Annual Report 2023

BELSHIPS

Content

FINANCIAL CALENDAR 2024

Annual General Meeting 8 May
Result for the 1st quarter 8 May
Result for the 2nd quarter 22 August
Result for the 3rd quarter 14 November

Letter to the shareholders

We are pleased to present you with our Annual Report for 2023 which represents a year of solid profitability, with a net result of USD 86m and dividends to the shareholders totalling USD 56m. We maintained a high degree of contract coverage which reduced short-term risks and we continued to develop and expand our fleet for the future. We believe we have a strategy aligned for improving sustainability and navigating volatile shipping markets.

Five years have passed since the merger between Belships ASA and the Lighthouse Group. Our goal was to develop the company through strategic investments aimed at expansion, and to obtain competitive returns for our shareholders. Over the past five calendar years, the total return (as measured by the increase in the value of the share plus dividends) has been 436 per cent. The dividends alone amount to 132 per cent of the share price from the time of the merger, thereby surpassing full repayment of equity.

The past year was dominated by escalating geopolitical tensions, with the devastatingly prolonged war in Ukraine and military conflicts in the Middle East region, in particular. Despite these challenges, we were able to keep our ships and crew out of harm's way and did not encounter any security incidents during the operation of our vessels.

Amidst these challenging circumstances, the shipping industry, with its vessels and seafarers, plays a crucial role in facilitating the global supply chain for food, energy, and materials. At the heart of global trade, dry bulk shipping is instrumental in ensuring the efficient transportation of essential commodities.

We take the environmental impact of shipping seriously and we support initiatives aimed at reducing the carbon footprint within the maritime industry. It is encouraging that we have made progress through the modernisation of our fleet and we strive to achieve further improvements.

In 2023, we entered into agreements to acquire 8x Ultramax newbuildings of 64 000 deadweight, scheduled for delivery between 2024 and 2027. The Japanese-designed bulk carriers entering our fleet represent the highest quality and lowest fuel consumption available today and will contribute to reducing Belships' carbon emissions on an intensity basis.

Dry bulk markets display promising supply and demand prospects for the next few years. Belships is well positioned as a shipowning and operating company stocklisted in Oslo, with a fleet of 38x modern Supra/Ultramax vessels, including newbuildings.

Financial discipline remains fundamentally important to our strategy, and with robust contract coverage for 2024, paired with fleet financing secured for many years ahead, we expect to generate free cash flow and continue to pay quarterly dividends.

We firmly believe that good corporate governance and transparency creates a more valuable business. Our goal is to generate value from shipowning and operating, and to return capital competitively over time.

We look forward to serving you and navigate towards the next milestone.

Peter Frølich
Chair of the Board

Lars Christian Skarsgård
Chief Executive Officer

Highlights 2023-2024
Demonstrating ability to create value

Newbuilding Program
Entered into agreements to acquire 8x new Ultramax bulk carriers under construction in Japan 2024-2027. All financed through Japanese leases, requiring no direct cash investment and resulting in no impact on dividend capacity before delivery.

Commercial Platform
Continued strong performance from Lighthouse Navigation, achieving consecutive profits in every quarter.

Financial Strength and Sustainability
Prepaid about USD 40m of bank debt, increasing the number of unencumbered vessels to four. Most of Belships' debt, including lease liabilities, has been secured until 2030 with fixed interest rates, reducing the Company's exposure to volatile financial markets.

Strategic Partnership and Divestment of Technical Management Business
Belships agreed to divest the ownership of Belships Management Singapore (BMS) to V.Group. Belships also entered into a long-term partnership together with V.Group, and BMS remains the exclusive provider of ship management services.

Attractive and Uniform Fleet
The newest and most modern fleet of its kind, with 38x Supra/Ultramax bulk carriers including newbuilding.

Declared Dividend Distribution
NOK 2.35 per share (USD 56m).

Number of shareholders
~4 900

Market capitalisation
USD ~500m

Key figures

As at 31 December

USD 1 000		Footnote	2023	2022
INCOME STATEMENT				
Operating income			427 764	725 953
EBITDA		1	157 612	221 544
EBIT		2	112 539	206 168
Net result before tax			84 996	176 960
Net result for the year			86 240	175 060
BALANCE SHEET				
Non-current assets			745 370	788 203
Current assets			187 495	212 090
Total assets			**932 864**	**1 000 293**
Equity			305 561	297 335
Non-current liabilities			544 160	556 931
Current liabilities			83 144	146 027
Total equity and liabilities			**932 864**	**1 000 293**
KEY FINANCIAL FIGURES				
Cash and cash equivalents			128 276	139 984
EBITDA		1	157 612	221 544
Interest expenses			33 184	26 106
Interest coverage ratio		3	3.39	7.90
Current ratio		4	2.26	1.45
Net profit ratio		5	0.20	0.24
EQUITY				
Share capital			59 466	59 466
Equity ratio		6	0.33	0.30
Return on total assets	%	7	12.67	20.30
Return on equity	%	8	28.22	58.88
KEY FIGURES SHARES				
Market price	USD		1.81	1.45
Market price	NOK		18.38	14.28
Number of shares			253 136 666	253 136 666
Diluted average number of shares (excluding treasury shares)			254 421 458	253 774 300
Equity per share	USD	9	1.21	1.17
Earnings per share	USD		0.34	0.69
EBITDA per share	USD		0.62	0.87
Price/earnings ratio		10	5.33	2.10
Price/book ratio		11	1.50	1.23
Price/EBITDA ratio			2.92	1.66

1) EBITDA – is defined as operating result adjusted for depreciation and amortisation, other gains/(losses), interest income, interest expenses and other financial items
2) EBIT – is defined as operating result adjusted for interest income, interest expenses and other financial items
3) Interest coverage ratio – is equal to earnings before interest and taxes (EBIT), divided by interest expenses
4) Current ratio – is defined as total current assets, divided by total current liabilities
5) Net profit ratio – is defined as result after taxes, divided by operating income
6) Equity ratio – is equal to shareholders' equity including non-controlling interest, divided by total assets
7) Return on total assets – is defined as result before taxes adjusted for interest expenses, divided by total capital
8) Return on equity – is defined as net result for the year, divided by equity
9) Equity per share – is defined as total equity, divided by number of issued shares at end of period
10) Price/earnings ratio – is defined as market price of share, divided by earnings per share
11) Price/book ratio – is defined as market price of share, divided by equity per share

Time charter equivalent (TCE) – is defined as freight revenues less voyage expenses divided by the number of available on-hire days

Belships ASA
Group figures 2023

Belships is a shipping company listed on the Oslo Stock Exchange and is a fully integrated shipowner and operator of dry bulk carriers. Our fleet comprises modern Supra/Ultramax vessels, averaging around four years of age. All key functions are managed internally by a seasoned management team with a proven track record.

Operating Income
427 764
thousand USD

EBITDA
157 612
thousand USD

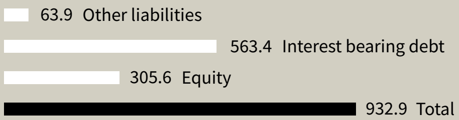
Net result
86 240
thousand USD

Cash break-even 2023
10 900
USD per shipday

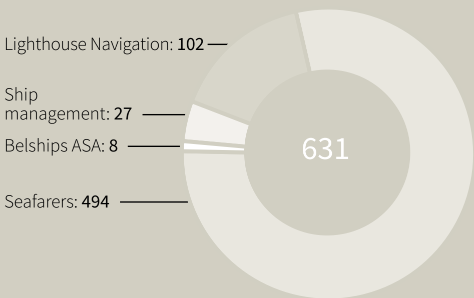
Financial highlights
Consolidated balance sheet as per December 31, 2023 ($ million)

Assets

Equity and liabilities



People



Sailed distance
1 450 000
nautical miles

Number of shipdays
11 000

Average year built
2020

Operational structure

BELSHIPS

100 %

Belships
Shipowning

36 Ultramax Ships
2 Supramax Ships

50.01 %

Lighthouse Navigation
Commercial Operator

Offices

Lighthouse Navigation
Commercial operations

Lighthouse Navigation is a dry bulk operating company with a long track record of positive results. Lighthouse provides chartering and operational services for the Belships fleet, alongside managing a fleet of chartered-in tonnage across the Supramax, Ultramax, and Handysize segments.

Lighthouse Navigation has its roots and experience tracing back to the 1990s. Since merging with Belships ASA in 2018, the Company has evolved and expanded its commercial platform.

Lighthouse Navigation collaborates with a wide range of international charterers and traders engaged in the freight markets for dry bulk commodities. With an annual volume of about 10 million tonnes and an annual turnover surpassing USD 350 million, the Company boasts a global presence, with offices in Bangkok, Oslo, Singapore, and Melbourne, catering to clients worldwide.

Specialising in commercial management for vessels owned by Belships ASA and other clients, Lighthouse Navigation also oversees Orient Asia Lines BV (OAL), a subsidiary since 2010. OAL manages a liner operation, providing regular service from Southeast Asia to the Middle East and the Eastern Mediterranean. Their expertise lies in transporting forestry products such as sawn timber, wood pulp and paper, plywood, and medium density fibreboard (MDF), along with handling project cargoes, steels, and machinery.

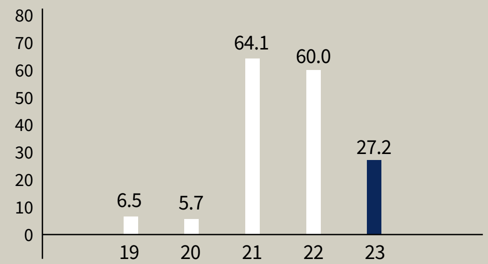
Additionally, Lighthouse Navigation controls Siam Thara Agency Co., Ltd, established in January 2014. Siam Thara Agency offers comprehensive advice on ports, logistics, and commodities for both export and import operations in Thailand, distinguishing itself as a leading agent in the region.

With a dynamic approach, Lighthouse Navigation aims to sustain its growth trajectory, continually expanding its business and operations to accommodate parcel and commodity trades.

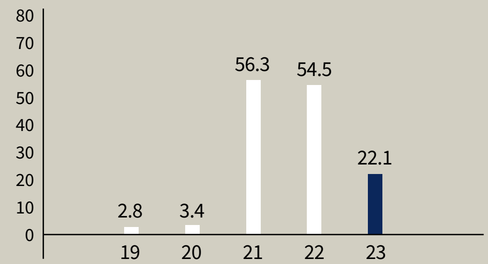
EBITDA and Net Result

Strong financial development and a profitable track record.

EBITDA - mUSD



Net Result - mUSD



Lighthouse Navigation employees **102**

Average number of vessels operated **90**


BELFAST


FIRE
HOSE

ESG summary

Sustainability at Belships

Belships is determined to be proactive and contribute to a sustainable shipping industry through modernisation and transparency. Sustainability is central to our business model, focusing on long-term value creation and responsible participation in the global shipping market.

Environment	Social	Governance
Reducing emissions Energy efficiency Ecological impact	Health and safety Human and labour rights Diversity Training and development	Anti-corruption Data security and privacy Sustainable procurement

At Belships, we work to ensure that ESG factors are considered in everything we do. We have established policies and procedures to ensure consistent ESG management and risk mitigation.

The overall responsibility for ESG compliance and performance lies with the Board of Directors, and with the CEO ensuring implementation of the Board's decisions in our daily operations.

Belships produces an annual sustainability report (see www.belships.com) that can be read in conjunction with this ESG summary. The Belships' Sustainability Report meets the disclosure requirements of the Sustainability Accounting Standards Board (SASB) Marine Transportation Standard (2018) and the Norwegian Shipowners Association's Guidelines for ESG Reporting in the Shipping and Offshore Industries.

ENVIRONMENT

Belships remains strongly committed to environmental stewardship and sustainable operations.

Our operations are guided by environmental standards, adhering to all environmental regulations.

Belships closely monitors the development of all environmental regulations. We will continue to comply with all legislation and follow best practices to minimise our impact on the environment.

GHG Emissions

As concerns for climate change continues to grow, major efforts will be required throughout the sector to meet the IMOs 2050 GHG reduction ambition. In 2023, the IMO adopted the 2023 Strategy on Reduction of GHG emissions from ships, marking a significant step towards decarbonising international shipping. Belships support this strategy through ongoing operational improvements and investment decisions.

The EU is also striving to reduce emissions within the shipping industry. In January 2024, the EU's Emission Trading System (EU ETS), will be extended to include CO_2 emissions from large ships over 5.000 gross tonnage entering EU ports.

Belships currently has a modern uniform fleet of 38 bulk carriers, including eight newbuildings, with an average age of about four years. Over the last four years, Belships has completely modernised its fleet, and we have phased out all 'non-eco' design vessels. Therefore, we are of the opinion that we are operating the best possible existing vessels available in the market in our segment.

In adherence to the IMO 2023 Strategy for reduction of GHG emissions from ships, Belships' vessels meet the new emissions standards without necessitating further investments. This compliance showcases the competitive edge we hold through the ownership of a modern fleet.

In 2023, our scope 1 GHG emission were 374 378 metric tons carbon dioxide equivalents (CO_2e), measured using a financial control approach (2022: 372 787). The minor increase of 0.4 per cent increase in total emissions seen in 2023 was a result of operating a larger fleet.

Belships continues to see a positive development in energy efficiency and reduction in emissions on an intensity basis. The AER improved by 12 per cent.

All emissions data are verified by DNV.

Emissions	2023	2022	2021
GHG emissions (tonnes CO_2e)	374 378	372 787	309 159
SO_x (tonnes)	866	971	847
NO_x (tonnes)	7 021	8 496	6 981
PM (tonnes)	633	607	503

Emissions indices [1]	2023	2022	2021
EEOI (g CO_2e/ tonne-nm)	7.27	8.05	8.46
EEDI (g CO_2e/ tonne-nm)	3.67	3.64	3.94
AER (g CO_2e/dwt-nm)	4.26	4.85	4.89

Climate risk

Our industry is impacted by climate change, such as rising sea levels, more frequent and severe storms and changes in temperature and weather patterns. This may affect our operations as well as the infrastructure and supply chains supporting the shipping industry.

Belships acknowledge the importance of climate risk and its impact on the future of the shipping industry. We take steps to mitigate our climate risk and reduce our carbon footprint by investing in more fuel-efficient vessels. We assess our divestment and investment strategy on a regular basis, taking into consideration the fleet emission profile and how the Company may be impacted by stricter regulations, technological development, market demand and physical climate risks. Decarbonisation of the fleet has been a part of our strategy ever since we commenced a major growth and modernisation strategy in 2019. From a financial perspective, energy efficiency and a low emission fleet means flexibility in terms of speed and potentially lower carbon tax.

We will continue to assess our climate risk to ensure that potential risks are mitigated.

Biodiversity and ecosystems

Marine transportation may have a negative impact on biodiversity and ecosystems if not managed properly. We recognise our responsibility to safeguard the oceans and have policies and procedures in place to comply with applicable rules and regulations.

Our focus areas are on managing fuels and chemical substances to avoid spills into water, proper waste management and to avoid the spread of invasive species by meeting the requirements of the Ballast Water Management Convention.

In 2023, Belships maintained its track record of zero incidents related to untreated ballast water, oil spills or waste disposal. All vessels are fully fitted with Ballast Water Treatment Systems.

1 EEOI – Energy Efficiency Operating Index, EEDI – Energy Efficiency Design Index (for newly acquired ships), AER – Annual Efficiency Ratio. See www.imo.org for further information.

SOCIAL

Belships is continuously working towards fostering an engaging, safe and inclusive work environment where we take action to secure that all workers have decent working conditions and that we continue to improve the work environment for all our employees.

Creating a responsible safety culture

We are dedicated to ensuring the safety of our operations for our employees, our customers and any personnel associated with our operations. Our approach to health and safety is documented in Belships' Health and Safety Policy.

Management communicates frequently with company personnel to promote safety and instil safe work habits through the use of company media directed at, and training of, both our crew and shore-based personnel.

In 2023, Belships was able to uphold our track record of no serious injuries or work-related fatalities. Our lost time injury frequence (LTIF) decreased from 2.00 to 0.44. All recorded injuries were minor.

Injury rates	2023	2022	2021
LTIF	0.44	2.00	1.00
Serious injuries	0	0	0
Fatalities	0	0	0

Our personnel management structure

Belships Management, the former subsidiary based in Singapore, has been at the forefront of crewing and technical management of Belships' fleet. On 30th of June 2023, the branch came under the ownership of V.Group.

Now operating under the V.Group umbrella, Belships Management remains the exclusive provider of ship management services for Belships. A dedicated and well-trained ship and onshore team monitors the health, safety, environment and quality performance of our fleet.

Employee development and welfare

Belships' employees are our key resource and essential to the future success of the Company. Our focus is on creating favourable employment conditions which in turn lead to the attraction and retention of the right employees. A key component to our approach is the investment we make in the training and development of our personnel. We continuously develop and implement crew welfare initiatives to meet our goal of maintaining high retention rates and thereby create safe and high performing vessels. In 2023, our retention rates for officers and ratings were at 98 per cent.

All crew are provided wages, benefits and conditions of work in line with industry standards. All crew are covered by the NISCBS union agreement.

Retention rates	2023	2022	2021
Shore-based personnel (Belships Administration)	87%	100%	90%
Officers	98%	98%	83%
Ratings	98%	99%	80%

Human and labour rights

Good and safe working conditions are the foundation for how we approach human rights management within the Belships Group. Our impact goes beyond our workforce and seafarers and can reach across the globe, through the trade and operation of our vessels, with suppliers of goods and services that take part in our value chain. Belships supports and respects the human rights of all individuals and groups that may be affected by our operations. Our commitment is guided by internationally recognised labour and human rights standards as defined in the International Bill of Rights, the ILO Fundamental Conventions on Labour Standards and the UN Guiding Principles on Business and Human Rights. We expect our suppliers to operate at the same ESG standards as we do.

The Norwegian Transparency Act came into force in July 2022. The law requires businesses to carry out human rights due diligence (HRDD) throughout their supply chain. We have focused our effort on ensuring compliance with the law. An important first step in HRDD is to identify salient human rights issues. These are issues where Belships may have the biggest adverse impacts on people if not managed properly. In 2023, we started developing our HRDD processes, including integrating responsible business practices within the Company to manage the identified risks. Our Human Rights Policy, which was published on our website in 2022 provided a basis for this work.

There were no reported incidents related to human and labour rights in 2023.

GOVERNANCE

The Belships Board is responsible for strategic oversight of all company activity, including sustainability. The Board of Directors is guided by Belships' Corporate Governance Policy, which is publicly available on our website. Our governance procedures and related control mechanisms are essential to minimise ESG risks and to guide the implementation of ethical business practices.

Belships has a zero-tolerance policy for corruption in any form. Our stance on anti-corruption, as well as our policies for ensuring that employees and business partners adhere to high standards of business and personal ethics, are laid out in our Code of Conduct. Our Code of Conduct is available online and circulated internally through ISM. Our efforts to combat corruption includes regular anti-corruption training to all required crew throughout the year. There were no reported ethics or corruption incidents in 2023 (2022: 0).

Employees who observe or become aware of a situation that they believe to be a violation of the Code of Business Conduct are to report on such incidents.

There were no whistle-blowing reports made in 2023 (2022: 0).

Data privacy and security

Protecting employee, customer and company data held at Belships is critically important to us. We want our employees and business partners to be confident that their data is safe and secure, and we are transparent in how we use it. We are committed to doing the right thing when it comes to how we collect, use and protect data. We comply with all applicable data privacy and protection requirements in the countries in which we operate, including the EU's General Data Protection Regulation (GDPR).

With the Company becoming increasingly digital as we employ more technologically advanced and sophisticated software, we have invested in secure systems and professionals to protect our assets against cybercrime in addition to adopting new regulatory requirements.

There were no reports of data privacy or security breaches in 2023 (2022: 0).


BELMONT

Directors' report 2023

Growth and profitability

The dry bulk market 2023

Supramax spot market rates started the year at USD 10 600, then dropped to a low of about USD 7 000 in mid-February, a seasonally low period for dry bulk. Fundamentals had weakened from the previous year, with somewhat lower rates of volume growth. Nevertheless, the Supramax spot market rallied to a high of almost USD 15 000 by the end of March, driven by a strong upturn in China's demand for coal and iron ore. As China's demand slowed together with rest of the World, the markets declined. Congestion levels then began to rewind, with less waiting time effectively increasing vessel capacity supply. The Supramax spot market was painfully weak through the summer, bottoming in early August at around USD 8 000. Thereafter, fundamentals improved considerably, and a continued upturn followed. The market peaked at over USD 17 000 in December, retracting somewhat towards year-end. The new Baltic Ultramax Index commenced publishing in 2023 and, albeit not based on identical routes as the Supramax index, averaged at a USD 2 000 premium to the BSI-58 index referenced here above.

Overall shipment volumes in the Supra/Ultramax segment were very high in 2023, almost 10 per cent higher than in 2022, and with the three last quarters of 2023 recording successive all-time high records. The growth was primarily driven by Coal (+20 per cent), Iron Ore (+80 per cent), and Steel products (+7 per cent). This all related to China's strong import demand and the country's surge in steel product exports. Shipment volume growth was also positive in other commodity groups, with minor bulks, fertilisers and grains – all up about five per cent. Breakbulk shipments, however, remained unchanged. The Supra/Ultramax segment saw the highest shipment volume growth of all the dry bulk segments in 2023.

Total dry bulk shipment volumes,across all sizes were up by 3.7 per cent, while total ton-time growth (calculated as shipment volumes multiplied by average voyage duration) was up by 3.1 per cent. The Supra/Ultramax market was therefore weighed down by lower shipment volume growth in the larger size segments, paired with lower average voyage duration and congestion reversal compared to 2022.

In 2023, vessel deliveries concluded with a total of 140 ships, accumulating 8.6 million deadweight tonnage (dwt), a notable increase from the previous year's figures of 97 ships totalling 6 million dwt. As of April 2024, the current count stands at 24 ships delivered, amounting to a total of 1.5 million dwt with approximately 150 ships still slated for delivery throughout 2024. Next year, about 140 ships with a total dwt capacity of 9.1 million is expected to deliver.

The precise number of deliveries is subject to change due to potential delays in construction, cancellations of orders, or inaccuracy in reporting. Fleet growth ended at 3.9 per cent in 2023, and is likely to remain around the same level in 2024, according to Fearnleys. The current ratio of the orderbook to the existing fleet stands at about 8 per cent. In 2023, the number of newbuilding orders placed reached 173 ships, marking an increase of about 15 per cent compared to 2022.

The number of ships delivered each quarter is compared against the existing fleet of Supra/Ultramax vessels currently afloat, numbering about 4 100 in total. The orderbook for dry bulk remains close to all-time lows, hovering around 8 per cent. Relatively low newbuilding activity persists in the dry bulk sector, largely due to uncertainty surrounding fuel and propulsion systems, which limits new orders. Additionally, higher input costs, full orderbooks, and sustained high demand in other vessel segments influence shipyard dynamics. Delivery slots at reputable shipyards are increasingly scarce, with reports of new orders extending into 2027 and even 2028. A potential lead time of four years for a bulk carrier is unprecedented.

Operations

Belships currently has a modern uniform fleet of 38 bulk carriers, including eight newbuildings, with an average age of about four years. All ships operated satisfactorily without significant unscheduled off-hire. The operating expenses continued at a competitive level.

Ship transactions during the year include delivery of the BELMONDO newbuilding, and the sale of BELVEDERE.

During 2023, Belships entered into agreements for the acquisition of eight newbuilding vessels all fully financed as part of the transactions.

Net earnings in 2023 per ship for the entire fleet amount to USD 18 992 versus BSI index of USD 11 240 gross per day. Relative performance versus spot indices is affected by a high number of fixed period time charter contracts that contribute to our coverage for 2024 and 2025 at levels far above current market rates.

In addition, Lighthouse Navigation operated on average about 60 ships on short-term charter during 2023.

Results

The Group had an operating income of USD 427.8m in 2023 (USD 726.0m), giving an EBITDA of USD 157.6m (USD 221.5m) and a consolidated operating result of USD 112.5m (USD 206.2m). Net result for the Group was USD 86.2 (USD 175.1m). The parent company's net result for the year was USD 36.5m (USD 116.5m).

The Board proposes the result for the year allocated as follows:

Transfer to other retained earnings:	-36.5m
Total allocations:	-36.5m

Financial and Corporate Matters

At the end of 2023, the book equity ratio was 33 per cent. Value-adjusted equity ratio is significantly higher. Interest bearing bank debt amounted to USD 102.4m and lease liabilities amounted to USD 461.0m. The consolidated cash balance was USD 128.3m.

The Board considers the Group's solvency and financial position to be sound. Cash flow from operations, combined with the total available liquidity, is expected to be more than sufficient to finance the Group's obligations in 2024.

At the end of each reporting period, the Company assesses whether there are any impairment indicators present. The Company has concluded that the decline in freight rates seen in 2023 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.

Recoverable amounts were higher than carrying amounts for all ships and no impairments were recorded.

At the end of 2023, Belships held 371 800 treasury shares at an average cost of NOK 10.70 per share. The CEO held 5 000 000 options while outstanding employee share options totalled 600 000 at year-end.

The Group's primary market risk exposure is predominantly tied to fluctuations in freight rates, with secondary exposure to changes in interest rates and fuel prices. Belships aims to minimise counterpart risk and time charter contracts are entered into with highly reputable charterers. The Group had no research and development costs in 2023. All owned ships are under the ownership of Norwegian companies, and the majority of the Company's operations in Norway are within the Norwegian tonnage tax regime as of year-end. The Group had deferred tax liabilities of USD 6.5m as at 31 December 2023.

Going Concern

The annual accounts are presented on a going concern basis in accordance with § 3 – 3 of the Norwegian Accounting Act. The Group's liquidity reserves are considered robust. Current activity is expected to generate sufficient liquidity to cover current debt and operating expenses throughout 2024. Based on this the conditions for a going concern are in place. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The information in the accounts gives a true and accurate representation of the Company's and the Group's assets, liabilities, financial position, and results. The annual accounts give a fair view of the development, profit, and overall financial position of Belships ASA and describe the most significant risks and uncertainties facing the Group and its parent company.

Safety and the Environment

Belships aims to minimise environmental impact from its activities and strives to improve safety. Measures are taken to prevent and minimise the impact on the environment. Belships is actively dedicated to enhancing standards, both onboard its vessels and within its shore-based operations. Pollution from ship operations is governed by several national and international environmental standards and certifications. Belships fully complies with official requirements concerning safety and environmental standards. All our ships are equipped to meet regulatory standards and requirements and the modern fleet of Belships represents lower emissions and energy consumption compared to industry averages. There were no serious or material incidents in 2023.

Organisation

Belships is headquartered in Oslo, from where it conducts financial, strategic development and investor relations together with the overall management of the Group's activities. Chartering and commercial operations are handled from Lighthouse Navigation's offices in Bangkok and Oslo. Technical management including crewing is managed by Belships Management Singapore, a former subsidiary of Belships, sold to V.Group during the fiscal year.

Belships established a strategic partnership with V.Group for its fleet and ship management business, with Belships Management (Singapore) remaining the exclusive provider of ship management services to Belships ASA post-acquisition.

The Group employed 106 office staff at the end of 2023. Ships under technical management employed 494 officers and crew members. Sick leave was less than 2 per cent in 2023. The Group was not subject to any serious work-related accidents in 2023. We are an equal opportunity employer with all qualified applicants receiving consideration for employment. The working environment in the companies within the Group is considered good.

Belships ASA has purchased and maintains a liability insurance that covers potential liabilities for the Board of Directors and executive management of the Company.

Corporate Social Responsibility

Belships is a shipping company with global reach and a hundred years of history. The Board is well aware of the direct and indirect impact Belships' activities have on the outside world as well as the Company's shareholders. Belships is determined to create long-term shareholder values and at the same time act as a responsible participant in the society. The most important issues for our business and our shareholder in respect of Corporate Social Responsibility (CSR) are:

- Environment
- Human and labour rights
- Anti-corruption

It is our policy to follow the standards, laws and regulations set by the national and international maritime regulatory authorities, but we also strive to uphold moral and ethical behaviour as part of our culture.

Please refer to our Human Rights Policy published on our website, which covers the reporting required according to the Norwegian legislation introduced in the Transparency Act.

Belships reports on safety and environment in the annual report. Belships does not tolerate any corrupt practices with our suppliers, customers or government entities affecting our business. Belships pays attention to the working conditions and safety within our operations. Please see the separate statement of corporate social responsibility.

Corporate Governance

Belships' goals and strategy are based on sound principles of corporate governance. The Company has been listed on the Oslo Stock Exchange since 1937, and is subject to the Norwegian Accounting Act, the Securities Trading Act, and the Public Limited Company Act. Belships follows the Norwegian code of good corporate governance of 14 October 2021. Please see the separate statement of corporate governance on page 79.

Outlook

The Baltic Exchange Supramax index is currently about USD 14 500, with Ultramax bulk carriers earning about USD 17 000 in the spot market. The FFA market (Forward Freight Agreements) has improved and currently indicates that the market will retain this level for the rest of the year. This is a significant improvement in sentiment, and if it materialises, we would expect a meaningful increase in ship values compared to the start of the year.

Lighthouse Navigation continues to deliver good results, and posted consecutive profits every quarter in 2023, which display good risk management and execution skills. Activity has been positive so far in 2024 and we expect continued profitability contributing to Belships' dividend capacity.

Belships has contract coverage ensuring significantly higher profitability than the current spot market. 42 per cent of ship days in 2024 are covered at about USD 16 700 per day.

Furthermore, we now have nine vessels chartered out on floating rate, index-linked contracts. This is because we believe the rates and market sentiment has a good probability of improving during the year, and Belships has the right to convert to fixed rate during the charter period. All period contracts are fixed with highly reputable and recognised charterers in the dry bulk market.

Belships financing has been secured for many years ahead, and most of the debt is with fixed interest rates significantly below current market levels, mainly due to favourable leasing terms. Belships is therefore able to combine meaningful leverage with a low cash breakeven of USD 10 900 per day per vessel in 2024.

With eight Ultramax newbuildings under construction for delivery between 2024 and 2027, Belships will be taking over new vessels whilst the orderbook and the rate of supply growth approaches the lowest levels in 30 years. Since they are all leased without Belships investing any cash, this will not affect our dividend capacity before delivery. We believe the best way for Belships to approach the green shift is to own and operate the most efficient vessels currently available, with a financing structure which gives us unparalleled optionality and flexibility.

We are focused on financial discipline and returning capital to our shareholders. A competitive return for our shareholders is to be obtained through an 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 NOK 8.70 per share (USD 224.3m) to shareholder and at the same time we have continued to deliver profitable growth and fleet expansion.

Based on Belships' current contract coverage and market expectations, we expect to generate free cash flow and continue to pay quarterly dividends.

Oslo, 10 April 2024

Peter Frølich
Chair of the Board

Sten Stenersen
Board member

Jorunn Seglem
Board member

Marianne Møgster
Board member

Frode Teigen
Board member

Carl Erik Steen
Board member

Birthe Cecilie Lepsøe
Board member

Lars Christian Skarsgård
Chief Executive Officer

Directors’ responsibility statement

The Board and Chief Executive Officer have today considered and approved the annual report and financial statements for the Belships Group and its parent company Belships ASA for 2023.

The Board has based this declaration on reports and statements from the Group’s chair and CEO, on the results of the Group’s activities and on other information that is essential to assess the Group’s position, provided to the Board of the parent company under obligation by the Group’s administration and subsidiaries.

To the best of our knowledge:

- the 2023 financial statements for the Group and parent company have been prepared in accordance with all applicable accounting standards
- the information provided in the financial statements gives a true and fair representation of the Group and parent company’s assets, liabilities, profit and overall financial position as of 31 December 2023
- the annual report provides a true and fair overview of:
  - the development, profit and financial position of the Group and parent company
  - the most significant risks and uncertainties facing the Group and the parent company

Oslo, 10 April 2024

Peter Frølich *Chair of the Board*	**Sten Stenersen** *Board member*	**Jorunn Seglem** *Board member*	**Marianne Møgster** *Board member*
Frode Teigen *Board member*	**Carl Erik Steen** *Board member*	**Birthe Cecilie Lepsøe** *Board member*	**Lars Christian Skarsgård** *Chief Executive Officer*

Fleet overview

Supramax and Ultramax bulk carriers are very versatile, equipped with cranes ("geared") in order to load and discharge a multitude of cargoes, and can enter most ports of the world. All of our ships are of eco-design combining high cargo capacity with lower fuel / energy consumption.

Vessel	Type	Built	DWT	Yard	Flag
BELVICTORY	Ultramax	2027	64 000	Japan	TBA
BELTEMPO	Ultramax	2027	64 000	Japan	TBA
BELROSSO	Ultramax	2026	64 000	Japan	TBA
BELAVANTI	Ultramax	2026	64 000	Japan	TBA
BELFUTURE	Ultramax	2026	64 000	Japan	TBA
BELFORTUNE	Ultramax	2025	64 000	Japan	TBA
BELFOX	Ultramax	2025	64 000	Japan	TBA
BELGRACE	Ultramax	2024	64 000	Japan	TBA
BELMONDO	Ultramax	2023	64 000	Imabari	Norwegian
BELYAMATO	Ultramax	2022	64 000	Imabari	Norwegian
BELTOKYO	Ultramax	2021	64 000	Imabari	Norwegian
BELFORCE	Ultramax	2021	61 000	Dacks	Norwegian
BELKNIGHT	Ultramax	2021	61 000	Dacks	Norwegian
BELTRADER	Ultramax	2021	61 000	Dacks	Norwegian
BELGUARDIAN	Ultramax	2021	61 000	Dacks	Norwegian
BELMAR	Ultramax	2021	64 000	Imabari	Norwegian
BELFAST	Ultramax	2021	64 000	Imabari	Norwegian
BELAJA	Ultramax	2020	61 000	Shin Kurushima	Norwegian
BELMOIRA	Ultramax	2020	61 000	Shin Kurushima	Norwegian
BELFUJI	Ultramax	2020	63 000	Imabari	Panama
BELNIKE	Ultramax	2020	63 000	Imabari	Marshall Islands
BELTANGO	Ultramax	2020	64 000	Mitsui	Panama
BELFORTE	Ultramax	2019	64 000	Mitsui	Singapore
BELRAY	Ultramax	2019	61 000	Shin Kurushima	Norwegian
BELNIPPON	Ultramax	2018	63 000	Imabari	Norwegian
BELAFONTE	Ultramax	2017	63 000	Imabari	Norwegian
BELHAVEN	Ultramax	2017	63 000	Imabari	Norwegian
BELTIGER	Ultramax	2017	63 000	New Times	Norwegian
BELISLAND	Ultramax	2016	61 000	Imabari	Norwegian
BELINDA	Ultramax	2016	63 000	Hantong	Norwegian
BELMONT	Ultramax	2016	63 000	Hantong	Norwegian
BELATLANTIC	Ultramax	2016	63 000	Hantong	Norwegian
BELLIGHT	Ultramax	2016	63 000	New Times	Norwegian
BELFRIEND	Supramax	2016	58 000	Tsuneishi	Norwegian
BELTIDE	Supramax	2016	58 000	Tsuneishi	Norwegian
BELFOREST	Ultramax	2015	61 000	Imabari	Norwegian
BELHAWK	Ultramax	2015	61 000	Imabari	Norwegian
BELSOUTH	Ultramax	2015	63 000	Hantong	Norwegian

Total	Average built	DWT
38 Vessels	2020	2 379 000

Consolidated financial statements

Consolidated statement of income

USD 1 000	Note	2023	2022
Operating income			
Gross freight income		563 441	926 494
Voyage expenses		-139 085	-204 769
Net freight income		**424 356**	**721 725**
Management fees		3 408	4 228
Total operating income	**4,5**	**427 764**	**725 953**
Operating expenses			
Share of result from j/v and associated companies	11	6 407	30 963
T/C hire expenses	7	-194 155	-450 524
Ship operating expenses	19	-60 865	-55 571
Operating expenses ship management	19	-16 306	-22 209
Payroll expenses	14	-3 841	-5 250
Other general administrative expenses	15	-1 392	-1 818
Total operating expenses		**-270 152**	**-504 409**
EBITDA		**157 612**	**221 544**
Depreciations and amortisation	6	-45 738	-38 992
Gain on sale of ships		316	22 274
Other gains/(losses)		350	1 342
Operating result (EBIT)		**112 539**	**206 168**
Financial income and expenses			
Interest income		2 527	958
Interest expenses	7,10	-33 184	-26 106
Other financial items		2 065	-1 877
Currency exchange gain/(loss)		1 049	-2 183
Net financial items		**-27 543**	**-29 208**
Net result before tax		84 996	176 960
Tax	18	-7 562	-2 041
Net result from continuing operations		**77 434**	**174 919**
Result from discontinuing operation	20	8 806	141
Net result for the year		**86 240**	**175 060**
Hereof majority interests		75 895	146 886
Hereof non-controlling interests	11	10 346	28 174
Earnings per share from continuing operations (USD)	13	0.31	0.69
Diluted earnings per share from continuing operations (USD)	13	0.30	0.69
Earnings per share (USD)	13	0.34	0.69
Diluted earnings per share (USD)	13	0.34	0.69

Consolidated statement of comprehensive income

USD 1 000	Note	2023	2022
Net result for the year		**86 240**	**175 060**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefit plan		0	13
Items that may be subsequently reclassified to profit or (loss):			
Exchange differences		-29	-129
Total comprehensive income		**86 211**	**174 944**
Hereof majority interests		75 870	146 770
Hereof non-controlling interests		10 342	28 174
Majority interests from continuing operations		67 064	146 629
Majority interests from discontinuing operations		8 806	141

Consolidated statement of financial position

As at 31 December

USD 1 000	Note	2023	2022
ASSETS			
Non-current assets			
Tangible fixed assets			
Ships	6	731 596	747 042
Prepayment of ships		0	6 900
Property, Plant and Equipment	6	883	3 702
Total fixed assets		732 479	757 644
Financial fixed assets			
Investments in j/v and associated companies	11	9 934	29 483
Cash and cash equivalents (restricted)	8	0	113
Other non-current receivables		2 956	963
Total financial assets		12 890	30 559
Total non-current assets		745 370	788 203
Current assets			
Bunker inventory		8 556	14 675
Trade debtors		4 028	14 885
Other receivables	10	46 634	42 659
Cash and cash equivalents (restricted)	8	171	2 638
Cash and cash equivalents	8	128 105	137 233
Total current assets		187 495	212 090
TOTAL ASSETS		932 864	1 000 293

Consolidated statement of financial position

As at 31 December

USD 1 000	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Paid-in capital		141 736	158 359
Retained earnings		128 935	98 864
Non-controlling interests		34 890	40 112
Total equity	12	305 561	297 335
Liabilities			
Non-current liabilities			
Pension obligations		954	865
Deferred tax	18	6 537	107
Long-term interest-bearing debt	7	536 668	555 202
Other non-current liabilities		0	757
Total other non-current liabilities		544 160	556 931
Current liabilities			
Current portion of interest-bearing debt	7	26 735	50 053
Tax payable	18	1 066	1 842
Public taxes and duties payable		266	5 517
Trade creditors		7 845	6 909
Other current liabilities	10	47 231	81 706
Total current liabilities		83 144	146 027
Total liabilities		627 303	702 958
TOTAL EQUITY AND LIABILITIES		932 864	1 000 293

Oslo, 10 April 2024

Peter Frølich
Chair of the Board

Sten Stenersen
Board member

Jorunn Seglem
Board member

Marianne Møgster
Board member

Frode Teigen
Board member

Carl Erik Steen
Board member

Birthe Cecilie Lepsøe
Board member

Lars Christian Skarsgård
Chief Executive Officer

Consolidated statement of cash flow

USD 1 000	Note	2023	2022
CASH FLOW FROM OPERATIONS			
Net result before tax		84 996	176 960
Adjustments to reconcile result before tax to net cash flows:			
Depreciations/impairment on fixed assets	6	45 738	39 031
Gain on sale of ships	6	-666	-23 616
Share-based compensation expense	16	1 278	1 057
Share-based compensation payment	16	0	-8 150
Difference between pension expenses and paid pension premium		0	13
Share of result from j/v and associated companies	11	-6 407	-31 065
Dividend received from j/v and associated companies	11	26 204	14 646
Net finance costs		27 543	29 208
Working capital adjustments:			
Change in trade debitors and trade creditors		0	4 297
Change in other current items		-24 910	310
Interest received		2 527	962
Interest paid	7	-33 184	-26 106
Financing costs		-700	-1 270
Income tax paid	18	-1 526	-4 718
Net cash flow from operating activities		**120 893**	**171 559**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of ships	6	27 082	66 097
Proceeds from sale of shares in subsidiary		10 666	0
Payment of ships	6	0	-86 580
Payment of other investments		-1 848	-2 516
Net cash flow from investing activities		**35 900**	**-22 999**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current debt	7, 17	18 900	66 569
Repayment of non-current debt	7, 17	-108 272	-37 014
Dividend paid		-79 017	-143 448
Net cash flow from financing activities		**-168 389**	**-113 893**
Net change in cash and cash equivalents during the period		-11 595	34 667
Cash and cash equivalents at 1 January		139 871	105 204
Cash and cash equivalents at 31 December *		**128 276**	**139 871**

*) Includes restricted cash. See note 8 for further details.

Consolidated statement of changes in equity

	Majority interest						
	Paid-in				Retained		
USD 1 000	Share capital	Treasury shares	Share premium	Other equity	Other equity	Non-controlling interest	Total equity
2023							
Equity as at 31 December 2022	59 466	-128	62 228	36 793	98 864	40 112	297 335
Share issue	0	0	0	56	0	0	56
Share-based payment expense	0	0	0	1 278	0	0	1 278
Dividend paid	0	0	0	-17 957	-40 795	-20 265	-79 017
NCI transactions	0	0	0	0	-5 004	4 701	-303
Net result for the year	0	0	0	0	75 919	10 322	86 240
Other comprehensive income	0	0	0	0	-49	20	-29
Total comprehensive income	**0**	**0**	**0**	**0**	**75 870**	**10 342**	**86 211**
Equity as at 31 December 2023	**59 466**	**-128**	**62 228**	**20 170**	**128 935**	**34 890**	**305 561**
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	1 057	0	0	1 057
Share-based compensation payment	0	0	0	-1 500	-6 650	0	-8 150
Dividend paid	0	0	0	0	-124 008	-19 440	-143 448
NCI transactions	0	0	0	0	13	0	13
Net result for the year	0	0	0	0	146 886	28 174	175 060
Other comprehensive income	0	0	0	0	-116	0	-116
Total comprehensive income	**0**	**0**	**0**	**0**	**146 770**	**28 174**	**174 944**
Equity as at 31 December 2022	**59 466**	**-128**	**62 228**	**36 793**	**98 864**	**40 112**	**297 335**

Notes to the consolidated accounts

All amounts in the notes are in USD 1 000 unless otherwise stated

NOTE 1 GENERAL INFORMATION

Belships ASA is a fully integrated owner and operator of dry bulk ships. Belships ASA is a public limited liability company that is incorporated and domiciled in Norway and listed on the Oslo Stock Exchange. The head office is located at Lilleakerveien 6D in Oslo, Norway. Copies of the consolidated financial statements may be downloaded from www.belships.com, or by inquiry to the Company's head office. The consolidated financial statements have been approved by the Board on 10 April 2024.

Belships has obtained approval from Oslo Stock Exchange and Norwegian tax authorities to publish its financial statements only in English.

NOTE 2 SUMMARY OF THE MOST IMPORTANT ACCOUNTING PRINCIPLES USED

A) BASIS OF PREPARATION

The consolidated financial statements of Belships ASA (the Parent Company), and its subsidiaries (the Group), have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. The Group accounts have been prepared on a historical cost basis, except for derivatives and shares held for trading, which are measured at fair value. The Group accounts are presented with uniform accounting principles for identical transactions and events under otherwise identical conditions. The annual accounts are presented on a going concern basis. The Board considers that the conditions for a going concern are in place.

B) CONSOLIDATION PRINCIPLES

Control is established when the Group is exposed to variable returns from its association with the investee and possesses the authority to influence those returns through its control over the investee. The process of consolidating a subsidiary commences upon the Group gaining control over it and concludes when the Group relinquishes control. Unrealised gains arising from transactions with affiliated companies are eliminated by offsetting the Group's share of the company/enterprise. Similarly, unrealised losses are eliminated, but only if there is no indication of impairment on the asset being transferred internally.

C) CURRENCY TRANSACTIONS

Functional currency and reporting currency

Accounting transactions undertaken by respective Group companies use the currency ordinarily used by the financial environment in which they operate (functional currency). The Group accounts are presented in USD. The accounts for the units in the Group which have a functional currency different from the Group's reporting currency, convert their accounts into the reporting currency according to the following guidelines:

- Assets and debts are converted according to conversion rates on the balance sheet date
- Income and costs are converted according to yearly average conversion rates

Transactions in foreign currency

Transactions in foreign currency are converted to the functional currency at the rate at time of the transaction. Monetary items in foreign currency are converted into functional currency using the rate at the balance sheet date. Non-monetary items which are measured at historical cost expressed in foreign currency, are converted into functional currency using the currency rate at the time of the transaction. Non-monetary items, which are measured at fair value expressed in foreign currency, are converted at the currency rate on the date of measurement. Currency rate changes are recognised continuously against profit and loss during the accounting period. Currency rates at year end was NOK 0.0983 (0.1014) and SGD 0.7578 (0.7199).

D) ACCOUNTS RECEIVABLE

Trade and other receivables are measured at transaction price upon initial recognition and subsequently measured at amortised costs.

E) TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at acquisition cost, net of accumulated depreciation and impairments losses. When assets are sold or divested, the carrying amount is deducted and any gains or losses are recognised in the profit and loss account. Acquisition cost for tangible fixed assets is the purchase price, including taxes and charges, and expenses directly related to preparing the asset for use. Expenses incurred after the asset has been put to use, are recognised in the profit and loss account, whereas other expenses which are expected to create future financial gains are capitalised. An estimated docking element is recognised as a separate component of the ship for depreciation purposes on the first occasion a ship is booked in the accounts. The amount corresponds to the estimated docking costs for the period. The docking component is depreciated on a straight-line basis over the period to the next planned drydocking. Residual value has been taken into account, and this is estimated based on steel value of the ship at the balance sheet date less estimated cost to demolish the ship. Book value is compared to market value and value in use to assess the need for any further impairment compared to the ordinary depreciation plan.

At the end of each reporting period, every fixed asset is assessed for impairment indicators as described under section M) Impairment of assets. The depreciation period and method are assessed annually and are based on the management's estimates of the ships' future useful life. The same applies to residual value. In accordance with IFRS, the ships have been separated into components for depreciation purposes. The ships excluding capitalised drydocking are depreciated as one unit, as the value of any part of the ship with a useful lifetime other than 25 years is considered to be insignificant. Depreciation is calculated on a straight-line basis over the estimated useful life of the ships taking its residual value into consideration. The useful life, which is also considered as the economic life of the ships, has been estimated to 25 years. Residual value is estimated based on steel prices of the ships less cost to demolish and is reassessed every year-end. Dry docking expenses are depreciated until next planned dry docking, typically 30-60 months. Other assets have a useful life of 3-5 years.

F) LEASING

The liability arising from leasing agreements is recognised at net present value of remaining lease payments, discounted using the interest rate implicit in the lease. Interests are charged to the statement of income over the lease period. The associated right-of-use asset equals the initial lease liability adjusted for payments made before the lease commencement date and initial direct costs. After the commencement date, the right-of-use asset is depreciated in accordance with the requirements in IAS 16 Property, Plant and Equipment. At the end of each reporting period, every right of use asset is assessed for impairment indicators as described under section O) Impairment of assets. The Group has chosen the option to allocate the service component embedded in all long-term time charter contracts to ship operation expenses. The Group has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

G) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual obligations of the relevant instrument. The Company classifies its financial instruments in the following categories: at fair value through profit and loss (FVTPL) or at amortised cost. The Group determines the classification of financial instruments at initial recognition. Currently, the Group does not apply hedge accounting.

Classification and measurement

Financial instruments at fair value through profit and loss

This category comprises financial assets and liabilities held for trading, including all derivative instruments. Financial instruments in this category are initially recorded at fair value, and transaction costs are expensed in the consolidated statement of profit and loss. Realised and unrealised gains and losses arising from changes in the fair value are included in the consolidated statements of profit and loss in the period in which they arise.

Financial instruments at amortised cost

Financial assets and liabilities in this category are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method less any allowance for impairment. This category includes accounts receivable, accounts payable, loans, lease liabilities and other borrowings.

Financial assets at Fair value through profit and loss (FVTPL)

The Group currently has equity investments (see note 11) in unlisted shares. Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

Impairment of trade receivables and contract assets

At each reporting date, the Company measures the loss allowance for the trade receivables and contract asset at an amount equal to the lifetime expected credit losses. For accounts receivables and contract assets, the Group uses a simplified approach in calculating expected credit losses. The Company recognises a loss allowance using factors including aging of accounts, historical experience, customer concentration, customer creditworthiness and current industry and economic trends. An impairment loss, amounting to any difference between the carrying amount of the loss allowance and the expected credit losses at the reporting date, is recognised in the consolidated statement of profit and loss. Expected credit loss is immaterial.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to reduce its exposure to bunker prices and the freight market. Derivative instruments are recognised in the consolidated statements of financial position at their fair values. Realised and unrealised gains and losses attributable to derivative instruments are recognised as other financial items, net, as they arise.

Financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at FVTPL, loans and borrowings or payables. All financial liabilities are recognised initially at fair value and, in the case of loans/borrowings and payables net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans. The subsequent measurement depends on classification. No financial liabilities have currently been designated at FVTPL. Interest-bearing loans are after initial recognition measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liability through the amortisation process or when derecognised.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using assumptions that market participants would use when pricing the asset or liability.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted market prices included in Level 1 are directly or indirectly observable.
Level 3: Inputs are unobservable.

H) EQUITY

(i) Debt and equity

Financial instruments are classified as debt or equity according to the underlying substance of the contractual agreement. Interest, dividend, gains, and losses related to a financial instrument classified as debt, is presented as income or expense.

(ii) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are fulfilled with treasury shares.

(iii) Costs related to equity transactions

Transaction costs directly related to equity transactions are charged directly against the equity after tax deductions.

I) REVENUE RECOGNITION

Revenue recognition in the Group relates to three different types of revenue;

- Time Charter (freight income)
- Voyage charter (freight income)
- Other revenues such as technical, crewing, port agency, logistical and management fees.

Time Charter

The Group considers time charter contracts to contain both lease and service components. For time charter contracts where the Group acts as lessor and which does not transfer substantially all risks and rewards incidental to ownership of the ship are accounted as operational leases. Revenues are recognised in accordance with IFRS 15, and the Group only recognises time charter revenue when the ships are on-hire. The contract period starts when the ships is made available to the customer and ends on agreed return date. When the ships are off-hire the Group does not recognise any time charter revenues except if the contracts can be negotiated with rates and for periodical maintenance days in accordance with contract, on which revenue is recognised. Time charter agreements where the Group acts as lessee are accounted in accordance with IFRS 16 (See item F).

Voyage Charter

In a Voyage Charter contract, the charterer hires the ship to transport a specific agreed-upon cargo for a single voyage. The consideration for such a contract is determined based on a freight rate per metric ton of cargo carried or occasionally on a lump sum basis. The charterer is responsible for any short loading of cargo or dead freight. The voyage charter party generally has standard payment terms of 90/95% freight paid within three to five days after completion of loading. We have determined that our voyage charter contracts consist of a single performance obligation of transporting the cargo within a specified period. Therefore, the performance obligation is met evenly as the voyage progresses through recognition of revenues and costs on a straight-line basis over the estimated voyage days from the commencement of loading to completion of discharge. Costs to obtain a voyage contract is immediately expensed as the Group has elected to apply the optional practical expedients for contracts expected to be recognised within a year.

Other revenue/Management fee

The Group also provides port agency and logistical services on ships not operated by the Group. Revenue on such services is recognised over time, as the performance obligation is satisfied over time. For such revenue, the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. This revenue is classified as Management fees.

J) EMPLOYEE BENEFITS

Defined contribution pension scheme

All current employees in Norwegian companies are member of the Company's defined contribution scheme. The premium is charged as incurred by operations. Social security tax expense is recognised based on the pension plan payments.

Defined benefit pension scheme

The Company has unfunded pension liabilities. These relate to early retirement and pension to persons, that have not been included in the service pension scheme. Pension obligations are estimated by an independent actuary, and the relevant amounts are considered to be negligible.

K) INVESTMENT IN ASSOCIATES AND JOINT VENTURES

A joint venture is a type of joint arrangement whereby the parties that have joint control have the right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are accounted for by using the equity method. Under this method, the investment is initially recognised at cost. Goodwill relating the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually. The income statement reflects the Group's share of the net result after tax of the associate or joint venture. Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

L) TAXES ON INCOME

Tax expenses consist of tax payable and changes in deferred tax. Deferred tax or tax assets are calculated on all differences between accounting values and tax values of assets and liabilities, except for temporary differences related to investments in subsidiaries, affiliated companies, or jointly controlled enterprises when the Group controls when the temporary differences' reversal, which is not expected to occur in the foreseeable future. Deferred tax assets are recognised when it is likely that the Company will generate sufficient profit for tax purposes in future periods to utilise the tax asset. Similarly, the Company will decrease the deferred tax asset if it no longer considers it likely to utilise the deferred tax asset.

Deferred tax liabilities and deferred tax assets are measured on the basis of prevailing tax rates for the companies in the Group where temporary differences have occurred, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Tax payable is calculated with the tax rate in the actual tax regime. Deferred tax liabilities and deferred tax assets are entered at nominal value calculated with the tax rate in the actual tax regime and are classified as long-term liability or intangible fixed asset in the balance sheet. Tax payable and deferred tax related to equity transactions are directly recorded against equity.

In addition to companies subject to ordinary taxation in Norway, Singapore and China, the Group consists of companies within the shipping taxation scheme in Norway and Singapore. The deferred tax positions associated with the different tax regimes cannot be offset. A corresponding situation also applies to tax positions between jointly controlled operations and the rest of the Group. These cannot be offset.

M) IMPAIRMENT OF ASSETS

At the end of each reporting period, each ship is assessed for impairment indicators. The same process applies when events or changes suggest that the ship's value might not be fully recoverable. When determining if impairments are necessary, assets are grouped based on the smallest level with distinct and mainly separate cash flows, meaning each ship is considered individually. Impairment is calculated as the difference between the asset's carrying amount and the value considered as recoverable. The recoverable amount is the higher of the asset's fair value less cost to sell and its value-in-use to the Group. Value-in-use is calculated by discounting anticipated future cash flows from the asset. When it is assumed that the asset's value is lower than its carrying amount, an impairment loss is recognised. Impairment loss recognised in earlier periods is reversed only in case of changes to the estimates used to determine the recoverable amount. However, the reversal amount can only bring the book value after reversal to a maximum of the value it would have been recorded at if it had not been impaired previously. Such reversals are recorded in the profit and loss statement.

N) EVENTS AFTER THE BALANCE SHEET DATE

New information after the balance sheet date regarding the Company's financial position as of the balance sheet date is taken into consideration in the annual accounts. Events after the balance sheet date that do not affect the Company's financial position as of the balance sheet date, but which will have an impact on the Company's financial position in the future, are disclosed if significant.

O) SHARE-BASED PAYMENTS

The employees of Belships ASA have received options to purchase company shares. Market value of the awarded options is measured at time of the award and charged to expense over the vesting period as a payroll cost with corresponding increase in other paid-in equity. The market value of the options granted is estimated using the Black and Scholes option pricing model.

P) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank deposits and other short-term and liquid investments to be redeemed within 3 months. Cash and cash equivalents are recognised at nominal values in the balance sheet.

Q) RESTRICTED DEPOSITS

Restricted cash include all deposits in separate accounts, which will be used to cover accrued taxes withheld for employees and deposits provided as security for certain guarantees.

R) REPORTING BY SEGMENTS

Operating segments are components of a business that are evaluated regularly by the chief operating decision maker for the purpose of assessing performance and allocating resources. The Group's chief operating decision maker is the CEO. The Group is divided into the operating segments dry bulk and technical management. The dry bulk segment is further divided into 2 reportable segments: own ships (owned or leased) and operation/commercial management (Lighthouse Navigation), which is how the information is presented to the Management and the Board. Transactions between the business units are based on market conditions. Segment turnover, segment costs and segment results include transactions between segments.

S) CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Liquid assets include cash, bank deposits (restricted and unrestricted) and other short-term investments which can be converted to cash within 3 months. For restricted deposits, see note 8.

T) CLASSIFICATION FINANCIAL POSITION

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is considered current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period

or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is considered current when it is:

- expected to be settled in normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period

or

- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

NOTE 3 USE OF ESTIMATES AND JUDGEMENT IN PREPARATION OF THE ANNUAL ACCOUNTS

Preparing the annual accounts in accordance with IFRS® Accounting Standards as adopted by the EU requires the management to use estimates and assumptions affecting the amounts reported in the accounts with notes. The management assumptions and valuations are based on experience and on miscellaneous other factors assumed to be reasonable and appropriate. This particularly applies to impairment assessment of ships. Future events can entail a change in these estimates. Estimates and the underlying assumptions are evaluated on an ongoing basis. Changes in accounting estimates are entered in the period when the changes occur. If the changes also apply to future periods, the effect is distributed over the current and future periods and appears in the current note.

Impairment assessment – ships
At the end of each reporting period, every ship is assessed for impairment indicators. The same applies when events or changes occur that may entail that the asset's carrying amount may not be recovered. In assessing the need for impairments, assets are grouped at the lowest level at which there is identifiable and predominantly independent cash inflows, which means per ship. Impairment is calculated as the difference between the asset's carrying amount and the value considered as recoverable. The recoverable amount is the higher of the asset's fair value less cost to sell and its value-in-use to the Group. Value-in-use is calculated by discounting anticipated future cash flows from the asset. When it is assumed that the asset's value is lower than its carrying amount, an impairment loss is recognised.

Impairment loss recognised in prior periods are only reversed if there are changes to the estimates used to determine the recoverable amount. However, the amount of reversal is limited such that the post-reversal book value does not exceed the value at which the asset would have been recorded if it had not been impaired previously. These reversals are accounted for in the profit and loss statement.

NOTE 4 REVENUE

Belships has entered into period time charters with various parties during 2023. The remaining fleet have been operated in the spot market by Belships' subsidiary Lighthouse Navigation. Gross earnings in 2023 per ship for the entire owned fleet amount to USD 18 992 versus BSI index of USD 11 240 gross per day. 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 2024-2025.

In addition to the future lease payments from chartered out vessels on firm hire rate, Belships has entered into agreements to charter out nine vessels on floating index-linked contracts. These vessels will earn an average premium of 116 per cent of the Baltic Supramax Index. Belships has the option to convert any part of the remaining period to a fixed rate based on the prevailing FFA curve from time to time.

Revenue types	2023	2022
Time Charter revenues	293 059	415 243
Voyage charter revenues	270 381	511 251
Other revenues	3 408	4 228
Total	**566 848**	**930 722**

Future lease payments from chartered out vessels

	2024	2025	2026	2027	2028	Subsequent	Total
Time Charter revenues	91 464	5 534	0	0	0	0	96 998
Voyage charter revenues	29 709	0	0	0	0	0	29 709
Total	**121 173**	**5 534**	**0**	**0**	**0**	**0**	**126 707**

NOTE 5 SEGMENT INFORMATION

The segment reporting aligns with the criteria established for reporting to the Chief Operating Decision Maker (CEO). Assessment of segment performance is grounded in profit or loss metrics, consistently measured with those of the consolidated financial statements. While the Group centrally manages financing and income taxes, these are allocated to respective operating segments. Transfer pricing between segments mirrors arm's length transactions with third parties. Operating segments engage in worldwide activities, offering shipping services across major trade routes. Given that charterers determine trade routes on an individual basis without specific geographic focus for ships, geographical segments are not presented. The segment reporting has been updated from 2022, with the removal of the Ship Management segment, as it pertains to discontinued operations. Please refer to note 20 for additional information.

1 January - 31 December 2023	Belships	Lighthouse Navigation	Eliminations	Total
Gross freight revenue	204 845	357 070	1 525	563 441
Voyage expenses	-10 871	-130 669	2 456	-139 085
Net freight revenue	**193 974**	**226 401**	**3 980**	**424 356**
Management fees	0	7 388	-3 980	3 408
Operating income	**193 974**	**233 790**	**0**	**427 764**
Share of result from j/v and assoc. companies	0	6 407	0	6 407
T/C hire expenses	0	-194 155	0	-194 155
Ship operating expenses	-58 304	-2 561	0	-60 865
Operating expenses ship management	0	-16 306	0	-16 306
General and administrative expenses	-5 233	0	0	-5 233
Operating expenses	**-63 537**	**-206 615**	**0**	**-270 152**
Operating result (EBITDA)	**130 437**	**27 175**	**0**	**157 612**
Depreciation and amortisation	-38 582	-7 156	0	-45 738
Gain on sale of ship	316	0	0	316
Other gains/(losses)	0	350	0	350
Operating result	**92 171**	**20 368**	**0**	**112 539**
Interest income	1 412	1 115	0	2 527
Interest expenses	-32 949	-235	0	-33 184
Other financial items	1 338	727	0	2 065
Currency gains/(-losses)	-119	1 168	0	1 049
Net financial items	**-30 318**	**2 775**	**0**	**-27 543**
Result before tax	**61 853**	**23 143**	**0**	**84 996**
Tax	-6 537	-1 025	0	-7 562
Net result from continuing operations	55 316	22 118	0	77 434
Result from discontinuing operation	8 806	0	0	8 806
Net result	**64 122**	**22 118**	**0**	**86 240**
Hereof majority interests	64 122	11 772	0	75 895
Hereof non-controlling interests *	0	10 346	0	10 346
Assets	816 370	116 494	0	932 864
Liabilities	573 585	53 718	0	627 303
Cash flow from operating activities	112 892	8 002	0	120 893
Cash flow from investing activities	35 900	0	0	35 900
Cash flow from financing activities	-141 161	-27 228	0	-168 389

* Non-controlling interests is mainly related to the subsidiaries Lighthouse Navigation Management AS (50.50%) and Lighthouse Navigation Pte Ltd (50.01%). See note 11.

1 January - 31 December 2022	Belships	Lighthouse Navigation	Eliminations	Total
Gross freight revenue	241 261	683 865	1 368	926 494
Voyage expenses	-14 341	-193 173	2 745	-204 769
Net freight revenue	**226 920**	**490 692**	**4 113**	**721 725**
Management fees	0	12 041	-7 813	4 228
Operating income	**226 920**	**502 733**	**-3 700**	**725 953**
Share of result from j/v and assoc. companies	0	30 963	0	30 963
T/C hire expenses	-1 747	-448 777	0	-450 524
Ship operating expenses	-56 551	-2 720	3 700	-55 571
Operating expenses ship management	0	-22 209	0	-22 209
General and administrative expenses	-7 068	0	0	-7 068
Operating expenses	**-65 366**	**-442 743**	**3 700**	**-504 409**
Operating result (EBITDA)	**161 554**	**59 990**	**0**	**221 544**
Depreciation and amortisation	-33 142	-5 850	0	-38 992
Gain on sale of ship	22 274	0	0	22 274
Other gains/(losses)	0	1 342	0	1 342
Operating result	**150 686**	**55 482**	**0**	**206 168**
Interest income	613	345	0	958
Interest expenses	-25 737	-369	0	-26 106
Other financial items	-2 163	286	0	-1 877
Currency gains/(-losses)	-3 002	819	0	-2 183
Net financial items	**-30 289**	**1 081**	**0**	**-29 208**
Result before tax	**120 397**	**56 563**	**0**	**176 960**
Tax	-19	-2 022	0	-2 041
Net result from continuing operations	120 378	54 541	0	174 919
Result from discontinuing operation	141	0	0	141
Net result	**120 519**	**54 541**	**0**	**175 060**
Hereof majority interests	120 519	26 367	0	146 886
Hereof non-controlling interests *	0	28 174	0	28 174
Assets	833 844	166 449	0	1 000 293
Liabilities	615 296	87 662	0	702 958
Cash flow from operating activities	126 467	45 092	0	171 559
Cash flow from investing activities	-22 999	0	0	-22 999
Cash flow from financing activities	-94 453	-19 440	0	-113 893

* Non-controlling interests is mainly related to the subsidiaries Lighthouse Navigation Management AS (50.50%) and Lighthouse Navigation Pte Ltd (50.01%). See note 11.

NOTE 6 SHIPS AND OTHER FIXED ASSETS

	Ships, owned			Ships, right-to-use assets				
	Ships	Capitalis. drydock. expenses	Total	Ships	Capitalis. drydock. expenses	Total	Ships total	Property, plant and equipm.
2023								
Cost per 1 January	257 662	12 726	270 388	554 507	15 285	569 792	840 180	3 927
Additions *	0	594	594	53 553	2 254	55 806	56 401	0
Disposals	-27 347	-633	-27 981	0	0	0	-27 981	-2 353
Reclassified **	29 713	0	29 713	0	-29 932	0	-29 932	-218
Cost per 31 December	**260 028**	**12 687**	**272 715**	**578 128**	**17 539**	**595 667**	**868 382**	**1 574**
Depreciations per 1 January	40 609	6 505	47 114	40 477	5 547	46 024	93 138	225
Depreciation for the year	11 097	1 744	12 840	29 334	3 098	32 432	45 272	466
Disposals	-1 474	-150	-1 624	0	0	0	-1 624	0
Reclassified **	616	0	616	-616	0	-616	0	0
Depreciations per 31 Dec	**50 847**	**8 099**	**58 946**	**69 195**	**8 645**	**77 840**	**136 786**	**691**
Book value per 31 December	**209 181**	**4 588**	**213 769**	**508 933**	**8 894**	**517 827**	**731 596**	**883**
Useful life	25 years	30-60 months		25 years	30-60 months			3-5 years

*) Additions include a revision of the BELFUJI lease, resulting in an increase of USD 17.6m.

**) Option to acquire BELAFONTE was exercised in 2023.

	Ships, owned			Ships, right-to-use assets				
	Ships	Capitalis. drydock. expenses	Total	Ships	Capitalis. drydock. expenses	Total	Ships total	Property, plant and equipm.
2022								
Cost per 1 January	270 248	14 724	284 972	375 807	12 747	388 554	673 526	4 195
Additions	28 012	2 753	30 765	191 923	1 354	193 277	224 042	150
Disposals	-50 303	-3 567	-53 870	-18 580	0	-18 580	-72 450	-418
Reclassified *	9 705	-1 184	8 521	5 357	1 184	6 541	15 062	0
Cost per 31 December	**257 662**	**12 726**	**270 388**	**554 507**	**15 285**	**569 792**	**840 180**	**3 927**
Depreciations per 1 January	34 880	6 201	41 081	25 223	2 661	27 884	68 965	23
Depreciation for the year	10 192	1 656	11 848	24 050	2 661	26 711	38 559	472
Disposals	-9 656	-1 127	-10 783	-3 603	0	-3 603	-14 386	-269
Reclassified *	5 193	-225	4 968	-5 193	225	-4 968	0	0
Depreciations per 31 Dec	**40 609**	**6 505**	**47 114**	**40 477**	**5 547**	**46 024**	**93 138**	**225**
Book value per 31 December	**217 053**	**6 221**	**223 274**	**514 030**	**9 738**	**523 768**	**747 042**	**3 702**

*) BELLIGHT was in 2022 refinanced as a sale-leaseback while option to acquire BELNIPPON was exercised.

Specification of the Group's ships	Built year	Ownership	Cost price	Accum. ordinary deprec.	Capital. drydock. expenses	Accum. deprec. on dd expens.	Book value
Belsouth	2015	100%	24 535	-7 284	1 279	-800	17 730
Belinda	2016	100%	24 569	-6 990	921	-630	17 869
Belmont	2016	100%	24 596	-6 935	986	-580	18 066
Belatlantic	2016	100%	24 360	-6 590	920	-414	18 276
Belnippon	2018	100%	32 531	-10 004	579	0	23 106
Belhaven	2017	100%	23 410	-3 372	935	-333	20 640
Beltiger	2017	100%	21 650	-2 123	1 227	-430	20 325
Beltide	2016	100%	27 000	-2 647	1 000	-433	24 920
Belfriend	2016	100%	27 000	-2 488	1 000	-400	25 112
Belafonte	2017	100%	29 713	-1 989	0	0	27 724
Ships, owned			**259 364**	**-50 422**	**8 847**	**-4 020**	**213 769**
Belforest	2015	BBC	24 920	-5 197	777	-505	19 995
Belisland	2016	BBC	25 838	-5 299	739	-394	20 883
Belray	2019	BBC	27 351	-4 084	1 050	-653	23 663
Belaja	2020	BBC	26 962	-3 779	1 271	-783	23 671
Belmoira	2020	BBC	26 961	-3 780	1 233	-783	23 630
Belfast	2021	BBC	26 964	-2 767	1 000	-583	24 613
Beltrader	2021	BBC	24 953	-2 056	1 000	-467	23 431
Belguardian	2021	BBC	24 953	-2 059	1 000	-467	23 427
Belknight	2021	BBC	25 453	-2 135	1 000	-467	23 852
Belforce	2021	BBC	26 343	-2 145	1 000	-450	24 748
Belmar	2021	BBC	27 083	-2 237	1 000	-467	25 380
Belhawk	2015	BBC	21 437	-2 157	1 538	-433	20 384
Beltokyo	2021	BBC	32 925	-2 492	1 000	-417	31 017
Bellight	2016	BBC	22 825	-4 120	1 009	-454	19 260
Belyamato	2022	BBC	32 013	-1 263	1 000	-217	31 534
Belmondo	2023	BBC	33 425	-1 117	1 000	-183	33 124
Belfuji	2020	TC	33 448	-7 855	0	0	25 592
Beltango	2020	TC	32 801	-2 128	0	0	30 674
Belgrace	2020	TC	33 981	-2 207	0	0	31 774
Belforte	2019	TC	37 368	-2 467	0	0	34 901
Texel Island	2012	TC	10 766	-10 144	0	0	623
Quanzhou	2017	TC	2 556	-905	0	0	1 650
Ships, right-to-use assets			**581 328**	**-72 394**	**16 616**	**-7 723**	**517 827**
Total fleet			**840 692**	**-122 817**	**25 463**	**-11 743**	**731 596**

Fleet

The Group controlled a fleet of 30 ships at the end of the year. Additionally, the Group operated two vessels under short-term lease agreements, bringing the total fleet count to 32 ships. Ship transactions during the year include delivery of the newbuilding BELMONDO and sale of BELVEDERE.

Impairment tests

At the end of each reporting period, the Group assesses whether any impairment indicators are present. The Group has identified the decline in freight rates in 2023 as an impairment indicator under IAS 36. Consequently, Belships conducted impairment tests for four of the ships at year-end. These tests revealed significant headroom between the value-in-use and book value for all vessels.

Each ship is considered a separate cash-generating unit, and recoverable amounts were compared against carrying amounts at the end of the year. Recoverable amounts, based on value-in-use, were derived from present value calculations of estimated cash flows over the ship's useful life. Assumptions reflect management's best estimate of economic conditions over the remaining useful life, with sensitivity mainly to revenue and cost of capital assumptions based on current contracts and historical rates from the Baltic Supramax index (BSI-58). Operating and capital expenditure estimates were derived from Board-approved budgets.

While climate-related factors, such as volatile market conditions and impending regulatory requirements, were considered, they did not indicate impairment, with management noting no adverse effects on the fleet's value.

NOTE 7 INTEREST-BEARING DEBT

The Group's interest-bearing debt includes lease agreements for vessels as well as bank debt. All bareboat agreements are regarded by the Group as meeting the lease definition under IFRS 16. Long-term time charter contracts, on the other hand, comprise both lease and service components.

During the year, the initial BELFUJI lease calculation was revised to reflect the assumption of exercising the purchase option, resulting in a USD 17.6m addition in both the right-of-use asset and the lease liability.

T/C hire expenses

T/C hire expenses of USD 194.2m relates to chartering activity in Lighthouse Navigation. Expenses comprise short-term hire of tonnage and services from other shipowners.

Specification of lease agreements

The purchase options can be exercised at any point during the time period in the Purchase option column. The price of declaring the option decreases over time.

Vessel	Built year	Leased year	Ownership	Lease maturity	Purchase option	Discount rate	NPV of lease payments	NPV of purchase option	Current	Non-current
BELMONDO	2023	2023	Bareboat	2033	2027-2033	4.7%	11 654	17 012	1 323	27 342
BELYAMATO	2022	2022	Bareboat	2032	2026-2032	4.4%	11 021	16 501	1 372	26 149
BELTOKYO	2021	2021	Bareboat	2033	2025-2033	4.6%	9 244	17 977	1 394	25 828
BELFORCE	2021	2021	Bareboat	2031	2024-2031	4.6%	7 529	14 053	1 279	20 302
BELKNIGHT	2021	2021	Bareboat	2028	2024-2028	5.2%	9 120	11 751	1 209	19 662
BELTRADER	2021	2021	Bareboat	2031	2025-2031	5.1%	8 907	11 857	1 168	19 595
BELGUARDIAN	2021	2021	Bareboat	2031	2025-2031	5.1%	8 907	11 857	1 168	19 595
BELMAR	2021	2021	Bareboat	2031	2025-2031	5.2%	15 389	10 137	1 169	24 357
BELFAST	2021	2021	Bareboat	2031	2025-2031	6.3%	13 059	9 521	902	21 678
BELAJA	2020	2020	Bareboat	2027	2024-2027	5.7%	6 669	14 074	1 238	19 505
BELMOIRA	2020	2020	Bareboat	2027	2024-2027	5.7%	6 501	14 139	1 244	19 396
BELFUJI	2020	2020	Time Charter	2028	2024-2028	6.4%	8 667	17 871	787	25 748
BELNIKE	2020	2020	Time Charter	2027	2025-2027	5.0%	7 456	18 903	1 093	25 265
BELTANGO	2020	2020	Time Charter	2027	2025-2027	5.0%	7 254	21 179	921	27 512
BELFORTE	2019	2019	Time Charter	2026	2022-2026	5.0%	5 704	21 494	810	26 388
BELRAY	2019	2019	Bareboat	2026	2023-2026	5.6%	6 007	14 389	1 282	19 114
BELISLAND *	2016	2021	Bareboat	2032	2024-2032	4.5%	9 193	8 437	1 442	16 188
BELLIGHT *	2016	2022	Bareboat	2032	2024-2032	4.4%	8 384	9 607	1 454	16 537
BELFOREST *	2015	2022	Bareboat	2033	2025-2033	4.2%	8 634	11 274	1 465	18 443
BELHAWK *	2015	2021	Bareboat	2031	2024-2031	4.5%	9 736	7 086	1 538	15 285
Lighthouse Navigation vessels										
Texel Island	2012	2022	Time Charter	2024	N/A	5.25 %	651	0	651	0
Quanzhou	2017	2023	Time Charter	2024	N/A	5.25 %	1 666	0	1 666	0
Total Ships							181 348	279 117	26 575	433 890
Offices	N/A	N/A	Lease	2021-63	N/A	5-6%	500	0	161	339
Total lease liabilities							181 848	279 117	26 735	434 229

*) The bareboat charters for BELHAWK, BELFOREST, BELLIGHT and BELISLAND are accounted for as financial liability under IFRS 9. Belships has elected to present these vessels under lease liabilities in the disclosure as this better reflects the economic substance of the entered sale leaseback transactions.

Payment Schedule

	2024	2025	2026	2027	2028	Subsequent	Total
Lease payments	-46 635	-46 514	-45 550	-33 756	-17 575	-11 300	-201 330
Exercising purchase options	0	0	-58 200	-102 200	-153 295	-29 700	-343 395
Total	-46 635	-46 514	-103 750	-135 956	-170 870	-41 000	-544 725

All lease agreements have fixed interest rates for the entire duration of the charters. The cash flow above includes interest payments. Belships has no obligation to purchase any of the leased vessels. All purchase options are denominated in USD.

Loan facilities
The vessel BELAFONTE was financed during the year utilising the accordion tranche made available under the Group's loan facility.

Total outstanding under the loan facilities at the end of the year was USD 102.4m. Arrangement fee and other transaction costs related to the mortgage debt were initially recorded as a reduction of the debt in the balance sheet, and subsequently amortised over the loan period in accordance with the amortised cost principle. The difference between the outstanding loan amount and book value is amortised financial expenses of USD 1.0m as of year-end. The Group has several covenant requirements including requirements related to equity ratio, net working capital and available liquidity. The Group remained compliant with all covenants during and at the end of the year.

Repayment Schedule

	2024	2025	2026	2027	2028	Subsequent	Total
Instalments	0	-9 707	-9 707	-83 824	0	0	-103 238
Interests	-7 290	-6 129	-5 528	-1 289	0	0	-20 236
Total	-7 290	-15 836	-15 235	-85 113	0	0	-123 474

NOTE 8 BANK DEPOSITS

The Group's bank balance amounted to USD 128 276 (139 984) at year end. Short-term restricted cash is related to employees withholding tax.

NOTE 9 RELATED PARTIES

No loans are issued, or security provided with respect to the Company's shareholders or associated parties.

NOTE 10 RECEIVABLES AND LIABILITIES

Current receivables and other current liabilities mainly consist of accrued revenues and receivables and liabilities related to the ordinary operation of the ships. All current receivables and liabilities are due within 12 months.

NOTE 11 INVESTMENTS AND GROUP COMPANIES

Companies included in the consolidated accounts:

	Business location	Main activity	Ownership/ voting percentage
Belships Shipholding AS	Oslo	Shipping	100.00%
Belships Shipholding II AS	Oslo	Shipping	100.00%
Bel Ship I AS	Oslo	Shipping	100.00%
Bel Ship II AS	Oslo	Shipping	100.00%
Belsouth AS	Oslo	Shipping	100.00%
Belinda AS	Oslo	Shipping	100.00%
Belmont AS	Oslo	Shipping	100.00%
Belatlantic AS	Oslo	Shipping	100.00%
Belhaven AS	Oslo	Shipping	100.00%
Beltiger AS	Oslo	Shipping	100.00%
Beltide AS	Oslo	Shipping	100.00%
Belfriend AS	Oslo	Shipping	100.00%
Belnippon AS	Oslo	Shipping	100.00%
Belvedere Ship AS	Oslo	Shipping	100.00%
Belafonte Ship AS	Oslo	Shipping	100.00%
Belships Lighthouse AS	Oslo	Shipping	100.00%
1 Lighthouse Navigation Management AS	Oslo	Commercial management	50.50%
2 Lighthouse Navigation Pte Ltd	Singapore	Commercial management	50.01%
1 Lighthouse Navigation Management AS			
Lighthouse Navigation AS	Oslo	Commercial management	100.00%
2 Lighthouse Navigation Pte Ltd			
Afri-Bulk Navigation Private Limited	Singapore	Commercial management	100.00%
Lighthouse Maritime Limited	Hong Kong	Commercial management	100.00%
Lighthouse Navigation Co Ltd	Thailand	Commercial management	100.00%
Siam Thara Agency Co Ltd	Thailand	Agency	57.50%

Investment in joint venture

	Business location		Ownership/ voting percentage
Orient Asia Lines Ltd	Hong Kong		50.00%
Orient Asia Lines BV	The Netherlands		50.00%
Lineco Holding BV	The Netherlands		50.00%

The share of profit and loss and balance sheet items for investments in joint ventures and associates are recognised based on equity method:

2023	Orient Asia Lines Ltd	LineCo Holding BV	Total
Gross revenue	34 245	0	34 245
EBITDA	699	0	699
EBIT	699	0	699
Net result	699	12 341	13 040
Total comprehensive income	699	12 341	13 040
Group's share of profit for the year	**350**	**6 171**	**6 520** *
Non-current assets	74	10 856	10 930
Current assets	4 509	10 011	14 520
Total assets	**4 583**	**20 867**	**25 450**
Non-current liabilities	0	0	0
Current liabilities	2 777	3 349	6 126
Total liabilities	**2 777**	**3 349**	**6 126**
Total equity opening balance	1 342	71 713	73 055
Profit for the year	699	12 341	13 040
Capital distribution/reduction	-309	-66 900	-67 209
Total equity closing balance	**1 732**	**17 154**	**18 886**
Owner's interest	866	8 577	9 443
Minor share in other associated companies	0	0	491
Book value of owner's interest	**0**	**0**	**9 934**

*) A share of result amounting to 113 (62) in a minor associated company is not included in the table.

2022			
Gross revenue	22 864	0	22 864
EBITDA	2 832	0	2 832
EBIT	2 832	0	2 832
Net result	2 832	59 174	62 006
Total comprehensive income	2 832	59 174	62 006
Group's share of profit for the year	**1 416**	**29 587**	**31 003**
Non-current assets	0	18 888	18 888
Current assets	6 227	53 346	59 573
Total assets	**6 227**	**72 234**	**78 461**
Non-current liabilities	0	0	0
Current liabilities	4 885	54	4 939
Total liabilities	**4 885**	**54**	**4 939**
Total equity opening balance	692	27 039	27 731
Profit for the year	2 832	59 174	62 006
Capital distribution/reduction	-2 832	-29 000	-31 832
Total equity closing balance	**692**	**57 213**	**57 905**
Owner's interest	692	28 606	29 298
Minor share in other associated companies	0	0	185
Book value of owner's interest	**0**	**0**	**29 483**

NOTE 12 EQUITY

Share capital

Belships ASA's 253 136 666 shares, each with a face value of NOK 2.00, was as of 31 December 2023 distributed among 4 864 shareholders. Each share has one vote.

Number of shares	2023	2022
Ordinary shares, issued and paid-in per 1 January	253 136 666	253 136 666
Ordinary shares, issued and paid-in per 31 December	**253 136 666**	**253 136 666**
Dividend paid (NOK per share)	2.35	4.65

Treasury shares

The Company holds 371 800 treasury shares in total with an average cost price of NOK 10.70 as of 31 December 2023.

Authorisation to issue new shares

At the Annual general meeting in 2023 the Board received authorisation to issue up to 125 million new shares.

The 20 largest shareholders in Belships ASA at 31 December 2023

		Number of shares	Percentage
1	KONTRARI AS	104 000 000	41.08 %
2	KONTRAZI AS	32 500 000	12.84 %
3	JAKOB HATTELAND HOLDING AS	11 000 000	4.35 %
4	DNB BANK ASA	9 985 670	3.94 %
5	LGT BANK AG	9 350 214	3.69 %
6	WENAASGRUPPEN AS	8 149 330	3.22 %
7	JAHATT AS	5 000 000	1.98 %
8	AL MARITIME HOLDING PTE LTD	4 519 922	1.79 %
9	SAXO BANK A/S	2 607 323	1.03 %
10	STATE STREET BANK AND TRUST COMP	2 588 821	1.02 %
11	SIX SIS AG	2 269 461	0.90 %
12	UBS SWITZERLAND AG	2 156 958	0.85 %
13	THE BANK OF NEW YORK MELLON SA/NV	1 542 462	0.61 %
14	STAVANGER FORVALTNING AS	1 520 000	0.60 %
15	CITIBANK EUROPE PLC	1 192 565	0.47 %
16	THE BANK OF NEW YORK MELLON	1 033 945	0.41 %
17	SONATA AS	1 000 000	0.10 %
18	INTERACTIVE BROKERS LLC	969 541	0.38 %
19	THE BANK OF NEW YORK MELLON	962 327	0.38 %
20	STATE STREET BANK AND TRUST COMP	952 610	0.38 %
Total 20 largest shareholders		**203 301 149**	**80.31 %**
Other shareholders		49 835 517	19.69 %
Total number of shares		**253 136 666**	**100.00 %**

Number of shares owned by board members in Belships ASA

		Number of shares	Outstanding options
Peter Frølich (chair)		100 000	0
Frode Teigen	1	136 500 000	0
Carl Erik Steen		179 154	0
Birthe Cecilie Lepsøe		7 500	0
Jorunn Seglem		35 000	0

Number of shares owned by the management in Belships ASA

		Number of shares	Outstanding options *
Lars Christian Skarsgård, CEO	2	900 000	5 000 000
Yngve Aslaksen Gram, CFO	3	330 000	300 000

1) Includes shares held by Kontrari AS and Kontrazi AS, companies controlled by Frode Teigen.
2) Includes shares held by AS Torinitamar, a company owned by Lars Christian Skarsgård.
3) Includes shares held by Kryptogram AS, a company owned by Yngve Aslaksen Gram.

*) See note 16 for more information about separate share option plan.

NOTE 13 EARNINGS PER SHARE

Basic earnings per share is the ratio between net result of the year attributable to ordinary equity holders (i.e. net profit with dividend deducted) and the issued average number of shares outstanding during the period.

When calculating diluted earnings per share, net result attributable to ordinary equity holders and the number of issued average outstanding shares are adjusted for share options. In "the denominator" all share options (see note 16) which are "in-the-money" and exercisable are taken into consideration. In the calculations, share options are considered as having been converted at the time they were awarded.

Average number of shares

	2023	2022
Average number of issued shares	253 136 666	253 136 666
Treasury shares	-371 800	-371 800
Average number of options outstanding	1 656 592	1 537 654
Diluted average issued number of shares	**254 421 458**	**254 302 520**

Earnings per share

	2023	2022
Net result for the year	86 240	175 060
Earnings per share	0.34	0.69
Diluted earnings per share	0.34	0.69

NOTE 14 SALARIES, NUMBER OF EMPLOYEES

	2023	2022
Salaries	1 434	1 569
Social security tax	511	277
Pension expenses	108	121
Share-based payments *	1 481	2 979
Other allowances	307	305
Total payroll expenses	**3 841**	**5 250**

*) Incl. social security tax

Number of full-time office staff in 2023 was 145 (160) for the Group of which 19 in the Norwegian companies. Payroll expenses in Lighthouse Navigation are reclassified as operating expenses management companies. See note 19 for more details.

Loan to employees
No loans to employees exist at year-end 2023.

Remuneration

	CEO	CFO
Salary	497	218
Share-based payment	0	176
Pension expenses	19	19
Other remuneration	2	2
Total	**518**	**414**

Remuneration in accordance with the Accounting Act § 7-31b is presented in note 11 in the parent company accounts. Other remuneration includes telephone, insurance agreements etc.

Bonus
No bonus scheme was adopted for 2023.

Share options
Share options to the employees are described in note 16.
The Chief Executive Officer has a separate option scheme which is also described in note 16.

Remuneration to the board

	2023	2022
The Board	208	208
Audit committee	19	18
Nomination committee	5	5

Board members are not awarded share options.

The Group's fees to the auditor (excluding vat)

	2023	2022
Remuneration for audit services	438	299
Other assurance services	18	18
Assistance related to tax	63	65
Other audit related assistance	30	21
Total	**549**	**403**

NOTE 15 OTHER GENERAL ADMINISTRATIVE EXPENSES

	2023	2022
Office expenses	134	137
Furniture, office supplies	194	270
Travelling, entertainment costs	196	58
Other services	524	857
Other general administrative expenses	345	496
Total administrative expenses	**1 392**	**1 818**

Administration expenses in Singapore and Bangkok are reclassified as operating expenses ship management.
See note 19 for more details.

NOTE 16 OPTIONS TO EMPLOYEES

At the Annual General Meeting (AGM) in 2022, the Board was authorised to issue up to 600 000 share options to employees. The option price is 105% of closing share price on the day of the AGM. The authorisation is valid for two years. In accordance with this authorisation, options to buy 600 000 shares at NOK 23.00 were awarded in May 2023. Of this, 0 options have been exercised. 100 000 options from an earlier option program were exercised in 2023.

The above mentioned option programs require a service period of 12 months before they can be exercised.

The options can be exercised after one year from the date of the AGM which approved the option program and runs unto the date of the next AGM. The option programs include all employees in the parent company. The employees must be employed in the Company at the time when the options can be exercised in order to have a right to exercise them.

Summary of outstanding options	2023	2022
Outstanding options 1 January	5 100 000	5 049 300
Awarded	600 000	5 400 000
Exercised	-100 000	-5 349 300
Outstanding options 31 December	**5 600 000**	**5 100 000**

Employee share option plan

Fair value of options has been calculated using the Black and Scholes options pricing model. The fair value of options awarded in 2023 was NOK 2.46.

The following forms the basis for the calculation:

Share price at the time the option was awarded: The share price is set as equal to the stock exchange share price when the option was awarded.
Exercise price per option: The exercise price was 105 % of the stock exchange market price when the option was awarded.
Volatility: Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 39%.
Duration of options: It is assumed that all employees will exercise their options when the service period has been completed.
Risk free interest rate: Interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 5.00% for 2023.
Decrease in the number of employees: Expected reduction is 0.

Share option plan Chief Executive Officer

The CEO in Belships, Lars Christian Skarsgård was in March 2022 granted options to subscribe for up to five million shares in the Company with an exercise price of NOK 18.64 per share.

The Company may honour exercised options by delivery of new shares in a share issue, by sale of existing shares, or by way cash settlement (i.e. payment of the difference between the market price of the shares less the exercise price). Options that have not been exercised will lapse if Skarsgård terminates his position as CEO or if he is terminated from his position with cause. If Skarsgård is terminated from his position without cause during the first 12 months, 2/3 of the options will lapse and if he is terminated from his position without cause during the first 24 months, 1/3 of the options will lapse. If Skarsgård is terminated without cause during the exercise period, the options will lapse unless they are exercised within three months.

The fair value of the options at time of award in March 2022 was NOK 6.89 per share. The calculated cost of USD 1 278 (excluding social security tax) has been recognised as an expense in 2023.

NOTE 17 FINANCIAL MARKET RISK

Financial market risk is considered to be the risk of changes in foreign exchange rates and interest rates that may affect the value of the Group's assets, obligations and future cash flows. Belships has a continuing focus on its risk exposure. Derivatives may be used to reduce financial market risk, but are only used to hedge specific exposures. When use of derivatives is considered appropriate, only well-known conventional derivative instruments are considered, i.e. OTC agreements such as swaps, options and forward freight agreements. Derivative transactions are only made with reputable financial institutions. Credit risk relating to these derivatives is therefore limited. Belships is only using derivatives to reduce or limit risk related to fluctuations in interest and foreign exchange rates. Financial derivatives are not used to obtain financial revenues through fluctuating interest rates, nor are financial derivatives used when there is no underlying exposure.

INTEREST RATE RISK

Belships manages interest risk primarily through entering lease agreements with fixed interest rates. Hedging the Group's interest exposure from the floating bank debt is considered on an ongoing basis. Entering into interest rate hedging agreements are based on developments in the interest rate market and internal analysis. The table below shows the sensitivity related to changes in interest rate levels. The calculation includes interest-bearing bank debt.

Sensitivity to changes in interest rate levels

	2023	2022
Change in the interest rate level in basis points	-100/100	-100/100
Effect on result before tax	-259/259	1 189/-1 189

Average effective interest rate on debt (%)

	2023	2022
Interest-bearing loans	7.63	4.30
Financial leases	5.08	5.08

Capital structure and equity capital

The primary objective of the Group's capital management is to achieve best possible credit rating, and to maximise the shareholders values. The Company's goal is to maintain an equity capital ratio of at least 35%. The equity ratio is calculated by dividing the book equity to total assets as shown below:

	2023	2022
Total equity as at 31 December	305 561	297 335
Total assets	932 864	1 000 293
Equity ratio as at 31 December	33 %	30 %
Interest-bearing debt	563 403	605 255
Other current liabilities	56 408	95 974
Cash reserves	128 276	139 871
Net debt	**491 535**	**561 358**
Equity	305 561	297 335
Total equity and net debt	**797 096**	**858 693**
Net debt ratio	38 %	35 %

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash balances, credit facilities and other financial resources to maintain financial flexibility under dynamic market conditions. The Group's principal source of liquidity are operating cash flows from its operational assets. In addition to its operating cash flows, the Group relies on the debt capital markets for long-term funding. At year-end 2023 the Group has outstanding interest-bearing debt of USD 563.4 million. Available cash and cash equivalents amount to USD 128.3 million.

Credit risk

There will always be a credit risk related to the Group's business. Belships monitors this risk and the strategy is to carefully select counterparts. The customers are often recurring, historically losses have been low and the risk related to any specific customer's insolvency or inability to compensate for the services provided is considered low.

Currency risk

The functional currency of Belships is USD as the majority of the Group's transactions are denominated in USD. Currency risks arise in connection with transactions that are completed in other currencies than USD, mainly in NOK or THB. This applies mainly to administrative expenses, salaries and declaration of ship purchase options.

Fair value measurements

The valuation has the following classification of levels for measuring fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Valuation based on other observable factors, either directly (prices) or indirectly (derived from prices), than quoted prices included within level 1 of the asset or obligation.

Level 3: Valuation based on factors not taken from observable markets (not observable assumptions). Fair value is defined as present value of future cash flows. For the above derivatives, fair value is confirmed by the financial institution, which is counterpart. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The long-term liabilities have floating interest rate with a fixed margin. The margin is considered not to have significantly changed since drawing date, thus carrying amount is considered a reasonable estimate of fair value.

Summary of financial assets and obligations

		Cash Flows		Non-cash charges		
	01.01.2022	Proceeds	Repayment	Interest Charges	New leases	31.12.2022
Interest-bearing loans	110 913	40 831	-9 414	-509	0	141 821
Financial leases	326 435	25 738	-27 600	-829	139 690	463 434
Total	**437 348**	**66 569**	**-37 014**	**-1 338**	**139 690**	**605 255**

		Cash Flows		Non-cash charges		
	01.01.2023	Proceeds	Repayment	Interest Charges	New leases	31.12.2023
Interest-bearing loans	141 821	16 500	-56 126	231	0	102 426
Financial leases	463 434	2 400	-52 146	-106	47 395	460 977
Total	**605 255**	**18 900**	**-108 272**	**125**	**47 395**	**563 403**

The bareboat charters for BELHAWK, BELFOREST, BELLIGHT and BELISLAND are accounted for as financial liability under IFRS 9. Belships has elected to present these vessels under lease liabilities in the disclosure as this better reflects the economic substance of the entered sale leaseback transactions.

Financial liabilities measured at amortised cost

	2023	2022
Interest-bearing loans	102 426	141 821
Financial leases	460 977	463 434
Total	563 403	605 255

The fair value of credit facilities and obligations under financial leases is estimated by discounting future cash flows using rates currently available for debt on similar items. The obligations under financial leases as of 31 December 2023 reflects best timing estimate of declaring purchase options. Further, the lease agreements are newly entered into, and there have not been any significant changes in the credit risk of the Group. Fair value of the obligations under financial leases are therefore not considered to be materially different from book value as of the reporting date. The Group has not made observations indicating that there has been any significant difference between the fair value and carrying amount except for unamortised loan transaction costs.

NOTE 18 TAXES

Tonnage tax

The Companies subject to Tonnage tax are exempt from ordinary tax on their shipping income. Companies within the tonnage tax system in Norway and in Singapore pay a tonnage fee based on the size of the ship. Tonnage tax is recognised as other operating expenses.

Ordinary taxation

Further, in Norway, Thailand and Singapore the Group has several management companies subject to ordinary income tax, with a tax rate from 17 % to 22 %.

In Norway, the Group has a significant tax loss carried forward, currently without any convincing evidence of utilising the tax losses. Accordingly, no deferred tax asset related to temporary differences is recorded related to the Norwegian companies within ordinary tax regime.

In Singapore and Thailand there are minimal temporary differences related to the commercial and ship management operation. In Thailand the Company has a tax payable related to ordinary company taxation of USD 419 (1 506) and payable tax in Singapore amounting to USD 96 (43).

Reconciliation of the year's income tax expense	2023	2022
Result for the year before tax	84 996	176 960
Result from companies within the tonnage tax regime	-66 656	-122 715
Net result for companies subject to ordinary company taxation	**18 340**	**54 245**
Statutory tax rate (Norway)	22%	22%
Estimated tax expense at statutory rate	4 035	11 934
Net non tax related expenses/(income)	4 844	-208
Results from joint venture and associated companies	-1 410	-6 834
Difference between Norwegian, Singapore and Thailand regional national tax	-1 487	-459
Tax effect of deferred tax asset not recorded in the balance sheet including exchange rate effect	-835	-2 393
Adjustment in respect of priors	2 414	0
Total income tax expense/(income)	7 562	2 041

Tax loss carried forward

The Group had a tax loss carried forward of 4 807 as at 31 December 2023 in Norway. No deferred tax benefits are recognised in the balance sheet.

Calculation of deferred taxes is based on temporary differences between statutory books and tax values which exist at the end of the year.

In accordance with IAS 12, tax reducing temporary differences and tax increasing temporary differences, which are either reversed or can be reversed within the same period and jurisdiction, are assessed and recorded as a net amount.

Deferred tax per 31 December	2023	2022
Temporary differences		
Deferred sale gain/(loss) fixed asset	28 703	29 851
Property, Plant and Equipment	-38	-46
Accrued option expenses	-2 247	0
Pensions	-182	-188
Other temporary differences	-4 563	1 700
Total temporary differences	**36 887**	**31 317**
Non-deductible interest cost carried forward ordinary tax regime	-2 367	-2 347
Tax loss carried forward ordinary tax regime	-4 807	-28 483
Net temporary differences	**29 713**	**487**
Nominal tax rate on deferred tax	22%	22%
Deferred tax assets	0	0
Deferred tax liability	6 537	107
Deferred tax recognised in the Balance sheet	6 537	107
Deferred tax assets not recognised in the Balance sheet	0	0

NOTE 19 SPECIFICATIONS OPERATING EXPENSES AND OTHER FINANCIAL ITEMS

	2023	2022
Ship operating expenses		
Crew expenses	26 940	25 476
Maintenance and spare parts	10 947	9 224
Insurance	3 755	3 374
Other ship operating expenses	19 223	17 497
Total ship operating expenses	**60 865**	**55 571**
Operating expenses management companies		
Administration costs	11 468	16 581
General & selling expenses	4 192	5 147
Fixed costs	645	481
Total operating expenses management companies	**16 306**	**22 209**

NOTE 20 DISCONTINUED OPERATIONS

In June, Belships entered into an agreement to divest its 100 per cent shareholding in Belships Management (Singapore) Pte Ltd., a technical and crew management company established in 1983, which currently manages dry bulk vessels for Belships ASA and other international clients. The shares have been acquired by a company in V.Group. An office lease in Singapore is in process of being sold, and the proceeds will be received by Belships ASA. Closing of the transaction was completed on 30th June 2023.

Furthermore, Belships entered into a strategic partnership with V.Group for Belships' fleet and ship management business. Following the acquisition by V.Group, Belships Management (Singapore) will continue to be the sole provider of ship management services to Belships ASA. This partnership was formalised on 30th June 2023.

Discontinued operations
Discontinued operations include intercompany transactions between Belships Management Singapore and the ship owning companies in Belships ASA. Deferred consideration for the office lease is included under current receivables in the balance sheet.

	2023	2022
Management fees	2 569	4 768
Operating income from discontinued operations	**2 569**	**4 768**
Share of result from j/v and assoc. comp.	59	102
Operating expenses management companies	-2 050	-4 454
Operating expenses from discontinued operations	**-1 991**	**-4 352**
EBITDA from discontinued operations	**578**	**416**
Depreciation and amortisation	-20	-39
Operating result (EBIT) from discontinued operations	**558**	**377**
Interest income	2	4
Interest expenses	0	0
Other financial items	-6	-18
Currency gains/(-losses)	26	-179
Net financial items from discontinued operations	**22**	**-193**
Result before taxes from discontinued operations	**580**	**184**
Taxes	-96	-43
Profit after income tax of discontinued operations	**484**	**141**
Gain on sale of the subsidiary after income tax	8 322	0
Profit from discontinued operations	**8 806**	**141**
Hereof majority interests from discontinued operations	8 852	142
Hereof non-controlling interests from discontinued operations	-46	-1
Net cash flow operating activities from discontinued operations	463	1 108
Net cash flow investing activities from discontinued operations	0	0
Net cash flow financing activities from discontinued operations	-879	-78

NOTE 21 ENVIRONMENTAL ISSUES

The Company has not incurred any penalties for violating environmental rules and regulations, nor is it obligated to take any specific actions in response.

NOTE 22 CONTINGENCIES

The Board is not aware of any material disputes the Company may be in involved in as at 31 December 2023.

NOTE 23 SUBSEQUENT EVENTS

In January, Belships voluntarily prepaid USD 13.5m of bank debt. After this Belships has four debt free vessels in the fleet.

In January, Belships entered into agreements to charter out four vessels on index-linked contracts for periods of minimum one year each. The vessel will earn a premium of between 116-120 per cent of the Baltic Supramax Index. The vessels were delivered in Q1, after completing their previous contracts. This brings the total number of vessels on floating index-linked contracts to ten.

Based on the financial results in Q4 2023 the Board declared a dividend payment of NOK 0.60 per share (USD 14.5m in total) equivalent to about 80 per cent of the net result adjusted for minority interests.


BELMONDO

Belships ASA Financial statements

Income statement

USD 1000	Note	2023	2022
Operating income			
Other operating income		623	637
Gain on sale of lease agreements		0	9 997
Gain on sale of shares in subsidiary	7	10 851	0
Total operating income		**11 475**	**10 635**
Operating expenses			
Ship operating expenses		-14	-49
Payroll expenses	3, 4	-3 841	-5 250
Other general administrative expenses	5	-875	-1 139
Depreciation of fixed assets	2	-16	-91
Total operating expenses		**-4 747**	**-6 530**
Operating result		**6 728**	**4 105**
Financial income and expenses			
Share dividend		11 547	117 380
Interest income		276	94
Interest income on loan to subsidiary	8	-2 364	2 309
Interest expenses		0	-2
Interest expenses on loan to subsidiary	8	-2 003	-232
Other financial items	7	22 748	-3 029
Currency exchange gain/-loss		-227	-2 157
Net financial items		**29 978**	**114 363**
Net result before tax		36 706	118 468
Income tax expense	6	-236	-2 005
Net result for the year		**36 471**	**116 464**
Appropriations of net result:			
Transfer from/(to) other retained earnings		-36 471	-116 464
Total		**-36 471**	**-116 464**

Balance sheet

As at 31 December

USD 1000	Note	2023	2022
ASSETS			
Fixed assets			
Tangible fixed assets			
Other fixed assets	2	0	16
Total tangible fixed assets		**0**	**16**
Financial fixed assets			
Shares in subsidiaries	7	450 085	144 065
Loan to subsidiaries	8	132 144	80 375
Total financial assets		**582 229**	**224 440**
Total fixed assets		**582 229**	**224 456**
Current assets			
Trade debtors		0	312
Intercompany balances	8	91 218	148 444
Other receivables		2 160	291
Cash and cash equivalents	10	53 346	32 395
Total current assets		**146 725**	**181 442**
TOTAL ASSETS		**728 954**	**405 898**

Balance sheet

As at 31 December

USD 1000	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital		59 466	59 466
Treasury shares		-125	-125
Share premium		62 228	62 228
Other paid-in capital		0	9 575
Total paid-in capital		**121 570**	**131 144**
Retained earnings			
Other equity		115 025	126 456
Total equity	**11**	**236 594**	**257 599**
Liabilities			
Non-current liabilities			
Deferred tax	6	2 241	2 005
Pension obligations		182	188
Intercompany balances	8	109 828	47 445
Total non-current liabilities		**112 251**	**49 638**
Current liabilities			
Public taxes and duties payable		193	337
Trade creditors		70	107
Intercompany balances	8	379 173	97 425
Other current liabilities		672	792
Total current liabilities		**380 108**	**98 661**
Total liabilities		**492 359**	**148 299**
TOTAL EQUITY AND LIABILITIES		728 954	405 898

Oslo, 10 April 2024

Peter Frølich
Chair of the Board

Sten Stenersen
Board member

Jorunn Seglem
Board member

Marianne Møgster
Board member

Frode Teigen
Board member

Carl Erik Steen
Board member

Birthe Cecilie Lepsøe
Board member

Lars Christian Skarsgård
Chief Executive Officer

Cash flow statement

USD 1000	Note	2023	2022
CASH GENERATED FROM OPERATIONS			
Net result before tax		36 706	118 468
Adjustments to reconcile result before tax to net cash flows:			
Gain on sale of lease agreements		0	-9 997
Gain on sale of shares in subsidiary		-10 851	0
Depreciation of fixed assets	2	16	91
Share-based payment transaction expense	4	1 278	1 057
Share-based payment transaction payment	4	0	-8 150
Difference between pension expenses and paid pension premium		0	-13
Net finance items	7	-29 978	-114 363
Working capital adjustments:			
Change in trade debitors and trade creditors		275	-1 062
Change in current intercompany balances		1 463	13 712
Change in other short-term items		-2 505	912
Interest received		276	94
Interest paid		0	-2
Net other financial items		2 789	-1 356
Net cash flow from operations		**-559**	**-608**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale proceeds from fixed asset disposals		0	129
Dividend and group contributions received		2 189	142 880
Cash issue in subsidiary		0	-55 300
Proceeds from sale of shares in subsidiary		10 666	0
Change in intercompany balances		24 900	0
Net cash flow from investing activities		**37 755**	**87 709**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	11	-58 752	-124 008
Change in intercompany balances		42 507	0
Instalments lease commitments		0	55 300
Net cash flow from financing activities		**-16 245**	**-68 708**
Net change in cash and cash equivalents		20 951	18 393
Cash and cash equivalents at 1 January		32 395	14 002
Cash and cash equivalents at 31 December		**53 346**	**32 395**
Restricted bank deposits	10	102	110

Notes to the parent accounts

NOTE 1 ACCOUNTING POLICIES

Belships ASA is an owner and operator of subsidiaries owning dry bulk ships. At the end of the year, the Group controlled a fleet of 30 ships.

The Company is also providing commercial management through subsidiaries. The Company is a public limited liability company incorporated and domiciled in Norway and listed on Oslo Stock Exchange. The head office is located at Lilleakerveien 6D in Oslo, Norway.

The financial statements have been approved by the Board on 10 April 2024. The accounts are prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

The accounts form part of the consolidated accounts of Belships ASA.

Belships has obtained approval from Oslo Stock Exchange and Norwegian tax authorities to only publish its financial statements in English.

All amounts in the notes are in USD 1 000 unless otherwise stated.

A) Classification of balance sheet items
Assets intended for long-term ownership or use are classified as fixed assets. Other assets inclusive accounts receivable within 12 months are classified as current assets.

Liabilities due within 12 months, are classified as short-term liabilities. Current assets are reported at the lower of cost and net realisable value, while current liabilities are carried at the nominal value at drawdown date.

B) Taxes on income
Tax expenses consist of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all differences between accounting values and tax values of assets and liabilities.

Deferred tax assets are recognised when it is likely that the Company will generate sufficient profit for tax purposes in future periods to utilise the tax asset. Similarly, the Company will decrease the deferred tax asset if it no longer considers it likely to utilise the deferred tax asset. Deferred tax and deferred tax asset are measured on the basis of expected future tax rates.

Deferred tax and deferred tax assets are entered at nominal value and are classified as financial fixed assets (long-term liability) in the balance sheet.

Tax payable and deferred tax related to equity transactions are directly recorded against equity.

C) Tangible fixed assets
Tangible fixed assets are measured at acquisition cost, net of accumulated depreciation and impairments losses.

When assets are sold or divested, the carrying amount is deducted and any gains or losses are recognised in the income statement. Acquisition cost for tangible fixed assets is the purchase price, including taxes and charges and expenses directly related to preparing the asset for use. Expenses incurred after the asset has been put to use, are recognised in the income statement, whereas other expenses which are expected to create future financial gains are capitalised.

D) Investments in other companies
Investments in subsidiaries and jointly controlled companies are accounted for in the parent company using the cost method.

At the end of each year, each investment in subsidiaries is assessed for impairment indicators. When it is assumed that the investment's value is lower than its carrying amount, an impairment loss is recognised.

E) Accounts receivable

Accounts receivable are booked at nominal amount less expected loss.

F) Cash flow statement

The cash flow statement has been prepared using the indirect method. Liquid assets includes cash, bank deposits (restricted and unrestricted) and other short-term investments, which can be converted to cash within 3 months. For restricted deposits, see note 11.

G) Equity

(i) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are fulfilled with treasury shares.

(ii) Costs related to equity transactions

Transaction costs directly related to equity transactions are charged directly against the equity after tax deductions.

H) Employee benefits

Defined contribution pension scheme

All employees are member of the Company's defined contribution scheme. The premium is charged as incurred by operations. Social security tax expense is recognised based on the pension plan payments.

Defined benefit pension scheme

The company has unfunded pension liabilities. These relate to early retirement and pension to persons, that have not been included in the defined contribution pension scheme. There are 3 retired persons included in this scheme. Pension obligations are estimated by an independent actuary, and the relevant amounts are considered to be negligible.

I) Provisions

A provision is recorded when the Company has a liability (legal or constructive) as a result of a previous event, where it is likely (more likely than not) that there will be a financial settlement as a result of this liability and that the size of the sum can be reliably determined. If the effect is considerable, the provision is calculated by discounting the expected future cash flow with a discount rate before tax, which reflects the market's evaluation of the time value of money and, if relevant, risks specifically connected to the liability.

Provisions for loss-creating contracts are included when the Company's expected income from a contract is lower than the inevitable costs which were incurred in discharging the obligations of the contract.

J) Revenue recognition

Belships ASA provides administrative, commercial and project management services, including accounting, legal, IT, project, and office services. Income from these services is recognised as they are rendered. Interest income is recognised using the effective interest method based on when it is earned.

The dividend received from subsidiaries is accounted for in the same year in which the dividend has been accrued for in the subsidiary. If the dividend exceeds the prorated share of retained earnings after the acquisition of the shares, the excess portion represents a repayment of capital and consequently reduces the acquisition cost accordingly.

K) Transactions in foreign currency

Transactions in foreign currency are converted at the rate at the time of the transaction. Monetary items in foreign currency are converted into USD using the rate on the balance sheet date. Non-monetary items which are measured at historical rates expressed in foreign currencies, are converted into USD using the currency rate at the time of the transaction.

Currency rate changes are charged against income during the accounting period.

L) Contingent gains and losses

Provisions are made for contingent losses deemed probable and quantifiable. Contingent gains are not recognised.

M) Related party transactions
Transactions with related parties are carried out at market terms. See note 15 for further information.

N) Events after the balance sheet date
New information after the balance sheet date regarding the Company's financial position as of the balance sheet date is taken into consideration in the annual accounts.

Events after the balance sheet date that do not affect the Company's financial position as of the balance sheet date, but which will have an impact on the Company's financial position in the future are revealed if significant.

O) Use of estimates in preparation of the annual accounts
The management has used estimates and assumptions that have affected assets, debt, income, costs and information on potential liabilities. This applies particularly to share-based remuneration. Future events can entail a change in these estimates. Estimates and the underlying assumptions are evaluated on an ongoing basis. Changes in accounting estimates are entered in the period when the changes occur. If the changes also apply to future periods, the effect is distributed over the current and future periods.

P) Share-based remuneration
The employees in Belships ASA have received options to purchase shares in the Company. The market value of the awarded options is measured at the time of the award and charged to expense over the vesting period as a wage cost with corresponding increase in other paid-in equity. The market value of the options granted is estimated using the Black and Scholes option pricing model.

NOTE 2 FIXED ASSETS

	2023			2022		
	Other fixed assets			Other fixed assets		
	Depreciable assets	Non depreciable assets	Total	Depreciable assets	Non depreciable assets	Total
Cost price						
As at 1 January	207	0	207	506	61	567
Disposals	0	0	0	-299	-61	-360
As at 31 December	**207**	**0**	**207**	**207**	**0**	**207**
Depreciations						
As at 1 January	191	0	191	278	0	278
Depreciation for the year	16	0	16	91	0	91
Disposals	0	0	0	-178	0	-178
As at 31 December	**207**	**0**	**207**	**191**	**0**	**191**
Book value at 31 December	**0**	**0**	**0**	**16**	**0**	**16**

NOTE 3 SALARIES, NUMBER OF EMPLOYEES

	2023	2022
Salaries	1 434	1 569
Social security tax	511	277
Pension expenses	108	121
Share-based payments *	1 481	2 979
Other allowances	307	305
Total	**3 841**	**5 250**

*) Incl. social security tax

The average number of employees in 2023 was 8 (9).

Remuneration	CEO	CFO
Salary	497	218
Share-based payment transaction expense	0	176
Pension expenses	19	19
Other allowances	2	2
Total	**518**	**414**

Other allowances include telephone, insurance agreements etc.

Pensions

All the employees in the parent company are members of a defined contribution scheme, which is in line with the occupational pension scheme for employees in Norway in accordance with the act on Mandatory occupational pensions. Annual payable cost is reflected in the income statements and the Company does not have any further liabilities related to this scheme. Total pension costs amounted to 108 (121) in 2023.

Share options

For information about share options, see note 4. The CEO has a separate option scheme which also is described in note 4.

Remuneration to the Board	2023	2022
The Board	208	208
Audit Committee	19	18
Nomination Committee	5	5
Total	**232**	**231**

Board members are not awarded share options.

Guidelines for the remuneration of the executive management of Belships ASA

In conformity with the provisions of section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board has prepared the following statement on the Company's guidelines for the remuneration of the executive management:

- Belships will have a competitive bonus scheme to ensure that the Company will have the necessary capacity and competence.
- Belships will seek to have fixed salaries at market terms. There will also be a variable part (bonuses and share options), which will be evaluated annually.

Fees to the auditor (excluding vat)	2023	2022
Remuneration for audit services	118	98
Other assurance services	12	6
Assistance related to tax matters	8	2
Other audit related assistance	2	5
Total	**140**	**111**

Loans to employees

There exist no loans to employees at year-end 2023.

NOTE 4 OPTIONS TO EMPLOYEES

At the Annual general meeting (AGM) in 2022, the Board was authorised to issue up to 600 000 share options to employees. The option price is 105% of closing share price on the day of the AGM. The authorisation is valid for two years. In accordance with this authorisation, options to buy 600 000 shares at NOK 23.00 were awarded in May 2023. Of this, 0 options have been exercised. 100 000 options from an earlier option programme were exercised in 2023.

The above mentioned option programs require a service period of 12 months before they can be exercised.

The option can be exercised after one year from the date of the AGM which approved the option program and runs unto the date of the next AGM. The option programs include all employees in the parent company. The employees must be employed in the Company at the time when the options can be exercised in order to have a right to exercise them.

Summary of outstanding options	2023	2022
Outstanding options 1 January	5 100 000	5 049 300
Awarded	600 000	5 400 000
Exercised	-100 000	-5 349 300
Outstanding options 31 December	**5 600 000**	**5 100 000**

Employee share option plan
Fair value of options has been calculated using the Black and Scholes options pricing model. The fair value of options awarded in 2023 was NOK 2.46.

The following forms the basis for the calculation:

Share price at the time the option was awarded: The share price is set as equal to the stock exchange share price when the option was awarded.
Exercise price per option: The exercise price was 105 % of the stock exchange market price when the option was awarded.
Volatility: Historic volatility set as indication of future volatility. Expected volatility equals a historic volatility of 39%.
Duration of options: It is assumed that all employees will exercise their options when the service period has been completed.
Risk free interest rate: Interest rate used as a basis for calculating options is equal to the interest rate on government bonds over the duration of the options, i.e. 5.00% for 2023.
Decrease in the number of employees: Expected reduction is 0.

Share option plan Chief Executive Officer
The CEO in Belships, Lars Christian Skarsgård was in March 2022 granted options to subscribe for up to five million shares in the Company with an exercise price of NOK 18.64 per share.

The Company may honour exercised options by delivery of new shares in a share issue, by sale of existing shares, or by way cash settlement (i.e. payment of the difference between the market price of the shares less the exercise price). Options that have not been exercised will lapse if Skarsgård terminates his position as CEO or if he is terminated from his position with cause. If Skarsgård is terminated from his position without cause during the first 12 months, 2/3 of the options will lapse. Similarly, if he is terminated from his position without cause during the first 24 months, 1/3 of the options will lapse. If Skarsgård is terminated without cause during the exercise period, the options will lapse unless they are exercised within three months.

The fair value of the options at time of award in March 2022 was NOK 6.89 per share. The calculated cost of USD 1 278 (excluding social security tax) has been recognised as an expense in 2023.

NOTE 5 OTHER GENERAL ADMINISTRATIVE EXPENSES

	2023	2022
Office expenses	134	137
Other services	258	419
Data, office equipment a.o.	150	266
Communication, advertising	32	52
Travel expenses	84	58
Other general administrative expenses	218	208
Total	**875**	**1 139**

NOTE 6 TAX

Tax result for the year	2023	2022
Result for the year before tax	36 706	118 468
Change in temporary differences	37	4 001
Permanent differences / other	-29 689	-94 709
Translation differences	199	0
Tax basis for the year	**7 253**	**27 761**
Group contribution received	0	6 209
Use of tax losses carry forward	-7 253	-33 970
Basis for tax payable	**0**	**0**
Taxes payable (22%)	0	0
Total income tax expense	0	0

In accordance with NGAAP, tax reducing temporary differences and tax increasing temporary differences that are reversed, or can be reversed in the same period are assessed and the amount recorded net.

Reconciliation of tax expense	2023	2022
Result for the year before tax	36 706	118 468
Statutory tax rate	22%	22%
Estimated tax expense at statutory rate	8 075	26 063
Permanent differences / other	-6 532	-20 836
Expected tax expense	**1 544**	**5 227**
Translation differences	22	-327
Change in recognised deferred taxes	0	2 005
Change in not recognised deferred tax assets	-1 330	-4 900
Actual tax expense	**236**	**2 005**
Effective tax percentage	1%	2%

Deferred tax per 31 December	2023	2022
Deferred sale fixed asset gain/(loss)	12 208	15 747
Revaluation long-term balances	10 769	0
Financial derivatives	-5 515	0
Accrued option expenses	-2 247	0
Pension obligations	-182	-188
Temporary differences fixed assets	-38	-46
Sum temporary differences included in change in temporary differences	**14 994**	**21 705**
Impairment loss shares in subsidiaries abroad	0	0
Tax loss carried forward	-4 807	-6 401
Net temporary differences	**10 187**	**9 112**
Nominal tax rate on deferred tax	22%	22%
Deferred tax liability/assets	2 241	2 005
Deferred tax liability/assets in Balance sheet	2 241	2 005
Deferred tax assets not in Balance sheet	0	0

NOTE 7 SHARES

	Business office	Time of purchase	Cost price	Ownership/ Voting share	Equity	Result of the year	Book value
Shares in subsidiaries							
Belships Lighthouse AS	Oslo	27.01.93	1 591	100%	615	15 296	615
Belships Shipholding AS	Oslo	05.02.19	84 358	100%	105 867	4 753	84 358
Belships Shipholding II AS *	Oslo	20.05.21	368 112	100%	399 151	38 515	365 112
Lighthouse Navigation Management AS	Oslo	09.12.85	4	34%	3 696	2 364	0
Total							**450 085**

In June, Belships entered into an agreement to divest its 100 per cent shareholding in Belships Management (Singapore) Pte Ltd., a technical and crew management company established in 1983, which currently manages dry bulk vessels for Belships ASA and other international clients. The shares have been acquired by a company in V.Group. An office lease in Singapore is in process of being sold, and the proceeds will be received by Belships ASA. Closing of the transaction was completed on 30th June 2023, resulting in a gain of USD 10.9m.

Belships ASA has made a group contribution of USD 357m to Belships Shipholding II AS, increasing the value of its investment. Also, the Company received group contributions from Belships Lighthouse AS and Belships Shipholding AS totalling USD 76m, of which USD 9.3m has been recognised as financial income. Additionally, a previous impairment of Belships Lighthouse AS has been reversed, resulting in a financial income of USD 17.7m.

*) Belligt AS was merged with Belships Shipholding II AS in 2023.

NOTE 8 INTERCOMPANY BALANCES

No interest is calculated on current intercompany balances, as these items are only considered as ordinary operating balances.

Interest at market terms is calculated on non-current intercompany balances, and the balance fall due when the cash position allows it. Calculated interest income and expenses on non-current intercompany balances amounted to -2 364 (2 309) and 2 003 (232) accordingly.

NOTE 9 RECEIVABLES AND LIABILITIES

All current receivables and liabilities are due within 12 months.

NOTE 10 BANK DEPOSITS

Total bank deposit amounted to 53 346 (32 395) at year-end.
Restricted funds for withholding tax for employees amounted to 102 (110) at 31 December 2023.

NOTE 11 EQUITY

	Paid-in				Retained	
	Share capital	Treasury shares	Share premium	Other equity	Other equity	Total equity
Equity per 31 December 2022	59 466	-125	62 228	9 575	126 456	257 599
Dividend	0	0	0	-10 852	-47 900	-58 752
Share-based expenses	0	0	0	1 278	0	1 278
Result for the year	0	0	0	0	36 471	36 471
Equity per 31 December 2023	**59 466**	**-125**	**62 228**	**0**	**115 025**	**236 594**

Share capital

Belships ASA's 253 136 666 shares, each with a face value of NOK 2.00, was as of 31 December 2023 distributed among 4 864 shareholders. Each share has one vote.

Number of shares	2023	2022
Ordinary shares, issued and paid-in per 1 January	253 136 666	253 136 666
Ordinary shares, issued and paid-in per 31 December	**253 136 666**	**253 136 666**
Dividend paid (NOK per share)	2.35	4.65

Treasury shares

The Company holds 371 800 treasury shares in total with an average cost price of NOK 10.70 as of 31 December 2023.

Authorisation to issue new shares

At the Annual general meeting in 2023 the Board received authorisation to issue up to 125 million new shares.

The 20 largest shareholders in Belships ASA at 31 December 2023

		Number of shares	Percentage
1	KONTRARI AS	104 000 000	41.08%
2	KONTRAZI AS	32 500 000	12.84%
3	JAKOB HATTELAND HOLDING AS	11 000 000	4.35%
4	DNB BANK ASA	9 985 670	3.94%
5	LGT BANK AG	9 350 214	3.69%
6	WENAASGRUPPEN AS	8 149 330	3.22%
7	JAHATT AS	5 000 000	1.98%
8	AL MARITIME HOLDING PTE LTD	4 519 922	1.79%
9	SAXO BANK A/S	2 607 323	1.03%
10	STATE STREET BANK AND TRUST COMP	2 588 821	1.02%
11	SIX SIS AG	2 269 461	0.90%
12	UBS SWITZERLAND AG	2 156 958	0.85%
13	THE BANK OF NEW YORK MELLON SA/NV	1 542 462	0.61%
14	STAVANGER FORVALTNING AS	1 520 000	0.60%
15	CITIBANK EUROPE PLC	1 192 565	0.47%
16	THE BANK OF NEW YORK MELLON	1 033 945	0.41%
17	SONATA AS	1 000 000	0.10%
18	INTERACTIVE BROKERS LLC	969 541	0.38%
19	THE BANK OF NEW YORK MELLON	962 327	0.38%
20	STATE STREET BANK AND TRUST COMP	952 610	0.38%
Total 20 largest shareholders		**203 301 149**	**80.31 %**
Other shareholders		49 835 517	19.69 %
Total number of shares		**253 136 666**	**100.00 %**

Number of shares owned by board members in Belships ASA

		Number of shares	Outstanding options
Peter Frølich (chair)		100 000	0
Frode Teigen	1	136 500 000	0
Carl Erik Steen		179 154	0
Birthe Cecilie Lepsøe		7 500	0
Jorunn Seglem		35 000	0

Number of shares owned by the management in Belships ASA

		Number of shares	Outstanding options *
Lars Christian Skarsgård, CEO	2	794 900	5 000 000
Yngve Aslaksen Gram, CFO	3	330 000	300 000

1) Includes shares held by Kontrari AS and Kontrazi AS, companies controlled by Frode Teigen
2) Includes shares held by AS Torinitamar, a company owned by Lars Christian Skarsgård
3) Includes shares held by Kryptogram AS, a company owned by Yngve Aslaksen Gram

*) See note 4 for more information about separate share option plan.

NOTE 12 FINANCIAL MARKET RISK

Currency risk
Currency risks arise in connection with transactions that are completed in other currencies than USD and consist mainly of dividend payments and administrative expenses in NOK. No currency hedging agreements have been entered into.

The Company does not use hedge accounting.

Credit risk
There will always exist a credit risk related to the Company's business. Belships monitors this risk, and the strategy is to carefully select counterparts. Historical losses have been limited.

NOTE 13 RELATED PARTIES

The Company receives a commission for acting as guarantor for mortgage debt in the subsidiaries Belships Shipholding AS and Belships Shipholding II AS. The fee amounted to 2 884 (2 708) in 2023. The Company received a management fee of 678 (557) in 2023 from its subsidiaries for auditing, accounting, project management and board fees.

All intercompany transactions have been conducted to market terms.

Except for the above mentioned, it has not been issued loans or provided security to or from shareholders or related parties.

NOTE 14 SUBSEQUENT EVENTS

Based on the financial results in Q4 2023 the Board declared a dividend payment of NOK 0.60 per share (USD 14.5m in total) equivalent to about 80 per cent of the net result adjusted for minority interests.


NO SMOKING
SAFETY FIRST

Auditors report

To the General Meeting of Belships ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Belships ASA, which comprise:

- the financial statements of the parent company Belships ASA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Belships ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of income, comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 23 May 2019 for the accounting year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new Key Audit Matters for our audit of the 2023 financial statements. *Impairment assessments of ships* continues to be an area of focus this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessments of ships	
The Group holds ships with a carrying amount of USD 731 596 thousand on 31 December 2023. The ships comprise 78% of total assets. Indicators of impairment were assessed by management and considered present for the Group's vessels during 2023 due to decline in freight rates. As such, an impairment test was deemed necessary. Management considered, among other, the ships' estimated fair value less cost of sale, and assessed market conditions in the dry bulk market, including factors such as contract rates and contract coverage. Management also considered other external and internal factors of relevance. The estimated fair value less cost of sale was based on valuation reports from two external ship brokers. For four of the Group's vessels, the carrying value was lower than the fair value less cost of sale. Consequently, a value-in-use calculation for those vessels was performed by management. Management's assessment of recoverable amounts of vessels, particularly as it relates to calculation of value-in-use, requires estimates and assumptions relating to operational and market factors and involves a high degree of judgement. Further, the calculation of value-in-use requires financial modelling of the cash flows related to the cash generating units, which can be complex and may require use of additional judgement. We focused on impairment assessments of ships due to the magnitude of amounts involved and the high degree of judgement applied by management. As always, when dealing with management judgement and complex calculations, there is an inherent risk of errors that may materially impact net profit. Management identified no impairment recognition for the vessels. Refer to notes 2E, 2M and 6 to the consolidated financial statements, where management explains their impairment assessment of the ships.	We evaluated and challenged management's assessment of impairment indicators and the process by which the assessment was performed. We assessed management's accounting policy against the requirements in IFRS Accounting Standards and obtained explanations on how the requirements of IAS 36 were met. We also assessed the year-on-year consistency of the applied accounting policy. Furthermore, we evaluated management's process and related control activities for determining estimated recoverable amounts. We obtained the valuation reports used by management when estimating the ships' fair value less cost of sale. We assessed the competence and objectivity of the external brokers, and interviewed representatives from the broker firms to understand how the fair value estimates were compiled. We also satisfied ourselves that the brokers were provided with the appropriate input to perform an estimate of fair value, such as build date, build location, and key metrics of the vessels. We found that management had a sufficient understanding of the valuation reports and of the basis of which they were prepared. Furthermore, we did a reperformance of the comparison of estimated fair values less cost of sale to the carrying amount of each ship. Based on the procedures described, we agreed that value-in-use calculations were needed for four vessels. We obtained management's value-in-use calculations. For each cash generating unit, we assessed the key inputs in the calculation of value-in-use and assessed the mathematical and methodological integrity of management's impairment models. We challenged management on key assumptions applied in the model. Our procedures included tracing input data to contracts and budgets approved by the Board of Directors and considering whether charter hire rates and utilisation were consistent with our knowledge of the industry. We also compared management's assessment of charter hire to the external source; the Baltic Index (BSI 58). In addition, we compared utilisation levels against historical utilisation for

2 / 5

such vessels. When we considered management's analysis of sensitivity, we noted that the forecasted cash flow was sensitive to changes to assumptions, and, most of all, day rates.

We assessed the discount rate by comparing the assumptions uses to build the discount rate with observed external market rate data and internal data. We considered that the used discount rate was within an appropriate range.

Overall, we found the assumptions applied by management in estimating the ships' value-in-use to be reasonable.

We evaluated the disclosures to the financial statement and found that reasonable explanations of the valuation process and uncertainties inherent in the assumptions were provided.

No matters of consequence arose from the procedures described above.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditors report

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Belships ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Belships ASA – Annual Report 2023 (ESEF) have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Stavanger, 10 April 2024
PricewaterhouseCoopers AS
Tom Notland

Tom Notland
State Authorised Public Accountant

5 / 5


BELKNIGHT
BELFORCE


BELFOREST
GARBAGE
STATION

Corporate governance

as adopted by the Board on 10 April 2024

Transparency and fairness creates value

Good corporate governance is a prerequisite for cooperation based on trust between the Company's owners, its Board and Management, with a view to achieving the objective of long-term growth and the greatest possible value for its shareholders over time.

All relevant parties must be confident that the Company is soundly operated and that the corporate governance is well defined, fit for purpose and carried out with integrity and independence.

Belships' competitiveness hinges on stakeholders' and prospective customers' trust in the Company's integrity and ethical behaviour. Board members, management and employees will therefore always strive to uphold and develop trust in the Company. Belships' values and ethical guidelines are intended to safeguard good corporate ethics.

Pursuant to section 3-3 (B) of the Norwegian Accounting Act and the Code (as defined below), the Board reviews and updates the Company's principles for corporate governance on an annual basis. This report is included in the Company's annual report.

IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Belships' corporate governance policy is based on The Norwegian Code of Practice for Corporate Governance (the Code), most recently revised on 14 October 2021 and issued by the Norwegian Corporate Governance Policy Board. The policy is designed to establish a basis for good corporate governance to support achievement of the Company's core objectives on behalf of its shareholders, including the achievement of sustainable profitability.

By pursuing the principles of corporate governance, the Board and management contributes to achieving open communication, equal rights for all shareholders and good control and corporate governance mechanisms. The Board assesses and discusses the corporate governance policy on a yearly basis.

Belships aspire to comply with the recommendations of the Code. If the Code is deviated from, the deviation is described and explained in the relevant section of this statement.

THE BUSINESS

The Board of Directors has defined clear objectives, strategies and risk profiles for the Company's business that are evaluated on a yearly basis. These objectives, strategies and risk profiles contributes to the Company's value creation for the shareholders in a sustainable manner, which also implies that the Board of Directors takes economic, social and environmentally considerations into account when setting and monitoring the objectives, strategies and risk profiles.

EQUITY AND DIVIDEND

CAPITAL STRUCTURE

As at 31 December 2023, the Group had a total equity of USD 305.6m, corresponding to an equity ratio of 33 per cent. Value adjusted equity is significantly higher. The Board deems the liquidity position of the Company to be strong, with cash and cash equivalents of USD

128.3m, whilst interest-bearing bank debt amounted to USD 102.4m. Leasing liabilities at the end of the quarter amounted to USD 461.0m

The Board is of the view that the capital structure of the Company is appropriate to the Company's objectives, strategies and risk profile.

DIVIDEND POLICY

Belships aims to distribute quarterly cash dividends targeting about 50 per cent of net result adjusted for non-recurring items. Other surplus cash flow may be used for accelerated amortisation of debt, share buy-backs or vessel acquisitions considered to be accretive to shareholders' value. Belships believes this approach will create value for shareholders and has the flexibility to manage the Company and support the continued growth of the Company.

The Board will ask for an authorisation to distribute dividend at the general meeting in 2024.

AUTHORISATIONS TO THE BOARD OF DIRECTORS

At the general meeting in 2023, the Board was granted an authorisation to increase the share capital with up to NOK 1 200 000 (corresponding to 600 000 new shares, each with a par value of NOK 2). The authorisation can be used in connection with the Company's share option programme for employees. The authorisation is valid until the general meeting in 2024, but not longer than 30 June 2024. At the general meeting in 2023, the Board was also granted an authorisation to increase the share capital with up to NOK 250 000 000 (corresponding to 125 000 000 new shares, each with a par value of NOK 2). This authorisation covers more than one purpose, but the Board is of the view that such authorisation gives the Board a flexibility to increase the share capital either in connection with acquisitions, to raise equity or a combination of the two, depending on the specific needs of the Company. The authorisation is valid until the general meeting in 2024, but not longer than 30 June 2024. The Board was also granted an authorisation to, on behalf of the Company, acquire up to 25 000 000 treasury shares (corresponding to a total par value of NOK 50 000 000) at the Board's discretion. The authorisation is valid until the general meeting in 2024, but not longer than 30 June 2024. The authorisation was not limited to a specific purpose in order to give the Board sufficient flexibility.

EQUAL RIGHTS FOR SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

When increasing share capital through the issue of new shares for cash payment, the Company's shareholders have normally a pre-emptive right to subscribe for the new shares. If the Board resolves to carry out an increase in share capital and waive the pre-emptive rights of existing shareholders on the basis of an authorisation granted to the Board, this will only be done where justified in light of the Company's and the shareholders' interests. Such justification will be published in connection with the announcement of the increase in capital. The Board has not made any resolutions to increase the share capital based on the authorisations granted at the general meeting in 2023.

The Board was given an authorisation at the general meeting in 2023 to acquire treasury shares. No such transactions have taken place in 2023.

Any transactions the Company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company should consider other ways to ensure equal treatment of all shareholders.

SHARES AND NEGOTIABILITY

The shares in Belships are freely negotiable and there are no restrictions on any party's ability to own, trade or vote for the share in the Company.

GENERAL MEETING

The Board seeks to ensure that as many of the Company's shareholders as possible can participate in the general meeting and that the resolutions and any supporting documentation are sufficiently detailed, comprehensive, and specific, allowing shareholders to understand and form a view on all matters to be considered at the general meeting.

In the notice of the general meeting, it may be decided that shareholders who wish to take part in the general meeting, either in person or by proxy, must notify the Company to this effect by a deadline of up to two (2) days before the general meeting.

The Board has previously considered the need for an independent Chair for the general meeting on a case by-case basis. The Chair of the Board, Peter Frølich, was elected to Chair the Company's annual general meeting for 2023. The general meeting is always able to elect an independent Chair for the general meeting if it wishes to.

Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The Company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

NOMINATION COMMITTEE

The Company's articles of association state that the Company shall have a Nomination Committee of two or three members. The members of the Committee, including the Chair, shall be elected by the general meeting. Unless otherwise resolved by the general meeting, the elections shall be held every two years. The Nomination Committee shall make recommendations to the general meeting for the election of shareholder elected Board members and members of the Nomination Committee, and the remuneration to the members of the Board of Directors and the Nomination Committee. The remuneration to the members of the Nomination Committee shall be resolved by the general meeting. The general meeting has established guidelines for the Nomination Committee. The Nomination Committee does not include any Executive personnel or any member of the Company's Board of Directors. The Committee will hold individual discussions with each member of the Board of Directors. The members of the Nomination Committee are currently Vegard Gjerde and Olav Kristian Falnes, both elected by the annual general meeting in 2023. The Nomination Committee has held formal and informal meetings in preparation for the Annual General Meeting to discuss Board composition, Board remuneration and Committee remunerations. The Nomination Committee has also discussed the Committee's work.

The Nomination Committee has asked the Company's major shareholders whether they have any specific proposals or views on the candidates to be proposed by the Committee.

In addition, the Committee has held discussions with the Chief Executive Officer (CEO), Chair of the Board and with all the individual members of the Board which principally focused on how the Board functions and whether its members have the expertise required.

BOARD – COMPOSITION AND INDEPENDENCE

The Board consists of seven members and one observer, and the Board is made up of directors with broad experience and knowledge of the sector in order to attend to the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity. Five directors are independent of the majority shareholder. The Board does not include members of the Executive Management. The Chair of the Board is elected by the general meeting. The term of office for the Board members is one year, and members may be re-elected. Further information regarding the expertise of the members of the Board and information on their record of attendance at Board meetings is included in the annual report. Board members are encouraged to own shares in the Company, and 6 of 7 directors own or represent shares in the Company amounting to a total of 61 per cent of the Company's outstanding shares. Further information regarding the Board is included in the annual report.

THE WORK OF THE BOARD OF DIRECTORS

The Board has the final responsibility for the management and organisation of the Company and supervising routine management and business activities. This involves that the Board is responsible for establishing control arrangements to secure that the Company operates in accordance with the adopted values and Code of Conduct as well as with shareholders' expectations of good corporate governance. The Board primarily looks after the interests of all the shareholders, but is also responsible for the Company's other stakeholders.

The Board's main task is to ensure that the Company develops and creates value. Furthermore the Board shall contribute to the shaping of and implementation of the Group's strategy, ensure appropriate supervision and control of management and in other ways ensure that the Group is well operated and organised. The Board sets the objectives for the financial performance and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Group are the responsibility of the Board.

The Board hires the CEO, defines his or her work description and authority and sets his or her salary and other compensation. The Board each year produces


BELFAST
EGERSUND
IMO 9894789

an annual plan for its work as recommended. The Board have adopted instructions for its own work and for the Executive Management. The rules of procedure that apply to the Chief Executive Officer specify his or her responsibilities and the decisions that have to be approved by the Board.

The Board can decide to deviate from instructions in certain cases. The Board and Executive personnel shall make the Company aware of any material interests that they may have in items to be considered by the Board. The Board will also be chaired by some other member of the Board if the Board is to consider matters of a material character in which the Chair of the Board is, or has been, personally involved.

The Board receives regular financial reports on the Group's economic and financial status. The Board establishes an annual plan for its work and evaluates its performance and expertise annually. The Board meets at least 6 times a year and receives a monthly report on the Company's operations. In addition, the Board is consulted on or informed about matters of special importance.

AUDIT COMMITTEE

The Audit Committee consists of Birthe Cecilie Lepsøe (Chair) and Peter Frølich. The Committee's objective is to act as a preparatory working Committee and support in connection with the Board's supervisory roles with respect to financial reporting and the effectiveness of the Company's internal control system. The members of the Audit Committee are independent of the Company and at least one member of the Audit Committee is competent in respect of finance and audit. The Board has prepared rules of procedure for the Audit Committee. The Committee has held 5 meetings since the annual general meeting in 2023.

REMUNERATION COMMITTEE

The Remuneration Committee consists of Birthe Cecilie Lepsøe (Chair) and Peter Frølich. The Committee's objective is to act as a preparatory working committee in connection with the Board's supervisory roles with respect to compensation and incentives within the Company. The members of the Remuneration Committee are independent of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that the Company has sound internal control and believes that the systems for risk management implemented by the Company are appropriate in relation to the extent and nature of the Company's activities. The Company's systems for internal control are closely linked to the Company's guidelines for corporate social responsibility. The Board annually reviews the Company's most important areas of exposure to risk and its internal control arrangements.

REMUNERATION TO THE BOARD

The Company endeavours to grant directors a remuneration based on market terms, which reflect the responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration to directors is approved by the Company's annual general meeting. The remuneration of the Board should not be linked to the Company's performance. The Company should not grant share options to members of its Board. Members of the Board and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments, this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board. Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

REMUNERATION TO THE EXECUTIVE MANAGEMENT

The Board has prepared guidelines for the remuneration of the Executive Management, pursuant to the law, which are submitted to the general meeting. These guidelines support Belships' commercial strategy, long-term interests, and financial viability. A report on the salary and other remuneration to the Executive Management will be prepared in accordance with the rules of the Norwegian Public Companies Act and relevant regulations. The Company has a share option scheme that applies to all employees in the head office of Belships ASA, including the Executive Management. In addition, the Chief Executive Officer has a separate option arrangement. General meeting has voted separately on the approval of the authorisation to the Board to issue shares to honour the option program. Performance-related remuneration is subject to an absolute limit.

INFORMATION AND COMMUNICATION

Belships regards timely and accurate information as essential for obtaining a price for the share that will reflect The Company's underlying value and prospects.

The Company keeps Oslo Stock Exchange, the stock market and shareholders fully updated through interim reports, annual reports and press releases on important events. The Company's financial calendar, along with its annual and interim reports, is accessible through both the Company's website and the Oslo Stock Exchange publication system. All shareholders have equal access to financial and other material company information.

COMPANY TAKEOVER

The Board has established guidelines for how to act in the event of a take-over bid. If such a bid should be made, the Board considers it important that shareholders are treated equally and that the Company's operations are not unnecessarily disturbed. The Board shall ensure that shareholders are given sufficient information and time to form a view of the offer. The Board shall not seek to prevent or obstruct take-over bids for the Company's business or shares unless there are particular reasons to do so.

Any agreement with a bidder for the shares of the Company that acts to limit the Company's ability to arrange other bids for the Company's shares should only be entered into where such an agreement clearly is in the common interest of the Company and the shareholders. This provision shall also apply to any agreement on the payment of financial compensation to a bidder if the bid does not proceed. In the event of a take-over bid for the Company's shares, the Board shall not exercise authorisations or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.

If an offer is made for the shares in the Company, the Board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the basis on which specific members of the Board have excluded themselves from the Board's statement. Before issuing its final statement the Board shall arrange for an evaluation of the financial aspects of the bid from an independent expert. The evaluation shall include an explanation and shall be made public no later than at the time the Board's statement is made public.

AUDITOR

The auditor submits the main features of the Company's annual audit plan to the Audit Committee. The auditor is always invited to be present during the Board's discussion of the annual accounts. At this meeting the Board is briefed on the annual accounts and any other issues of particular concern to the auditor. Part of the meeting is also executed without the presence of the CEO and other Executive Management. The Board has implemented guidelines in respect of use of the auditor by the Executive Management for services other than the audit. The Board reviews the Company's internal control procedures together with the auditor at least annually. The Company's auditor is PricewaterhouseCoopers AS. The auditing and counselling fees appear from the notes to the accounts. The Board makes a running assessment of whether the audit is performed in a satisfactory manner.

AIMING FOR THE BEST STANDARDS OF CORPORATE GOVERNANCE

Commercial management
Belships performs all commercial management in-house and has no related party transactions.

Board Independence
Belships' Board of Directors consists of seven members, whereof five are independent. Since 2007, more than 40 per cent of the Board has been represented by female board members.

Finance and vessel transactions
Belships utilises only external advisors or brokers in any transactions and no related third parties.

Board Policy
The Board has separate Audit, Remuneration and Board Nomination Committees. Belships does not have any shareholder disenfranchisement policies such as poison pills or similar.

Transparency
The Company and Board maintain sound principles of transparency and fairness in regard to availability of information, presentations and practices.


BELFAST
BELFAST

Corporate social responsibility

as adopted by the board on 10 April 2024

Strong commitment to quality and responsibility

Belships' main contribution to society is to develop a sustainable and value-creating business for our customers, employees, and shareholders. Our aim is to ensure that our business practices as well as our investments are sustainable and contribute to economic development, with care for the environmental and social impact we have on society.

MISSION AND CORE VALUES

Belships has a clearly defined mission statement and a set of core values which we believe will ensure that the Company continues to grow and develop its value creating and sustainable business.

Our mission

- To be a leading provider of shipping transportation services

Our core values

- Deliver Quality to our Customers
- Preserve Safety and the Environment
- A place for Learning and Teamwork for our People
- Create Value for our Shareholders

Our core values are reflected in everything we do. They are an integrated part of how we conduct our business.

APPLICABILITY

This Corporate Social Responsibility Policy applies to all employees and all members of the Board of Directors of the Company and of the Company's subsidiaries and to any other person or entity acting for or on behalf of the Company.

The policies set out in the Corporate Social Responsibility Policy should be read and understood in conjunction with Belships' Code of Conduct and the guidelines and obligations contained therein.

OUR CSR AMBITIONS – MAIN AREAS OF FOCUS

Environment

International shipping contributes to global emissions of greenhouse gases (GHG) through consumption of bunkers. Although international shipping is a contributor to global emissions, it produces substantially less emissions per unit distance than other methods of transportation when carrying a shipment.

Belships recognises its environmental responsibility and strives to comply with and maintain high standards in order to reduce the environmental impact from its operations. The Company is focusing on reducing bunkers consumption, which is the main source of the shipping sector's emissions of CO2, NOX, and SOX.

Belships' ambition is to optimise energy consumption to reduce its environmental impact by investing in new ships and designs, but also taking measures aimed at reducing the footprint of existing vessels where possible.

Continuous efforts are made to reduce the general waste produced by the ships and to dispose of waste onshore in a controlled manner at approved port waste reception facilities. The fleet complies with the IMO recommendations on waste management.

Pollution by invasive species carried with ballast water has become an important issue. All our ships have ballast water treatment systems in place. Belships is closely monitoring the development of all environmental regulations. The Company will continue to comply with all legislation and follow best practices to minimise the Company's impact on the environment.

Human rights and labour rights

It is Belships' policy to integrate attention to human rights and labour rights into its existing business processes. In practice, a large part of the human and labour rights agenda is covered by the Company's health and safety efforts. The health and safety of our employees is a key priority for Belships. As an international and multi-cultural employer, the Company respects international and local legislation, including the provision of the International Labour Organization's Maritime Labour Convention of 2006 (MLC). The MLC is commonly known as the "seafarers' bill of rights", and sets out seafarers' right to decent working conditions, including elements such as minimum age of seafarers, payment of wages, hours of work or rest, onboard medical care, paid annual leave and freedom of association.

Belships' employees are a key resource to the Company. The Company will continue to focus on attracting and keeping the best qualified and motivated employees. As a global organisation, Belships has a diversified working environment in which employment, promotions, responsibility, and job enrichment are based on qualifications and abilities, and not on gender, age, race, sexual orientation and political or religious views. The Company does not tolerate discrimination in any form.

Belships aims to continuously provide and enhance healthy, high-quality working conditions, both onshore and onboard vessels.

Belships' goal is to run the operations of the Company with zero fatal accidents. There were no fatal accidents in 2023.

Attracting and retaining qualified seafarers remain an area of strategic importance for Belships. The objective is to strengthen Belships' brand and image. To ensure a continued recruitment of dedicated and qualified officers, Belships is engaged in training of seafarers onboard the Company's vessels. The Company will continue to develop and implement crew welfare initiatives in order to meet the Company's ambition of maintaining the retention rate and thereby create safe and well performing vessels.

Piracy, hi-jacking, and kidnapping continues to represent a significant risk in certain regions of the world. To create a safe environment for our crew and vessels, the Company has adopted best management practices consistent with the industry standards and recommendations from governing bodies. Specifically, all our ships are registered with the EU Naval Force (Maritime security centre) which co-ordinates ships' transit schedules with the appropriate naval ships in the Gulf of Aden and Somali basin. An internal risk assessment is also made prior to entering a voyage in any part of the world. Depending on the present conditions and individual risk factors for the particular ship, preventive measures are evaluated for each transit in accordance with Belships' policy. There were no incidents of attempted hijackings of ships in the Belships fleet in 2023.

Anti-corruption

Belships believes that corruption prevents well functioning business processes and curbs economic development. Belships focuses on transparency in its business practices, supports free enterprise and competes in a fair and ethical manner. Corruption or corrupt behaviour is not accepted by Belships, and we will actively strive to fight it.


BELRAY
EGERSUND

BELSHIPS ASA
Lilleakerveien 6D
P O Box 23 Lilleaker
N-0216 Oslo, Norway
Organisation no.
930 776 793 MVA
www.belships.com