



BELSHIPS



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QUARTERLY REPORT – Q2 2021

18 August 2021

Belships ASA

Lilleakerveien 6D, N-0283 Oslo, Norway

www.belships.com

Enterprise no: NO 930776793 MVA



STRONG MARKET – RETURNING VALUE TO SHAREHOLDERS

HIGHLIGHTS

- Operating income of USD 140.4m (USD 28.6m)
- EBITDA of USD 36.0m (USD 1.9m) including USD 14.5m from Lighthouse Navigation
- Net result of USD 22.5m (USD -14.6m)
- Declared dividend of USD 11.4m (NOK 0.40 per share)
- Net TCE per ship of USD 18 031 per day
- Entered into agreements to acquire five new Ultramax bulk carriers
- Two oldest Supramax vessels sold
- 42 per cent of available ship days in the next four quarters are booked at about USD 22 400 net per day. 80 per cent of available days in 2022 remain open.
- Modern fleet of 27 vessels with an average age of about 4 years and average cash breakeven of about USD 10 500 per day

Fleet status

Time charter earnings per ship in the quarter were recorded at USD 18 031 net per day versus BSI index of USD 24 261 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.

Approximately 87 per cent of available ship days in Q3 are booked at about USD 22 800 net per day. Approximately 42 per cent of available ship days in the next four quarters are booked at about USD 22 400 net per day.

BELFUJI has been fixed for a time charter contract for about 22-24 months duration at a gross rate of USD 24 000 per day. The contract commenced during June 2021.

BELMOIRA has been fixed for a time charter contract for about 22-24 months duration at a gross rate of USD 23 000 per day. The contract commenced during June 2021.

BELRAY has been fixed for a time charter contract for about 22-24 months duration at a gross rate of USD 22 000 per day. The contract commenced during July 2021.

BELISLAND has been fixed for a time charter contract for about 22-24 months duration at a gross rate of USD 22 000 per day. The contract commenced during August 2021.

BELINDA has been fixed for a time charter contract for about 11-13 months duration at a gross rate of USD 27 000 gross per day. The contract will commence during August 2021.

BELISLAND was drydocked in the quarter. The remaining fleet sailed without significant off-hire in the quarter with a total of 1 807 on-hire days. Two vessels in the fleet are scheduled for drydocking in Q3.



BELORIENT was delivered to its new owners in April 2021. Net cash flow upon delivery was approximately USD 1.0m after repayment of outstanding loans.

Updated delivery schedule for Ultramax newbuildings:
BELTRADER and BELGUARDIAN were delivered in August 2021
BELKNIGHT is expected to deliver August 2021
BELFORCE is expected to deliver September 2021
BELMAR is expected to deliver September 2021
(New) BELTOKYO is expected Q4 2021
(New) BELYAMATO is expected Q4 2022

Transactions

In April, Belships entered into an agreement for the acquisition of a 2017-built Ultramax to be named BELTIGER. The vessel was delivered in August whilst an existing time charter party at a marginally cash-positive rate will follow the vessel and is expected to run until the end of October 2021. The purchase price was USD 21.75m, of which 80 per cent paid in cash and the remaining was settled through an issue of new Belships shares. The estimated cash breakeven for the vessel upon delivery is about USD 9 500 per day including operational expenses. The vessel was delivered in August.

In May, Belships entered into an agreement for the acquisition of a newbuilding Ultramax resale of 61 000 dwt financed through a bareboat agreement for 10 years. The vessel will be named BELFORCE and delivery is expected within September 2021. The estimated cash breakeven for the vessel upon delivery is about USD 10 900 per day including operational expenses. Belships has paid a sum of USD 3.0m upon signing the contract in Q2 2021. The agreement comes with purchase options significantly below current market values and can be exercised after the third year until the end of the charter. There are no obligations to purchase the vessel.

In June, Belships has entered into an agreement for the acquisition of an Ultramax bulk carrier built in 2015 by a Japanese shipyard in a cash transaction. Delivery of the vessel is expected within October 2021. The agreed purchase price is JPY 2.52bn (about USD 22.9m). The vessel has subsequently been sold and leased back on bareboat charter for 9.5 years with options to purchase the vessel after the third year at significantly below current market levels. The estimated cash breakeven for the vessel upon delivery is about USD 10 900 per day including operational expenses.

In June, Belships has exercised an option to purchase the Ultramax vessel BELISLAND and subsequently entered into agreement to sell and lease back the vessel on bareboat charter for 11 years with options to purchase the vessel again after the third year at significantly below current market levels. The new daily rate will reduce the vessels cash breakeven by about USD 1100 per day and have a positive cash effect upon delivery of about USD 2.5 million. Delivery into the new bareboat agreement is expected in September 2021.

In July, Belships entered into an agreement for the sale of BELFRI. Delivery of the vessel is expected to occur within September and Belships will realize a gain of approximately USD 4.6m. Net cash flow upon delivery will be approximately USD 9.0m after repayment of outstanding loans.

Belships has recently entered into an agreement for the acquisition of a further 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 Q3 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 Q3 2021.

Belships has recently entered into an agreement for the sale of BELCARGO. Delivery of the vessel is expected to occur within 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. The agreements are conditional upon certain steps to be completed by the parties involved. Conclusion is expected within Q3 2021.

Belships' fleet continues to increase and improve 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 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 now see the impact of this growth with a record quarter showing EBITDA of USD 14.5m.

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 63.4m, while mortgage debt was USD 123.2m.

Net leasing obligation at the end of the quarter was USD 156.1m. 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 7.03 (USD 0.82), corresponding to a book equity ratio of 38 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 amortization 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 second quarter 2021 the Board declared a dividend payment of USD 11.4m (NOK 0.40 per share) equivalent to about 50 per cent of net result.

Market highlights

In the second quarter, we observed a further improvement in the spot rates with the Baltic Supramax 58 index averaging USD 24 261 net per day, up from USD 16 140 net per day in the preceding quarter. The third quarter has continued even stronger, with the Baltic Supramax 58 index averaging over USD 30 000 per day – the highest since 2008.

Total Supramax shipment volumes ended at 268 million tons in Q2, up from 256 million tons in Q1 and a record high quarter. Close to 90 million tons were shipped in each month, which is very high historically but still slightly below the record of 93 million tons shipped in March. However, preliminary estimates for shipments in July show another all-time record of 96 million tons.

Demand growth has been strong across almost all commodities and regions, as the global manufacturing boom continued through Q2. 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 on Supramaxes and Ultramaxs continues in the coming months, shipments will end below both 2020 and 2019 levels. However, the macro backdrop remains highly supportive, lockdowns in South East Asia are hopefully temporary, and the Winter restocking season will also begin in a few months. 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.

According to Fearnleys, vessel deliveries dropped to 23 in the second quarter, down from 27 in the first quarter, which marked the lowest number of deliveries since the fourth quarter of 2018, when 14 vessels were delivered. Without assuming any slippage or cancellation (which is usually between 10-20 per cent), the vessel delivery schedule for the remainder of this year says 44 during the third quarter, and 30 during the fourth quarter. This would take the full year total to 133, which is lower than last year's 143. Next year, the delivery schedule points to a further reduction in fleet growth, with only 109 vessels scheduled for delivery. The number of new vessels is on track to be the lowest since 2007, when 86 vessels were delivered. However, in relative terms, it is approaching the lowest level in several decades.

The publicly quoted orderbook indicates fleet growth will drop next year and then even further in 2023, according to Clarksons. 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 have increased considerably since before the summer and appear strongly supported to increase further on the back of a very strong freight market.

Outlook

The Baltic exchange Supramax index YTD 2021 has averaged USD 21 100 net per day. There has been a remarkable development over the past months and is continuing with strength. Freight Forward Agreements (FFA) currently indicate a market for Supramax and Ultramax of about USD 33 000 and 35 000 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 has passed the peak of deliveries and the publicly quoted orderbook for our segment is historically low. On the back of a wide rally in commodities this year we remain optimistic in terms of market prospects. For the next four quarters, Belships has secured contract coverage for approximately 40 per cent of available ship days. At the time of writing, Belships has 80 per cent of next year uncovered representing a substantial exposure to a firm dry bulk market.

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 27 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.

18 August 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
CEO

**RESPONSIBILITY STATEMENT**

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2021 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the Company's assets, liabilities, financial position and result for the period.

We also confirm to the best of our knowledge that the financial review includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements.

18 August 2021
THE BOARD OF BELSHIPS ASA

Peter Frølich
Chairman

Frode Teigen
Carl Erik Steen

Sverre Jørgen Tidemand
Birthe Cecilie Lepsøe

Marianne Møgster
Jorunn Seglem

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

USD 1 000		Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	2020
Gross freight revenue	Note	165 691	37 873	272 981	87 348	220 332
Voyage expenses		-27 006	-10 764	-59 360	-28 556	-61 065
Net freight revenue	2	138 685	27 109	213 621	58 792	159 267
Management fees		1 719	1 508	3 172	3 381	6 095
Operating income	2	140 404	28 617	216 793	62 173	165 362
Share of result from j/v and assoc. comp.		1 723	742	2 483	1 315	3 052
T/C hire expenses		-88 253	-14 692	-134 925	-30 275	-90 401
Ship operating expenses		-9 550	-9 467	-20 365	-19 368	-38 675
Operating expenses management companies		-6 953	-2 689	-10 916	-5 612	-11 861
General and administrative expenses		-1 404	-638	-2 373	-1 507	-3 491
Operating expenses		-104 437	-26 744	-166 096	-55 447	-141 376
EBITDA		35 967	1 873	50 697	6 726	23 986
Depreciation and amortisation	3	-6 313	-7 699	-13 853	-14 427	-27 286
Impairment	3	0	-4 868	0	-4 868	-4 957
Gain on sale of ships		0	0	0	2 469	2 469
Other gains/(-losses)		-5	-598	-6 739	2 338	1 165
Operating result (EBIT)		29 649	-11 292	30 105	-7 762	-4 623
Interest income		212	257	431	507	985
Interest expenses		-3 325	-3 410	-6 841	-7 049	-13 668
Other financial items		-196	-152	-344	-376	-729
Currency gains/(-losses)		99	82	-148	354	875
Net financial items		-3 210	-3 223	-6 902	-6 564	-12 537
Result before taxes		26 439	-14 515	23 203	-14 326	-17 160
Taxes	6	-3 951	-70	15 792	-107	-583
Net result		22 488	-14 585	38 995	-14 433	-17 743
Hereof majority interests		15 565	-13 896	30 479	-13 896	-19 898
Hereof non-controlling interests		6 923	-689	8 516	-537	2 155
Earnings per share		0.09	-0.07	0.16	-0.06	-0.08
Diluted earnings per share		0.09	-0.07	0.16	-0.06	-0.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD 1 000		Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	2020
Net result		22 488	-14 585	38 995	-14 433	-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. reclass. to profit or (loss):</i>						
Exchange differences		-46	0	-20	40	63
Total comprehensive income		22 442	-14 585	38 975	-14 393	-17 690
Hereof majority interests		15 519	-14 737	30 459	-13 856	-19 761
Hereof non-controlling interests		6 923	152	8 516	-537	2 071

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

USD 1 000		30 Jun 2021	30 Jun 2020	31 Dec 2020
NON-CURRENT ASSETS				
	<i>Note</i>			
Intangible assets	6	17 074	3 053	1 770
Ships, owned	3	203 790	225 803	214 494
Ships, right-of-use assets	3	179 400	159 176	157 143
Prepayment of lease obligations on ships		12 210	0	3 000
Property, Plant, and Equipment		4 836	4 372	4 878
Investments in j/v and assoc. companies		4 176	2 995	2 123
Other non-current assets		2 553	13 937	5 394
Total non-current assets		424 039	409 336	388 802
CURRENT ASSETS				
Asset held for sale		0	0	5 917
Bunkers		12 220	7 235	5 344
Current receivables		39 586	6 697	30 431
Cash and cash equivalents		63 363	34 363	33 985
Total current assets		115 169	48 295	75 677
Total assets		539 208	457 631	464 479
EQUITY AND LIABILITIES				
Equity				
Paid-in capital		154 319	137 705	137 962
Retained earnings		36 499	11 861	5 956
Non-controlling interests		13 115	3 850	6 099
Total equity		203 933	153 416	150 017
Non-current liabilities				
Mortgage debt	4	108 924	133 376	119 561
Lease liability	5	145 510	133 106	127 754
Other non-current liabilities		2 247	2 355	2 769
Total non-current liabilities		256 681	268 837	250 084
Current liabilities				
Mortgage debt	4	14 268	10 368	22 176
Lease liability	5	10 590	8 841	11 986
Other current liabilities		53 736	16 169	30 216
Total current liabilities		78 594	35 378	64 378
Total equity and liabilities		539 208	457 631	464 479

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

USD 1 000	30 Jun 2021	30 Jun 2020	31 Dec 2020
Cash flow from operating activities			
Net result before taxes	23 203	-14 326	-17 160
Adjustments to reconcile profit before tax to net cash flows:			
Depreciations/impairment on fixed assets	13 853	19 295	32 243
Gain on sale of ships and other gains/(losses)	6 739	-4 807	-2 469
Share-based compensation expense	271	288	545
Difference between pension exps and paid pension premium	0	0	-66
Share of result from j/v and associated companies	-2 483	-1 315	-3 052
Net finance costs	6 902	6 564	12 537
Change in current items	7 647	3 087	4 928
Interest received	431	507	985
Interest paid	-6 841	-7 049	-13 668
Income tax paid	-281	-640	-1 119
Net cash flow from operating activities	49 441	1 604	13 704
Cash flow from investing activities			
Payment from sale/(buying) ships	-8 398	-12 250	-15 250
Received instalments from sale of ships	1 093	1 968	2 615
Additions to ships	-2 629	-3 869	-5 672
Net cash flow from investing activities	-9 925	-14 151	-18 307
Cash flow from financing activities			
Proceeds from non-current debt	0	14 700	14 700
Paid-in capital (net)	16 048	0	0
Repayment of non-current debt	-24 808	-12 134	-20 101
Sold treasury shares	122	0	0
Dividend to non-controlling interests	-1 500	-84	-439
Net cash flow from financing activities	-10 138	2 482	-5 840
Net change in cash and cash equivalents during the period	29 378	-10 065	-10 443
Cash and cash equivalents at 1 January	33 985	44 428	44 428
Cash and cash equival. at end of period (incl. restricted cash)	63 363	34 363	33 985

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

USD 1 000

	Majority interest						Total equity
	Paid-in				Retained	Non-controlling interests	
	Share capital	Treasury shares	Share premium reserves	Other paid-in equity	Other equity		
As at 30 June 2021							
Equity as at 31 December 2020	53 617	-166	47 775	36 736	5 956	6 099	150 017
Share issue	4 715	0	11 787	-454	0	0	16 048
Sale of treasury shares	0	38	0	0	84	0	122
Share-based payment expense	0	0	0	271	0	0	271
Dividend paid	0	0	0	0	0	-1 500	-1 500
Net result for the period	0	0	0	0	30 479	8 516	38 995
Other comprehensive income	0	0	0	0	-20	0	-20
Total comprehensive income	0	0	0	0	30 459	8 516	38 975
Equity as at 30 June 2021	58 332	-128	59 562	36 553	36 499	13 115	203 933
As at 30 June 2020							
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	288	0	0	288
Net result for the period	0	0	0	0	-13 896	-537	-14 433
Other comprehensive income	0	0	0	0	40	0	40
Total comprehensive income	0	0	0	0	-13 856	-537	-14 393
Equity as at 30 June 2020	53 617	-166	47 775	36 479	11 861	3 850	153 416

**KEY FINANCIAL FIGURES**

		30 Jun 2021	30 Jun 2020	31 Dec 2020
EBITDA	USD 1000	50 697	6 726	23 986
Interest coverage ratio		4.40	-1.10	-0.34
Current ratio		1.47	1.37	1.18
Equity ratio		0.38	0.34	0.32
Earnings per share	USD	0.16	-0.06	-0.08
Earnings per share	NOK	1.34	-0.62	-0.66
Equity per share	USD	0.82	0.67	0.66
Equity per share	NOK	7.03	6.55	5.61
Number of issued shares as at end of period		248 175 404	228 175 404	228 175 404

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 amortization
- *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 18 August 2021.

Note 2 Segment information

	January - June 2021					
	USD 1 000					
	Own ships	Lighthouse Navigation	Ship managm.	Admin.	Group transactions	Total
Gross freight revenue	64 344	208 114	0	0	523	272 981
Voyage expenses	-8 621	-51 513	0	0	774	-59 360
Net freight revenue	55 723	156 601	0	0	1 297	213 621
Management fees	0	3 795	2 105	0	-2 728	3 172
Operating income	55 723	160 396	2 105	0	-1 431	216 793
Share of result from j/v and assoc. co.	0	2 486	-3	0	0	2 483
T/C hire expenses	0	-134 925	0	0	0	-134 925
Ship operating expenses	-20 963	-833	0	0	1 431	-20 365
Operating exps management companies	0	-9 102	-1 814	0	0	-10 916
General and administrative expenses	-177	0	0	-2 196	0	-2 373
Operating expenses	-21 140	-142 374	-1 817	-2 196	1 431	-166 096
EBITDA	34 583	18 022	288	-2 196	0	50 697
Depreciation and amortisation	-12 702	-936	-84	-131	0	-13 853
Impairment	0	0	0	0	0	0
Gain on sale of ship	0	0	0	0	0	0
Other gains/-losses	-6 739	0	0	0	0	-6 739
Operating result (EBIT)	15 142	17 086	204	-2 327	0	30 105
Interest income	427	2	2	0	0	431
Interest expenses	-6 739	-72	-6	-24	0	-6 841
Other financial items	-339	0	-5	0	0	-344
Currency gains/(-losses)	-16	35	42	-209	0	-148
Net financial items	-6 667	-35	33	-233	0	-6 902
Result before taxes	8 475	17 051	237	-2 560	0	23 203
Taxes	-1 113	-1 234	-48	18 187	0	15 792
Net result	7 362	15 817	189	15 627	0	38 995
Hereof majority interests	7 362	7 345	145	15 627	0	30 479
Hereof non-controlling interests	0	8 472	44	0	0	8 516
Assets	434 870	74 585	5 117	24 636	0	539 208
Liabilities	288 492	43 396	2 238	1 149	0	335 275

**Note 2 Segment information, continued**

USD 1 000						
January - June 2020						
	<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	36 290	51 058	0	0	0	87 348
Voyage expenses	-9 575	-19 789	0	0	808	-28 556
Net freight revenue	26 715	31 269	0	0	808	58 792
Management fees	0	2 963	2 618	0	-2 200	3 381
Operating income	26 715	34 232	2 618	0	-1 392	62 173
Share of result from j/v and assoc. co.	0	1 301	14	0	0	1 315
T/C hire expenses	0	-30 275	0	0	0	-30 275
Ship operating expenses	-19 500	-1 260	0	0	1 392	-19 368
Operating exps management companies	0	-3 786	-1 826	0	0	-5 612
General and administrative expenses	-139	0	0	-1 368	0	-1 507
Operating expenses	-19 639	-34 020	-1 812	-1 368	1 392	-55 447
EBITDA	7 076	212	806	-1 368	0	6 726
Depreciation and amortisation	-12 560	-1 589	-25	-253	0	-14 427
Impairment	-4 868	0	0	0	0	-4 868
Gain on sale of ship	2 469	0	0	0	0	2 469
Other gains	2 338	0	0	0	0	2 338
Operating result (EBIT)	-5 545	-1 377	781	-1 621	0	-7 762
Interest income	491	7	1	8	0	507
Interest expenses	-6 981	-35	0	-33	0	-7 049
Other financial items	-288	0	8	-96	0	-376
Currency gains/(-losses)	5	-3	19	333	0	354
Net financial items	-6 773	-31	28	212	0	-6 564
Result before taxes	-12 318	-1 408	809	-1 409	0	-14 326
Taxes	0	-12	-95	0	0	-107
Net result	-12 318	-1 420	714	-1 409	0	-14 433
Hereof majority interests	-12 318	-786	617	-1 409	0	-13 896
Hereof non-controlling interests	0	-634	97	0	0	-537
Assets	426 487	22 362	5 701	3 081	0	457 631
Liabilities	288 071	11 931	2 943	1 270	0	304 215


Note 2 Segment information, continued

USD 1 000	Q1 - 2021					Q1 - 2020				
	Own ships	LHN	Ship mgmt	Adm/ Grp.trrs	Total	Owned ships	LHN	Ship mgmt	Adm/ Grp.trrs	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
Net freight revenue	23 150	51 197	0	589	74 936	14 765	16 561	0	357	31 683
Management fees	0	1 687	1 089	-1 323	1 453	0	1 600	1 306	-1 033	1 873
Operating income	23 150	52 884	1 089	-734	76 389	14 765	18 161	1 306	-676	33 556
Share of result from j/v and assoc. co.	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 expenses management co.	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
Operating expenses	-11 230	-49 374	-915	-140	-61 659	-10 296	-17 391	-961	-55	-28 703
Operating result (EBITDA)	11 920	3 510	174	-874	14 730	4 469	770	345	-731	4 853
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
Operating result (EBIT)	-1 796	3 041	132	-921	456	3 820	115	332	-737	3 530

USD 1 000	Q2 - 2021					Q2 - 2020				
	Own ships	LHN	Ship mgmt	Adm/ Grp.trrs	Total	Owned ships	LHN	Ship mgmt	Adm/ Grp.trrs	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
Net freight revenue	32 573	105 404	0	708	138 685	11 950	14 708	0	451	27 109
Management fees	0	2 108	1 016	-1 405	1 719	0	1 363	1 312	-1 167	1 508
Operating income	32 573	107 512	1 016	-697	140 404	11 950	16 071	1 312	-716	28 617
Share of result from j/v and assoc. co.	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 expenses management co.	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
Operating expenses	-9 910	-93 000	-902	-625	-104 437	-9 343	-16 629	-851	79	-26 744
Operating result (EBITDA)	22 663	14 512	114	-1 322	35 967	2 607	-558	461	-637	1 873
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
Operating result (EBIT)	16 938	14 045	72	-1 406	29 649	-9 365	-1 492	449	-884	-11 292

**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.

The vessel BELORIENT was successfully delivered to its new owners in April.

Belships entered into an agreement for the acquisition of a secondhand Ultramax bulk carrier built in 2017 by a Chinese shipyard named BELTIGER upon delivery. The vessel was delivered in August 2021 and the acquisition was financed through bank financing, own cash and shares.

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.

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 123.2m. 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 at the end of the quarter.

Note 5 Leasing

Belships has agreed to acquire four Ultramax newbuildings of 61 000 dwt to be named BELTRADER, BELGUARDIAN, BELKNIGHT and BELFORCE upon delivery. BELTRADER and BELGUARDIAN were delivered in August 2021, while the remaining two vessels is expected for delivery during Q3 2021. The vessels will be leased on bareboat charter for a period of 7-10 years.

Belships has entered into an agreement for the acquisition of a secondhand Ultramax bulk carrier built in 2015 by a Japanese shipyard to be named BELHAWK upon delivery. The vessel is expected for delivery within October 2021. The vessel will be leased on a bareboat charter for a period of 3-9.5 years.

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

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 156.1m.

Note 6 Taxes

The Company recognized USD 19.8m in deferred tax assets previously not recognized 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 recognized by the Company after concluding it is likely that the company will have sufficient profit in subsequent periods to utilize the tax assets after the significant improvements seen in the freight market during Q1 2021.

The tax expense in Q2 of USD 4.0m is comprised of a reduction in deferred tax assets of USD 2.7m and tax payable of USD 1.3m

**Note 7 Subsequent events**

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.

4 961 262 new shares were issued and delivered in August 2021 as part of the consideration to the previous owner of BELTIGER.

Belships has entered into an agreement for the sale of BELFRI. Delivery of the vessel is expected to occur within September 2021 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.

Belships entered into an agreement for the acquisition of two Ultramax newbuilding resales of 64 000 dwt to be named BELTOKYO, and BELYAMATO upon delivery. BELTOKYO is expected for delivery during Q4 2021 while BELYAMATO is expected for delivery during Q4 2022. BELTOKYO will be leased on a bareboat charter for a period of 4-12 years. The agreement comes with purchase options 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 for BELYAMATO. The estimated cash breakeven for the vessels upon delivery is about USD 12 000 per day including operational expenses. Belships will pay a sum of USD 8.4m upon signing contract in Q3 2021 and an additional USD 3.3m in Q1 2022. The agreement is conditional upon certain steps to be completed by the parties involved.

Belships has entered into an agreement for the sale of BELCARGO. Delivery of the vessel is expected to occur within November 2021 and Belships will realize a gain of approximately USD 5.5m. Net cash flow upon delivery will be approximately USD 11.0m after repayment of outstanding loans.



20 LARGEST SHAREHOLDERS

Updated 12 August 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	11 908 138	4.70%
JAKOB HATTELAND HOLDING AS	11 000 000	4.35%
MEGLERKONTO INNLAND DNB NOR BANK ASA	10 037 604	3.97%
WENAASGRUPPEN AS	8 149 330	3.22%
CITIBANK, N.A.	4 961 262	1.96%
JAHATT AS	4 000 000	1.58%
STAVANGER FORVALTNING AS	3 000 193	1.19%
UBS SWITZERLAND AG	2 416 757	0.95%
SAXO BANK A/S	2 220 083	0.88%
PERSHING LLC	1 967 583	0.78%
KILSHOLMEN AS	1 963 682	0.78%
THE BANK OF NEW YORK MELLON SA/NV	1 502 807	0.59%
CLEARSTREAM BANKING S.A.	1 441 231	0.57%
STATE STREET BANK AND TRUST COMP	1 360 474	0.54%
J.P. MORGAN SECURITIES PLC	1 326 143	0.52%
SIX SIS AG	1 162 580	0.46%
J.P. MORGAN BANK LUXEMBOURG S.A.	1 074 545	0.42%
OTHER SHAREHOLDERS	31 896 762	12.60%
TOTAL OUTSTANDING SHARES	253 136 666	100.00%

**FLEET LIST**

Updated 18 August 2021

Ship	Ownership	Built year	Dwt	Yard
Ultramax				
BELYAMATO (NEWBUILD)	TBD ¹	2022	64,000	Imabari
BELTOKYO (NEWBUILD)	BBC ²	2021	64,000	Imabari
BELFORCE (NEWBUILD)	BBC ³	2021	61,000	Dacks
BELKNIGHT (NEWBUILD)	BBC ⁴	2021	61,000	Dacks
BELTRADER	BBC ⁵	2021	61,000	Dacks
BELGUARDIAN	BBC ⁵	2021	61,000	Dacks
BELMAR (NEWBUILD)	BBC ⁶	2021	64,000	Imabari
BELFAST	BBC ⁷	2021	64,000	Imabari
BELMOIRA	BBC ⁸	2020	61,000	Shin Kurushima
BELAJA	BBC ⁸	2020	61,000	Shin Kurushima
BELFUJI	TC ⁹	2020	63,000	Imabari
BELRAY	BBC ¹⁰	2019	61,000	Shin Kurushima
BELNIPPON	TC ¹¹	2018	63,000	Imabari
BELHAVEN	100%	2017	63,000	Imabari
BELTIGER	100% ¹²	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	100%	2016	63,000	New Times
BELHAWK (TO BE DELIVERED)	BBC ¹⁴	2015	61,000	Imabari
BELFOREST	BBC ¹⁵	2015	61,000	Imabari
BELPAREIL	100%	2015	63,000	Hantong
BELSOUTH	100%	2015	63,000	Hantong
Supramax				
BELOCEAN	100%	2011	58,000	Dayang
BELNOR	100%	2010	58,000	Dayang
BELSTAR	100%	2009	58,000	Dayang
BELCARGO	100% ¹⁷	2008	58,000	Tsuneishi
BELFRI	100% ¹⁶	2007	55,000	Kawasaki

1) On delivery 2H 2022

2) On delivery 2H 2021 12 years bareboat charter with purchase options after fourth year

3) On delivery 2H 2021 10 years bareboat charter with purchase options after third year

4) On delivery 2H 2021 7 years bareboat charter with purchase options after third year

5) Delivered Q3 2021 10 years bareboat charter with purchase options after fourth year

6) On delivery 2H 2021 10 years bareboat charter with purchase options after fourth year

7) Delivered Q1 2021 10 years bareboat charter with purchase options after fourth year

8) 7 years bareboat charter with purchase options after fourth year

9) 8 years time charter with purchase options after fourth year

10) 7 years bareboat with purchase options after fourth year

11) 8 years time charter with purchase options after fourth year

12) Delivered Q3 2021

13) 11 years bareboat charter with purchase options after third year

14) On delivery 2H 2021 9.5 years bareboat charter with purchase options after third year

15) 12 years bareboat charter with purchase options after third year

16) Sold with expected delivery to buyer in September/October 2021

17) Sold with expected delivery to buyer in October/November 2021

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