|----------------|----------------|
| Cash flow from operating activities | | | |
| Net result before taxes | 60 731 | -3 236 | 142 130 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciations/impairment on fixed assets | 8 236 | 7 540 | 28 735 |
| Gain on sale of ships and other gains | -15 802 | 5 480 | -15 333 |
| Share-based compensation expense | -8 017 | 138 | 500 |
| Difference between pension exps and paid pension premium | 0 | 0 | -19 |
| Share of result from j/v and associated companies | -12 366 | -760 | -14 323 |
| Net finance costs | 7 344 | 3 692 | 18 699 |
| Change in current items | 881 | -3 767 | 6 252 |
| Interest received | 4 | 219 | 815 |
| Interest paid | -5 079 | -3 516 | -15 881 |
| Financing costs | 0 | 0 | -1 276 |
| Income tax paid | -264 | -106 | -852 |
| Net cash flow from operating activities | 35 668 | 5 684 | 149 447 |
| Cash flow from investing activities | | | |
| Proceeds from sale of ships | 36 597 | 6 259 | 62 541 |
| Payment of ships | -10 050 | 0 | -90 454 |
| Received instalments from sale of ships | 0 | 468 | 12 661 |
| Additions to ships | -1 560 | 0 | 0 |
| Other investments | 0 | -1 225 | -5 022 |
| Net cash flow from investing activities | 24 987 | 5 502 | -20 274 |
| Cash flow from financing activities | | | |
| Proceeds from non-current debt | 29 816 | 0 | 52 360 |
| Paid-in capital (net) | 0 | 16 068 | 15 952 |
| Repayment of non-current debt | -5 193 | -9 790 | -95 015 |
| Sold treasury shares | 0 | 121 | 129 |
| Dividend paid | -29 320 | 0 | -31 380 |
| Net cash flow from financing activities | -4 697 | 6 399 | -57 954 |
| Net change in cash and cash equivalents during the period | 55 958 | 17 585 | 71 219 |
| Cash and cash equivalents at 1 January | 105 204 | 33 985 | 33 985 |
| Cash and cash equivalents at end of period (incl. restricted cash) | 161 162 | 51 570 | 105 204 |

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

USD 1 000

| | Majority interest | | | | Retained | Non-controlling interests | Total equity |
|---------------------------------------|-------------------|-----------------|------------------------|----------------------|---------------|---------------------------|----------------|
| | Paid-in | | Share premium reserves | Other paid-in equity | | | |
| | Share capital | Treasury shares | | | | | Other equity |
| As at 31 March 2022 | | | | | | | |
| Equity as at 31 December 2021 | 59 466 | -128 | 62 228 | 37 236 | 82 739 | 31 378 | 272 919 |
| Share-based payment expense | 0 | 0 | 0 | -1 367 | -6 650 | 0 | -8 017 |
| Dividend paid | 0 | 0 | 0 | 0 | -25 421 | -3 899 | -29 320 |
| Net result for the period | 0 | 0 | 0 | 0 | 46 738 | 12 796 | 59 534 |
| Other comprehensive income | 0 | 0 | 0 | 0 | -23 | 0 | -23 |
| Total comprehensive income | 0 | 0 | 0 | 0 | 46 715 | 12 796 | 59 511 |
| Equity as at 31 March 2022 | 59 466 | -128 | 62 228 | 35 869 | 97 383 | 40 275 | 295 093 |
| As at 31 March 2021 | | | | | | | |
| Equity as at 31 December 2020 | 53 617 | -166 | 47 775 | 36 736 | 5 956 | 6 099 | 150 017 |
| Share issue, net of transaction costs | 4 715 | 0 | 11 787 | -434 | 0 | 0 | 16 068 |
| Sale of treasury shares | 0 | 38 | 0 | 0 | 84 | 0 | 122 |
| Share-based payment expense | 0 | 0 | 0 | 138 | 0 | 0 | 138 |
| Net result for the period | 0 | 0 | 0 | 0 | 14 914 | 1 593 | 16 507 |
| Other comprehensive income | 0 | 0 | 0 | 0 | 26 | 0 | 26 |
| Total comprehensive income | 0 | 0 | 0 | 0 | 14 940 | 1 593 | 16 533 |
| Equity as at 31 March 2021 | 58 332 | -128 | 59 562 | 36 440 | 20 980 | 7 692 | 182 878 |

**KEY FINANCIAL FIGURES**

| | | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|----------|------------------------|----------------|----------------|
| EBITDA | USD 1000 | 60 509 | 14 730 | 178 279 |
| Interest coverage ratio | | 13.40 | 0.13 | 10.13 |
| Current ratio | | 1.84 | 1.46 | 1.80 |
| Equity ratio | | 0.34 | 0.35 | 0.34 |
| Earnings per share | USD | 0.24 | 0.07 | 0.53 |
| Earnings per share | NOK | 2.06 | 0.61 | 4.65 |
| Equity per share | USD | 1.17 | 0.79 | 1.08 |
| Equity per share | NOK | 10.20 | 6.75 | 9.51 |
| Average issued shares | | 253 136 666 | 231 096 752 | 253 136 666 |
| Diluted average issued shares (excl. treasury shares) | | 257 764 866 | 235 708 752 | 250 609 708 |

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 2021.

EPS is calculated on the basis of average number of outstanding shares in the period in Belships ASA.

This report was approved by the Board of Directors on 12 May 2022.

Note 2 Segment information

| | January - March 2022 | | | | | |
|---|----------------------|-----------------------|---------------|---------------|-----------------|-----------------|
| | USD 1 000 | | | | | |
| | Own ships | Lighthouse Navigation | Ship managm. | Admin. | Group transact. | Total |
| Gross freight revenue | 58 606 | 199 361 | 0 | 0 | 320 | 258 287 |
| Voyage expenses | -4 343 | -27 212 | 0 | 0 | 753 | -30 802 |
| Net freight revenue | 54 263 | 172 149 | 0 | 0 | 1 073 | 227 485 |
| Management fees | 0 | 2 820 | 1 301 | 0 | -2 118 | 2 003 |
| Operating income | 54 263 | 174 969 | 1 301 | 0 | -1 045 | 229 488 |
| Share of result from j/v and assoc. comp. | 0 | 12 339 | 27 | 0 | 0 | 12 366 |
| T/C hire expenses | 0 | -156 818 | 0 | 0 | 0 | -156 818 |
| Ship operating expenses | -13 993 | -414 | 0 | 0 | 1 045 | -13 362 |
| Operating exps management companies | 0 | -7 514 | -1 050 | 0 | 0 | -8 564 |
| General and administrative expenses | -167 | 0 | 0 | -2 434 | 0 | -2 601 |
| Operating expenses | -14 160 | -152 407 | -1 023 | -2 434 | 1 045 | -168 979 |
| EBITDA | 40 103 | 22 562 | 278 | -2 434 | 0 | 60 509 |
| Depreciation and amortisation | -7 672 | -470 | -30 | -64 | 0 | -8 236 |
| Gain on sale of ship | 12 308 | 0 | 0 | 0 | 0 | 12 308 |
| Other gains/-losses | 0 | 3 494 | 0 | 0 | 0 | 3 494 |
| Operating result (EBIT) | 44 739 | 25 586 | 248 | -2 498 | 0 | 68 075 |
| Interest income | 3 | 0 | 1 | 0 | 0 | 4 |
| Interest expenses | -5 051 | -17 | -1 | -10 | 0 | -5 079 |
| Other financial items | -1 620 | 1 | -9 | 0 | 0 | -1 628 |
| Currency gains/(-losses) | 4 | 125 | 21 | -791 | 0 | -641 |
| Net financial items | -6 664 | 109 | 12 | -801 | 0 | -7 344 |
| Result before taxes | 38 075 | 25 695 | 260 | -3 299 | 0 | 60 731 |
| Taxes | 0 | -1 184 | -13 | 0 | 0 | -1 197 |
| Net result | 38 075 | 24 511 | 247 | -3 299 | 0 | 59 534 |
| Hereof majority interests | 38 075 | 11 741 | 221 | -3 299 | 0 | 46 738 |
| Hereof non-controlling interests | 0 | 12 770 | 26 | 0 | 0 | 12 796 |
| Assets | 633 514 | 179 970 | 4 569 | 56 904 | 0 | 874 957 |
| Liabilities | 476 648 | 100 879 | 1 576 | 761 | 0 | 579 864 |

**Note 2 Segment information, continued**

| | January - March 2021 | | | | | |
|---|----------------------|-----------------------|--------------|---------------|-----------------|----------------|
| | USD 1 000 | | | | | |
| | Own ships | Lighthouse Navigation | Ship managm. | Admin. | Group transact. | Total |
| Gross freight revenue | 27 504 | 79 197 | 0 | 0 | 589 | 107 290 |
| Voyage expenses | -4 354 | -28 000 | 0 | 0 | 0 | -32 354 |
| Net freight revenue | 23 150 | 51 197 | 0 | 0 | 589 | 74 936 |
| Management fees | 0 | 1 687 | 1 089 | 0 | -1 323 | 1 453 |
| Operating income | 23 150 | 52 884 | 1 089 | 0 | -734 | 76 389 |
| Share of result from j/v and assoc. comp. | 0 | 761 | -1 | 0 | 0 | 760 |
| T/C hire expenses | 0 | -46 672 | 0 | 0 | 0 | -46 672 |
| Ship operating expenses | -11 135 | -414 | 0 | 0 | 734 | -10 815 |
| Operating exps management companies | 0 | -3 049 | -914 | 0 | 0 | -3 963 |
| General and administrative expenses | -95 | 0 | 0 | -874 | 0 | -969 |
| Operating expenses | -11 230 | -49 374 | -915 | -874 | 734 | -61 659 |
| EBITDA | 11 920 | 3 510 | 174 | -874 | 0 | 14 730 |
| Depreciation and amortisation | -6 982 | -469 | -42 | -47 | 0 | -7 540 |
| Gain on sale of ship | 0 | 0 | 0 | 0 | 0 | 0 |
| Other gains | -6 734 | 0 | 0 | 0 | 0 | -6 734 |
| Operating result (EBIT) | -1 796 | 3 041 | 132 | -921 | 0 | 456 |
| Interest income | 218 | 0 | 1 | 0 | 0 | 219 |
| Interest expenses | -3 462 | -39 | -3 | -12 | 0 | -3 516 |
| Other financial items | -145 | 0 | -3 | 0 | 0 | -148 |
| Currency gains/(-losses) | -9 | 26 | 2 | -266 | 0 | -247 |
| Net financial items | -3 398 | -13 | -3 | -278 | 0 | -3 692 |
| Result before taxes | -5 194 | 3 028 | 129 | -1 199 | 0 | -3 236 |
| Taxes | 0 | 0 | -9 | 0 | 19 752 | 19 743 |
| Net result | -5 194 | 3 028 | 120 | -1 199 | 19 752 | 16 507 |
| Hereof majority interests | -5 194 | 1 468 | 87 | -1 199 | 19 752 | 14 914 |
| Hereof non-controlling interests | 0 | 1 560 | 33 | 0 | 0 | 1 593 |
| Assets | 449 838 | 55 265 | 4 833 | 19 747 | 0 | 529 683 |
| Liabilities | 309 837 | 33 757 | 2 045 | 1 166 | 0 | 346 805 |

**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.

A total gain of USD 12.3m was recorded during the quarter after BELSTAR and BELOCEAN were delivered to its new owners.

Note 4 Interest bearing debt

Interest bearing bank debt at the end of the quarter amounted to USD 114.5m. Transaction costs related to the mortgage debt were initially recorded as a reduction of debt in the balance sheet and is subsequently amortised over the loan period in accordance with the amortised cost principle.

Leasing liabilities at the end of the quarter arising from bareboat obligations and long-term time charters were USD 326.4m. Corresponding right-of-use assets, including upfront payments relating to the purchase options, were recorded at USD 360.7m.

All lease agreements have fixed interest rates for the entire duration of the charters. Belships has no obligation to purchase any of the leased vessels.

Belships was in compliance with all covenants during the quarter.

Note 5 Subsequent events

Belships has entered into agreements for the acquisition of two modern 64 000 dwt Ultramax bulk carriers built at Japanese shipyards in 2019 and 2020. The vessels are financed through time charter lease agreements for a fixed period of about 5 years within options to extend for a further 2 years. Cash breakeven for each vessel will be about USD 11 200 per day. Belships will pay a total of USD 12.0m as down payment upon delivery of the vessels. The agreements come with options to repurchase the vessels significantly below current market levels. There are no obligations to purchase the vessels at the end of the agreements. The agreements are conditional upon certain steps to be completed by the parties involved. Delivery of the vessels is expected within Q2 2022.

The vessels come with charter employment attached as follows:

About 2.5 years period time charter at a gross rate of USD 21 000 per day. The Charterer has an option for two additional years at USD 21 000 and USD 22 000 per day.

About 6 months remaining period of a legacy time charter contract at a gross rate of USD 13 600 per day.

Belships has declared an option to purchase the Ultramax bulk carrier BELNIPPON (2018). The strike price is significantly below current market levels. Conclusion is expected within Q3 2022.

**20 LARGEST SHAREHOLDERS***Updated 11 May 2022*

| Shareholder | Number of shares | % |
|--------------------------------------|-------------------------|----------------|
| KONTRARI AS | 103 000 000 | 40.69% |
| KONTRAZI AS | 32 500 000 | 12.84% |
| JAKOB HATTELAND HOLDING AS | 11 000 000 | 4.35% |
| LGT BANK AG | 10 453 658 | 4.13% |
| MEGLERKONTO INNLAND DNB NOR BANK ASA | 10 050 670 | 3.97% |
| WENAASGRUPPEN AS | 8 149 330 | 3.22% |
| SONATA AS | 7 747 492 | 3.06% |
| JAHATT AS | 5 000 000 | 1.98% |
| THE BANK OF NEW YORK MELLON SA/NV | 3 782 512 | 1.49% |
| THE BANK OF NEW YORK MELLON SA/NV | 3 107 337 | 1.23% |
| SAXO BANK A/S | 2 685 795 | 1.06% |
| UBS SWITZERLAND AG | 2 615 792 | 1.03% |
| STAVANGER FORVALTNING AS | 2 100 000 | 0.83% |
| THE NORTHERN TRUST COMP, LONDON BR | 2 078 900 | 0.82% |
| J.P. MORGAN SE | 2 011 723 | 0.79% |
| THE BANK OF NEW YORK MELLON SA/NV | 1 427 099 | 0.56% |
| STATE STREET BANK AND TRUST COMP | 1 425 210 | 0.56% |
| SIX SIS AG | 1 255 400 | 0.50% |
| STATE STREET BANK AND TRUST COMP | 1 192 753 | 0.47% |
| THE BANK OF NEW YORK MELLON SA/NV | 1 077 848 | 0.43% |
| OTHER SHAREHOLDERS | 40 475 147 | 15.99% |
| TOTAL OUTSTANDING SHARES | 253 136 666 | 100.00% |

**PERIOD CHARTER COVERAGE***Updated 11 May 2022*

| Vessel | Start | TCE | Duration |
|---------------|--------------|---------------|-----------------|
| BELTOKYO | Dec-21 | Index-linked* | 22 - 26 months |
| BELFORCE | Sep-21 | \$ 24,000 | 22 - 25 months |
| BELKNIGHT | Mar-22 | \$ 25,000 | 22 - 26 months |
| BELTRADER | Feb-22 | \$ 21,400 | 21 - 24 months |
| BELGUARDIAN | Dec-21 | \$ 24,700 | 10 - 12 months |
| BELMAR | Feb-22 | \$ 21,600 | 24 - 29 months |
| BELFAST | Dec-21 | \$ 25,000 | 11 - 13 months |
| BELAJA | Dec-21 | \$ 22,250 | 12 - 14 months |
| BELMOIRA | Jun-21 | \$ 23,000 | 22 - 24 months |
| BELFUJI | Jun-21 | \$ 24,000 | 22 - 25 months |
| BELRAY | Jul-21 | \$ 23,000 | 21 - 24 months |
| BELNIPPON | Jun-21 | \$ 22,000 | 11 - 13 months |
| BELHAVEN | Oct-21 | \$ 26,250 | 21 - 24 months |
| BELTIGER | Mar-22 | \$ 23,500 | 22 - 25 months |
| BELISLAND | Sep-21 | \$ 22,000 | 21 - 24 months |
| BELINDA | Sep-21 | \$ 27,000 | 10 - 12 months |
| BELFRIEND | Apr-22 | \$ 29,500 | 11 - 13 months |
| BELTIDE | Jan-22 | \$ 24,500 | 11 - 13 months |
| BELHAWK | Apr-22 | \$ 22,250 | 21 - 25 months |
| BELFOREST | Jun-21 | \$ 21,250 | 11 - 13 months |
| BELSOUTH | Oct-21 | \$ 25,250 | 23 - 25 months |

*TCE linked to 115% of BSI-58 index

Table Includes all ongoing period charters above 180 days

**FLEET LIST**

Updated 11 May 2022

| Ship | Ownership | Built year | Dwt | Yard |
|-----------------------|-------------------|------------|--------|----------------|
| BELMONDO (NEWBUILD) | TBD ¹ | 2023 | 64 000 | Imabari |
| BELYAMATO (NEWBUILD) | TBD ² | 2022 | 64 000 | Imabari |
| BELTOKYO | BBC ³ | 2021 | 64 000 | Imabari |
| BELFORCE | BBC ⁴ | 2021 | 61 000 | Dacks |
| BELKNIGHT | BBC ⁵ | 2021 | 61 000 | Dacks |
| BELTRADER | BBC ⁶ | 2021 | 61 000 | Dacks |
| BELGUARDIAN | BBC ⁶ | 2021 | 61 000 | Dacks |
| BELMAR | BBC ⁷ | 2021 | 64 000 | Imabari |
| BELFAST | BBC ⁸ | 2021 | 64 000 | Imabari |
| BELMOIRA | BBC ⁹ | 2020 | 61 000 | Shin Kurushima |
| BELAJA | BBC ⁹ | 2020 | 61 000 | Shin Kurushima |
| BELFUJI | TC ¹⁰ | 2020 | 63 000 | Imabari |
| <i>Acquisition I</i> | TC ¹¹ | 2020 | 64 000 | Japan |
| <i>Acquisition II</i> | TC ¹² | 2019 | 64 000 | Japan |
| BELRAY | BBC ⁹ | 2019 | 61 000 | Shin Kurushima |
| BELNIPPON | TC ¹⁰ | 2018 | 63 000 | Imabari |
| BELHAVEN | 100% | 2017 | 63 000 | Imabari |
| BELTIGER | 100% | 2017 | 63 000 | New Times |
| BELISLAND | BBC ¹³ | 2016 | 61 000 | Imabari |
| BELINDA | 100% | 2016 | 63 000 | Hantong |
| BELMONT | 100% | 2016 | 63 000 | Hantong |
| BELATLANTIC | 100% | 2016 | 63 000 | Hantong |
| BELLIGHT | BBC ¹⁴ | 2016 | 63 000 | New Times |
| BELFRIEND | 100% | 2016 | 58 000 | Tsuneishi |
| BELTIDE | 100% | 2016 | 58 000 | Tsuneishi |
| BELFOREST | BBC ¹⁵ | 2015 | 61 000 | Imabari |
| BELHAWK | BBC ¹⁶ | 2015 | 61 000 | Imabari |
| BELPAREIL | 100% | 2015 | 63 000 | Hantong |
| BELSOUTH | 100% | 2015 | 63 000 | Hantong |

- 1) *Expected to be delivered January 2023*
- 2) *Expected to be delivered November 2022, 10 yr bareboat charter with purchase options after fourth year*
- 3) *12 yr bareboat charter with purchase options after fourth year*
- 4) *10 yr bareboat charter with purchase options after third year*
- 5) *7 yr bareboat charter with purchase options after third year*
- 6) *10 yr bareboat charter with purchase options after fourth year*
- 7) *10 yr bareboat charter with purchase options after fourth year*
- 8) *10 yr bareboat charter with purchase options after fourth year*
- 9) *7 yr bareboat charter with purchase options after fourth year*
- 10) *8 yr time charter with purchase options after fourth year*
- 11) *5 yr remaining time charter with purchase options from H2 2025*
- 12) *4.5 yr remaining time charter with purchase options from H2 2022*
- 13) *11 yr bareboat charter with purchase options after third year*
- 14) *10 yr bareboat charter with purchase options after third year*
- 15) *10.5 yr bareboat charter with purchase options after third year*
- 16) *9.5 yr bareboat charter with purchase options after third year*

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