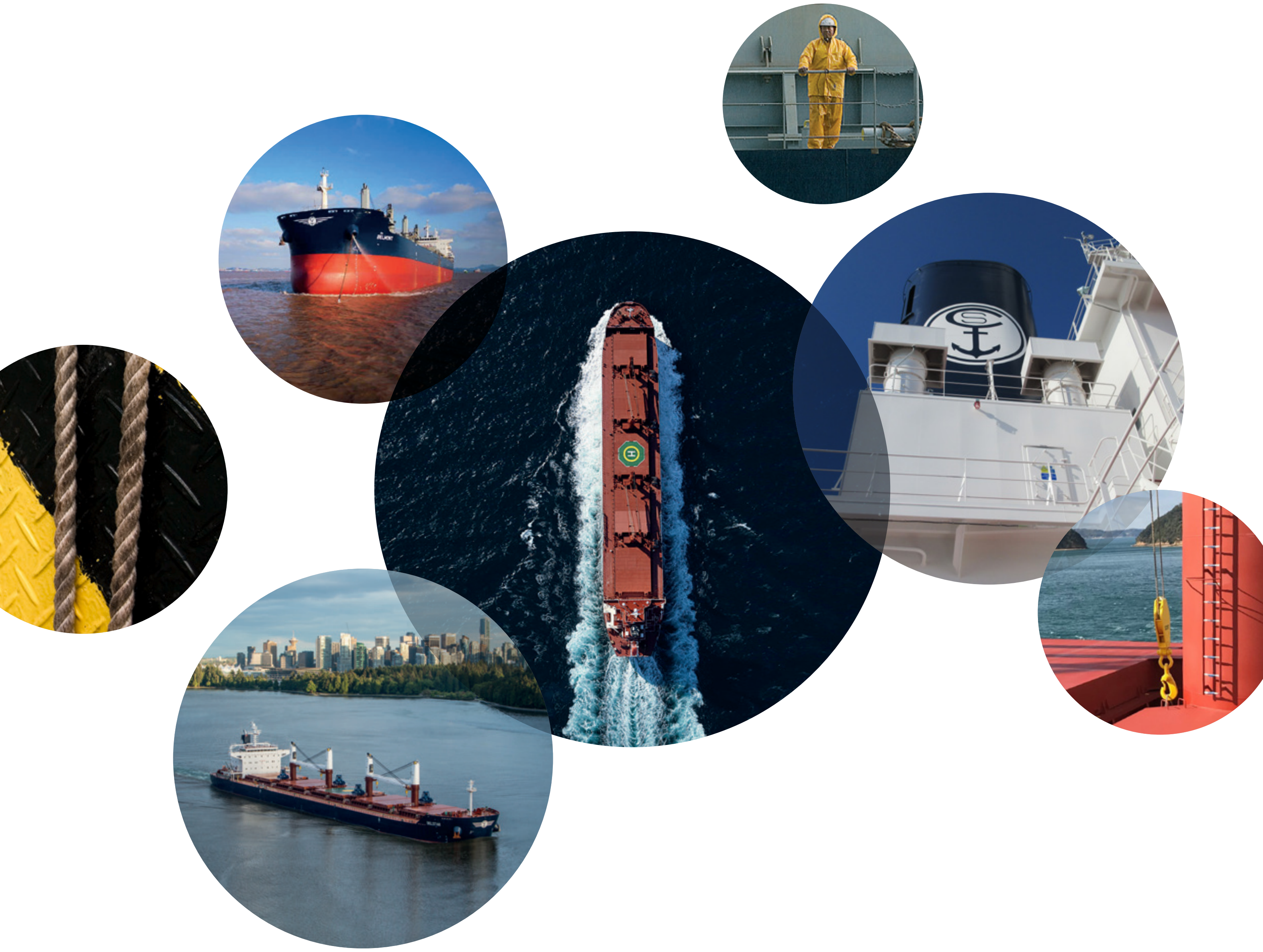
Annual Report 2020



BELSHIPS

Contents

FINANCIAL CALENDAR 2021

Annual General Meeting	25 May
Result for the 1st quarter	26 May
Result for the 2nd quarter	18 August
Result for the 3rd quarter	12 November

An eventful year with continued growth

We are pleased to present you with Belships' new annual report. It was an extraordinary year with a pandemic wreaking havoc to health and economies across the globe and turning our daily routines and leisures upside down. Belships held its course steady and the direction we laid out for the company has stood the test of volatility and the chaotic nature of the past year. We have been able to keep our vessels running efficiently and safely and without any material incidents. In 2020 we continued to develop our group of companies and pursued accretive vessel transactions.

We expanded the Lighthouse Group with the establishment of Lighthouse Navigation AS in our Oslo office. With the commercial operations now spanning offices in Bangkok, Oslo, Singapore and Melbourne the commercial management and operating business is on a solid platform for creating financial results and quality of operations.

We took delivery of four new vessels during the year as we grow and increase the quality of our owned fleet. In sum these transactions influenced our cash holdings marginally as new shares issued and cash realised from divesting the two oldest vessels in the fleet contributed to finance the growth. Capital discipline remains fundamentally important when we consider next steps in terms of fleet development.

As apparent during this pandemic the world is smaller and more connected in times of global crises. In part, shipping has helped keep the wheels turning as one is reminded that about 90 per cent of all goods and resources are being shipped at sea. Behind this enormous and vital lifeline to the world economy there are thousands of shipowners and more than 1.5 million seafarers. We joined as signatory to the recent Neptune declaration, supporting a broad initiative to increase the focus amongst governments and regulative bodies to better the conditions under which seafarers have endured during the pandemic. We are also taking an active role to fight corruption by participating in collective action thru Maritime Anti-Corruption Network (MACN).

The environmental impact of shipping is something we take seriously, and we support initiatives to reduce the carbon footprint from the maritime industry. Following the launch of an emissions study in 2019, we now also publish a dedicated ESG report for 2020. We are curious and impatient in searching for improvements in order to contribute towards these goals. It is encouraging that we continue to progress and achieve results from the modernisation of our fleet, and we plan to take a proactive approach towards further improving the sustainability of shipping transportation business.

We are now operating a larger than usual part of our fleet in the spot market. We believe shipping and dry bulk in particular is now ahead of a very promising supply/demand situation and we expect a strong recovery in asset values.

The dry cargo market for our segments has improved markedly since the new year with freight rates not seen in a decade. So far in 2021 we have completed a new equity issue and quickly set most of the funds to work with the acquisition of four new Ultramax bulk carriers.

Belships is well positioned as a fully integrated stocklisted shipowning company. Headquartered in Oslo with commercial and technical management represented in offices across Asia, we specialise within the segment of geared bulk carriers. Our owned fleet now counts 25 Supramax and Ultramax vessels with an average age of about 5 years.

We shall seek further growth opportunities and aim to continue delivering high quality operations with a competitive low-cost base. We firmly believe good corporate governance and transparency creates a more valuable business. Our goal is to create value out of shipowning, and to return capital competitively over time.

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

Peter Frølich
Chairman of the Board

Lars Christian Skarsgård
Chief Executive Officer

Highlights 2019 - 2021

Proven ability to execute growth strategy

Merger
Merger between Belships ASA and Lighthouse Group

New loan facility
All financing secured until Q2 2024 at L+275bps

5 x ship-for-share transactions
Utilising cash and equity issues to finance acquisitions

Commercial platform
Expansion of Lighthouse Navigation to Oslo, Singapore and Melbourne

8 x bareboat leases
Agreements with purchase options leveraging Belships longstanding access to Japanese shipbuilders and financing

Ship management
Doubled number of ships under technical management

Fleet renewal
Divestment of the four oldest vessels in the fleet

Dividend distribution
NOK 0.05 per share

Equity issues
78 mill shares issued including ship-for-share transactions

Bulk carriers
7 → 25

Market capitalisation increase
USD 30m → USD 220m

Key financial figures

1 January-31 December			Consolidated	
USD 1 000		Footnote	**2020**	2019
OPERATING STATEMENT				
Operating income			**165 362**	131 316
EBITDA		1	**23 986**	34 708
EBIT		2	**-4 623**	18 134
Net result before tax			**-17 160**	6 755
Net result for the year			**-17 743**	5 100
BALANCE SHEET				
Non-current assets			**388 802**	332 805
Current assets			**75 677**	64 836
Total assets			**464 479**	397 641
Equity			**150 017**	156 115
Non-current liabilities			**250 084**	203 955
Current liabilities			**64 378**	37 571
Total equity and liabilities			**464 479**	397 641
KEY FINANCIAL FIGURES				
Cash and cash equivalents			**34 190**	44 428
EBITDA		1	**23 986**	34 708
Interest expenses			**13 668**	10 522
Interest coverage ratio		3	**-0.34**	1.72
Current ratio		4	**1.18**	1.73
Net profit ratio		5	**-0.11**	0.04
EQUITY				
Share capital as at 31 December			**53 617**	50 403
Equity ratio		6	**0.32**	0.39
Return on total assets	%	7	**-0.75**	4.34
Return on equity	%	8	**-11.83**	3.27
KEY FIGURES SHARES				
Market price as at 31 December	USD		**0.74**	0.83
Market price as at 31 December	NOK		**6.30**	7.25
Number of shares as at 31 December			**228 175 404**	212 224 705
Diluted average number of shares (excluding treasury shares)			**227 490 765**	198 363 313
Equity per share	USD	9	**0.66**	0.74
Earnings per share	USD		**-0.08**	0.03
EBITDA per share	USD		**0.11**	0.17
Price/earnings ratio		10	**-9.47**	34.54
Price/book ratio		11	**2.29**	1.13
Price/EBITDA ratio			**7.00**	5.08

DEFINITION OF NON-IFRS FINANCIAL MEASURES

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

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

1) **EBITDA** — is the earnings before interest, taxes, depreciation and amortizations
2) **EBIT** — is the earnings before interest and taxes. It can be calculated by the result before tax added by the interest
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 2020

Belships ASA is a fully integrated ship owner and operator with low costs and competitive financing. The company is listed on the Oslo exchange main list. We have a modern fleet of geared bulk carriers in the Supramax and Ultramax segment. All services and key functions are in-house and run by a management team with proven operational track record.

Operating income
165.4 mUSD

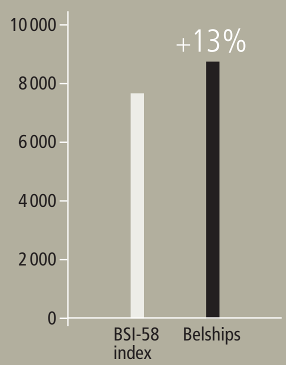
EBITDA
24.0 mUSD

Net result
-17.7 mUSD*

Cash break-even 2021 about
10 300
USD per shipday

Belships earnings in 2020

Average USD per ship day.
Figures net of commission



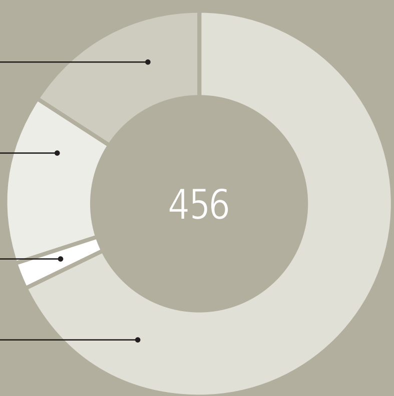
Financial highlights

Consolidated balance sheet as per December 31, 2020 ($ million)

Assets
- Total **397.6**
- Cash **34.2**
- Other assets **52.7**
- Ships **377.6**

Equity and liabilities
- Total **397.6**
- Other liabilities **23.9**
- Lease liabilities **81.0**
- Mortgage debt **136.6**
- Equity **156.1**

Employees



Sailed distance
915 000
Nautical miles

Number of shipdays
7 500

Average fleet age
5 years

* Includes 5 mUSD in impairment charges on sold vessels.

Operational structure

BELSHIPS

SHIPOWNING

25x Supra/Ultramax bulk carriers

Head office with industry low G&A

Founded in 1918, stock listed since 1937

COMMERCIAL OPERATIONS

Commercial management and operating business through Lighthouse Navigation (50.01%)

Lighthouse engages in cargo trading, liner services and agency

Founded in 2009

TECHNICAL & CREWING

Belships Management (Singapore) performs complete technical and crew management

Founded in 1983

Offices

HQ — Oslo

Commercial operations — Bangkok, Oslo, Singapore, Melbourne

Technical management — Singapore, Shanghai

Crewing — Tianjin (PRC), Myanmar, Philippines

Belships Management
Ship management

Belships Management has provided crewing and technical management from its head office in Singapore since its inception in 1983. Our ship management services create a competitive advantage for its clients through competency, cost control and quality of vessel maintenance standards. Belships Management has Belships ASA, Ultrabulk and Sumisho Marine, a subsidiary of the Sumitomo Group, as clients.

Belships Management sources qualified seafarers mainly from China, Myanmar and the Philippines. The high retention rate amongst our officers and crew allows us to train and develop our seafarers and knowledge pool to provide consistency and quality for vessels under management.

Building on more than 35 years of history since foundation Belships Management has experience in management of most ship types including bulk carriers, oil/product tankers, container vessels and car carriers. We also offer our experience in other services that include newbuilding supervision, sale and purchase inspection and project work which recently has involved in retrofitting new equipment to existing vessels. The company also provides agency and husbandry services for ships calling the port of Singapore.

Development

1983 Incorporated under the name Northsouth Shipmanagement

1993 First company in Singapore with SEP and ISO 9002 certification by DNV GL

2001 Opening office in Shanghai (PRC)

2006 Opening offices in the Philippines

2018 Attained Document of Compliance for NIS flag to manage the nine Lighthouse ships joining the Belships fleet.

Technical ships

25*

Crewing ships

25*

Crew retention

93 %

35+yrs.

technical and crew management experience

Compliance

The Belships Management System is in compliance with the requirements of

- ISM Code
- ISO9001:2015
- ISO 14001:2018
- OHSAS 18001:2007
- MLC 2006
- DOC for Norwegian Flag vessels
- We are certified by Class NK

* Includes vessels to be delivered in 2021.

Lighthouse Navigation
Commercial operations

Lighthouse Navigation is the commercial arm of Belships ASA providing chartering and operations with a long track record of positive results. The commercial operations and operating activities have expanded and is now present in Bangkok, Oslo, Singapore and Melbourne. Lighthouse is also the commercial manager of seven handysize vessels owned by SFL Corporation Ltd.

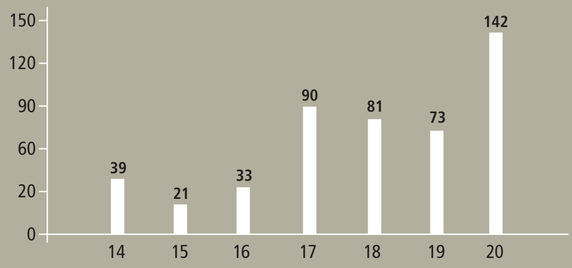
Lighthouse Navigation has its roots and experience tracing back to the 1990s and the senior management founded the company together with Mr. Frode Teigen in 2009. Following the merger with Belships ASA in 2018 the company has since been the integrated commercial platform of the group.

Lighthouse Naviation work with a wide range of international charterers, exporters/importers, and traders who engage in the freight markets for dry cargo. We offer freight backing for cargo tenders and provide logistical advice to trading houses and industrial groups. The annual volume carried is about 10 million tonnes, and the annual turnover exceeds USD 140 million. The company is represented in Bangkok, Oslo, Singapore and Melbourne and serves customers on a world-wide basis. Lighthouse Navigation provides commercial management for the vessels owned by Belships ASA but also for clients outside the group. As a subsidiary of Lighthouse since 2010, Orient Asia Lines BV manages a liner operation offering a regular service from South East Asia to the Middle East and the Eastern Mediterranean. OAL specialise in the carriage of forestry products, such as sawn timber, wood pulp and paper, plywood and medium density fibreboard (MDF). Orient Asia Lines also carries project cargoes, steels and machineries. Siam Thara Agency Co., Ltd established in January 2014, is also controlled by Lighthouse Navigation. Siam Thara Agency offers comprehensive advice on ports, logistics and commodities both on the export and import fronts in Thailand and is considered leading a leading agent. The Lighthouse Navigation group is a dynamic organisation which aims to continue growing in order to develop new business and operations for parcel and commodity trades.

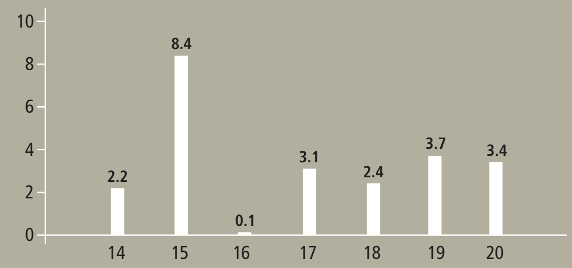
Revenue and profit

Strong financial development and a profitable track record

Revenues mUSD



Profits before tax mUSD



Average profits

before tax 2014 to 2020

3.2 mUSD

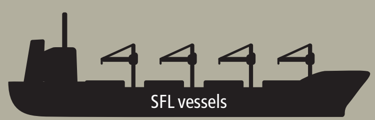
Employees

82

Average number of vessels operated, 2020

56

21



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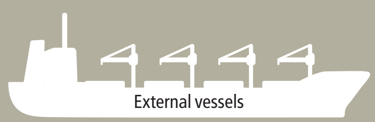

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ATLANTIC LIGHT

Modern fleet with average age of ~5 years

Our ships are versatile with cranes ("geared") to load and discharge the cargo, often to or from barges, and we can enter most ports of the world. Our largest ships, the Ultramaxes, are of eco-design combining high cargo capacity with low fuel / energy consumption. Some of our Supramaxes have boxed shaped cargo holds making them suitable for steel pipes, windmill components and project cargo.

20 ULTRAMAX VESSELS

Vessel	Built	DWT	Yard	Ownership	
BELKNIGHT (newbuild)	2021	61 000	Dacks	BB-in	1
BELTRADER (newbuild)	2021	61 000	Dacks	BB-in	2
BELGUARDIAN (newbuild)	2021	61 000	Dacks	BB-in	2
BELMAR (newbuild)	2021	64 000	Imabari	BB-in	2
BELFAST	2021	64 000	Imabari	BB-in	3
BELAJA	2020	61 000	Shin Kurushima	BB-in	4
BELMOIRA	2020	61 000	Shin Kurushima	BB-in	4
BELFUJI	2020	63 000	Imabari	TC-in	5
BELRAY	2019	61 000	Shin Kurushima	BB-in	6
BELNIPPON	2018	63 000	Imabari	TC-in	7
BELHAVEN	2017	63 000	Imabari	Owned	
BELTIGER (to be delivered)	2017	63 000	New Times	Owned	8
BELISLAND	2016	61 000	Imabari	BB-in	9
BELFOREST	2015	61 000	Imabari	BB-in	10
BELINDA	2016	63 000	Hantong	Owned	
BELMONT	2016	63 000	Hantong	Owned	
BELATLANTIC	2016	63 000	Hantong	Owned	
BELLIGHT	2016	63 000	New Times	Owned	
BELPAREIL	2015	63 000	Hantong	Owned	
BELSOUTH	2015	63 000	Hantong	Owned	

1) On delivery 2H 2021 7 years bareboat charter with purchase options after third year
2) On delivery 2H 2021 10 years bareboat charter with purchase options after fourth year
3) Delivered Q1 2021 10 years bareboat charter with purchase options after fourth year
4) Delivered Q1 2020 7 years bareboat charter with purchase options after fourth year
5) Delivered Q1 2020 8 years time charter with purchase options after fourth year
6) 7 years bareboat with purchase options after fourth year
7) 8 years time charter with purchase options after fourth year
8) Expected delivery Q2/Q3 2021
9) 15 years bareboat charter with purchase options after fifth year
10) 12 years bareboat charter with purchase options after third year

The Group has no purchase obligations on any of the lease agreements.

7 SUPRAMAX VESSELS

Vessel	Built	DWT	Yard	Ownership	
BELOCEAN	2011	58 000	Dayang	Owned	
BELNOR	2010	58 000	Dayang	Owned	
BELSTAR	2009	58 000	Dayang	Owned	
BELCARGO	2008	58 000	Tsuneishi	Owned	
BELFRI	2007	55 000	Kawasaki	Owned	
BELORIENT	2008	50 000	PT Pal	Owned	1
BELFORT	2008	50 000	PT Pal	Owned	2

1) Sold with expected delivery to buyer in April/May 2021
2) Sold with expected delivery to buyer in March/April 2021

Sustainability at Belships

At Belships, we are building a sustainable and resilient business. With over a hundred years of history, we are used to taking a long-term view - one that builds on our strong and sustainable core business model. We want to create long-term value for our customers, employees, shareholders and societal stakeholders.

Our approach to Corporate Social Responsibility (CSR) is to ensure that our business practices and investments are sustainable. As a publicly listed company registered in Norway, we operate to some of the world's highest standards for corporate ethics and transparency. We will contribute to responsible economic development, while identifying and addressing our environmental and social impacts.

OUR SUSTAINABILITY POLICY AND PRIORITIES

In 2020 our Board of Directors approved Belships' Sustainability Policy. The policy sets out our environmental, social and governance (ESG) priorities and ambitions. These include:

Environment

- **GHG emissions**
- **NOx and SOx emissions**
- **Energy efficiency**
- **Ballast water**
- **Ship recycling**

Social

- **Health and safety**
- **Human rights**
- **Labour rights**
- **Diversity**
- **Training and development**

Governance

- **Anti corruption**
- **Data security and privacy**
- **Sustainable procurement**

MEETING INTERNATIONALLY-RECOGNIZED SUSTAINABILITY REPORTING STANDARDS

Belships produces an annual sustainability report[1] that can be read in conjunction with this ESG summary report. 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 (Norges Rederiforbund) Guidelines for ESG Reporting in the Shipping and Offshore Industries.

EU TAXONOMY

Belships is closely monitoring the EU's work on Sustainable Finance and the EU Taxonomy regulation. The EU Taxonomy establishes a classification system with criteria for which economic activities can be considered environmentally sustainable. Publicly listed companies like Belships would be required to disclose to what extent their turnover, investments and operational costs align with the EU Taxonomy criteria. In 2021 we plan to further investigate and analyze how our operations might align with the final EU Taxonomy criteria. We will also assess how the taxonomy framework may be used for internal risk management, financial planning and strategy processes.

1 See www.belships.com

ENVIRONMENT

Belships is committed to continuously improving energy efficiency, meeting its GHG reduction obligations and satisfying all other emissions requirements, including for SOx, NOx and particulate matter (PM).

OPERATING TO THE HIGHEST ENVIRONMENTAL STANDARDS

Investments in new vessels, low average fleet age and deployment of technology means we have best in class efficiency and environmental performance, including for ballast water management systems. We strive to operate to the highest environmental standards, complying with all relevant environmental regulations. Belships' environmental management system is independently certified to the international standard ISO 14001 and is implemented in conjunction with the international quality standard ISO 9001:2000.

SETTING EMISSION REDUCTION TARGETS

In 2021 we will set our emission reduction targets. These will align with the International Maritime Organisation's (IMO) 2050 GHG reduction ambition — to reduce absolute emissions by 50% by 2050 and by 70% on an intensity basis. At the same time, we are investigating the use of the Science Based Targets Initiative's (SBTi) approach and methodology for setting targets, and will report our GHG emission target commitments in 2021.

EMISSIONS PERFORMANCE

In 2019, we established an accurate GHG emissions baseline using independent third-party measurement. In 2020, our scope 1 GHG emission were 280,000 metric tonnes Carbon Dioxide equivalents (CO2e), measured using an operational control approach (2019: 263,600). The 6% increase in emissions in 2020 was primarily a result of increased distance travelled. Emissions baselines for sulphur dioxides (SOx), particulate matter (PM) and nitrous oxides (NOx) have been established in 2020. Emission indices for 2020 are also reported for 2020.

	2020
EMISSIONS	
GHG emissions (tonnes CO2e)	**280 000**
SOx (tonnes)	**738**
NOx (tonnes)	**6 319**
PM (tonnes)	**359**

	2020
EMISSION INDICES *	
EEOI (g CO2e/tonne-nm)	**9.6**
EEDI (g CO2e/tonne-nm)	**4.1**
AER (g CO2e/dwt-nm)	**5.1**

*) **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.


BELSTAR

COMPLIANT BALLAST WATER TREATMENT SYSTEMS

Ballast water is essential for the safe and efficient operation of vessels. The handling of ballast water is regulated by the International Convention for the Control and Management of Ships' Ballast Water and Sediments. All of our vessels have ballast water management plans in place in accordance with the IMO's Ballast Water Management Convention. In 2020, ballast water treatment systems were in place on 79% (2019:69%) of our fleet and this number will increase to 100% in 2022 as our older vessels complete their scheduled docking.

ZERO HARMFUL SPILLS OR DISCHARGES

In 2020 there were no reported harmful spills, discharges to air or ballast water discharge incidents.

COMMITED TO RESPONSIBLE SHIP RECYCLING

Belships is committed to the sustainable and socially responsible recycling of ships in accordance with its Ship Recycling Policy. We believe that ship recycling should always be performed according to strict standards for protecting human health, safety and the environment. Our oldest vessel was built in 2007, and recycling is currently not considered. Any future vessel recycling will be done in accordance with the Hong Kong Convention and will only take place at approved yards.

SOCIAL

Belships is committed to creating a safe, healthy and rewarding work environment. Our focus on building a strong safety culture is complemented by our investment in developing and retaining our people.

The unprecedented impacts of Covid-19 have demonstrated the importance and value of a resilient, diverse and unified workforce. Our number one priority throughout the ongoing pandemic is keeping our people safe and healthy, while adapting to the challenging conditions that it presents. The many cultures and backgrounds of the people working for Belships creates diversity, which we value and seek to enhance. Providing good working conditions, respecting relevant labour and human rights are embedded in our approach to creating social capital. Through our efforts to date we have continued to maintain our high retention rates and this builds a strong foundation for future growth and development.

OUR PERSONNEL MANAGEMENT STRUCTURE

Crewing and technical management for our fleet is managed from Belships' subsidiaries in Singapore and China. These companies also have external customers and offer ship management services to high quality customers worldwide. A dedicated and well-trained ship and onshore team monitors the health, safety, environment and quality performance of our fleet.

HEALTH AND SAFETY

At Belships we maintain a safety culture grounded on the premise of eliminating workplace incidents, risks and hazards. 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. In 2020, our lost time injury rate (LTIR) was 0.35 (2019: 4.23) and there were no serious injuries or work-related fatalities.

	2020	2019
INJURY RATES		
LTIR	**0.35**	4.23
Serious injuries	**0**	0
Fatalities	**0**	0

PROTECTING OUR CREWS FROM PIRACY

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 of 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 entering into 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 2020 (2019:0).

COVID-19

The Covid-19 pandemic had a significant impact on our human capital management, in particular for our crews on vessels. We took immediate steps to establish new safety protocols and constantly monitor pandemic developments in order to protect our people.

SIGNATORY TO THE NEPTUNE DECLARATION

We have signed the Neptune declaration as part of our ongoing commitment to mitigate impact of Covid-19 on our seafarers.

The Neptune Declaration on Seafarer Wellbeing and Crew Change

Belships will continue to support the declaration by:

- Recognizing seafarers as key workers and give them priority access to Covid-19 vaccines
- Establishing and implementing gold standard health protocols based on existing best practice
- Increasing collaboration to facilitate crew changes
- Ensuring air connectivity between key maritime hubs for seafarers.

EMPLOYMENT

Our focus is on creating favourable employment conditions which in turn lead to the attraction and retention of productive employees. A key component to our approach is the investment we make in the training and development of our personnel. We comply with all applicable employment, labor and immigration requirements, and require all of our personnel to cooperate in all compliance efforts.

INDUSTRY-LEADING RETENTION RATES

Our approach to employment has delivered tangible value for both employees and the company's growth of human capital. In 2020 we retained all but one shore-based personnel and achieved industry-leading retention rates for officers and ratings of 94% and 92% respectively (2019: 94% and 84%).

RETENTION RATES	**2020**	2019
Shore based personnel (Belships Administration)	**88%**	100%
Officers	**94%**	94%
Ratings	**92%**	84%

FOSTERING DIVERSITY

We embrace the diversity of our team members, stakeholders and customers, including their unique backgrounds, experiences, ideas and abilities. Everyone is valued and appreciated for their distinct contributions to the growth and sustainability of our business. We strive to cultivate a culture and vision that supports and enhances our ability to recruit, develop and retain diverse talent at every level.

DIVERSITY		**2020**	2019
Shore based personnel			
Board (% female)		**43%**	43%
Employees (% female)		**38%**	38%
Shipboard personnel			
Age range	<30	**27%**	
	30-50	**67%**	
	>50)	**6%**	
Nationalities		**9**	

GOVERNANCE

The Belships Board of Directors and Board committees have responsibility for strategic oversight of all company activity, including sustainability. The Board are guided by Belships' Corporate Governance Policy, which is publicly available on our website[2]. Belships is regarded as a leader in corporate governance within Nordic shipping, achieving the number one Governance ranking in Danske Bank's recent equity research publication[3] covering ESG performance in shipping.

NO REPORTED CORRUPTION INCIDENTS IN 2020

Belships has a zero-tolerance policy for corruption in any form. Regular anti-corruption training is provided to relevant employees throughout the year. In 2020 there were eight port calls in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index. Belships is an active member of the Maritime Anti-Corruption Network (MACN), working towards the vision of a maritime industry free of corruption. There were no reported ethics or corruption incidents in 2020.

WHISTLEBLOWING

Employees who observe or become aware of a situation that they believe to be a violation of the Code of Business Conduct and Ethics are obligated to notify their immediate superior, a member of Executive Management or a member of the Board as directed by the Code. An independently-operated helpline is also provided for employees and others to use, if required. If an employee reporting a violation wishes to remain anonymous, all reasonable steps are taken to keep their identity confidential. All communications are taken seriously and, if warranted, any reports of violations are investigated. The company does not retaliate, or allow retaliation in any form, in regard to any reports made by an employee in good faith. There were no whistleblowing reports made in 2020.

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). There were no reports of data privacy or security breaches in 2020.

SUSTAINABLE PROCUREMENT

We expect our suppliers to operate to the same ESG standards as we do. This includes compliance with all relevant legal requirements, environmental standards, fair employment practices and prohibiting any form of child, forced or compulsory labor. We set out very clearly our expectation on these matters in our contract dealing with suppliers. We are guided by principles such as those in the United Nations Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights, and the International Labour Organization's Core Conventions regarding child labor, forced labor, freedom of association, the right to organize and bargain collectively, equal pay, and nondiscrimination in the workforce. There were no reported supplier violations of these principles or conventions in 2020.

2) www.belships.com/corporate-governance
3) www.danskebank.com/equityresearch Sector report, 18/10/2020 (login required)


IHI

Steady course, extraordinary year

THE DRY BULK MARKET 2020

In the early days of 2020, there were reports about shutdowns of steel production in the Wuhan region due to an unnamed virus. Little was known at that point about the global catastrophe which followed, as lockdown measures were enforced to prevent the spread of the disease. Financial markets panicked, economic data plunged to depths obscuring all other short-term movements going back over 100 years, and unemployment rates soared to heights dwarfing the levels seen during the worst of the financial crisis. The Capesize market fell to rock bottom levels in late January and stayed there until early April, whereas the Panamax and Supramax segments fared better primarily helped by grain shipments.

However, China started ramping up activity already by April. There were significant economic stimulus measures in the pipeline even before heading into 2020 and these have been expanded further because of the shutdowns. Historically, the steepest economic downturns have been followed by the steepest economic upturns. The COVID recession was and still is centered on the service sector.

The middle of May marked the bottom, after which the Supramax market swiftly returned above breakeven levels as the second half of the year saw Supramaxes average USD 10 300 per day.

During the uncertain and tumultuous months between February and May, asset values were under pressure and displayed some negative trends. Many anticipated values falling to the levels of previous down cycle in late 2015/early 2016. However, the swiftness of the market rebound, almost singlehandedly driven by Chinese demand, was too apparent for this to happen.

Second-hand values did not rise much during the second half of the year despite the freight markets recovering, as sentiment remained subdued and outlook unclear. The market for newbuildings remained very quiet throughout the year, with prices continuously under pressure leaving ordering activity historically low. According to Fearnleys, only 5 million deadweight tonnes in total was placed for order, which is the lowest levels observed since 2016 (and before that the early 1990s). Another comparison is that during 2013 and 2014 there were 1,961 vessels placed for order, whereas between 2015-2020 we registered 1,744 vessel orders (1,062 of these were Tier IIs "placed" in 2015). Ordering activity has remained low for several years now, with the orderbook to existing fleet ratio dropping to only 5% (in terms of number of ships).

The average rates ended up at USD 7 800 net per day for Supramaxes. Total dry bulk supply growth ended at 4.9%, with registered demand growth being negative with about -2.5%. Coal fared the worst as discharge volumes ended -10.5% lower than 2019 levels. Minor bulk commodities were also hit hard by the COVID lockdowns, as GDP growth is a main driver, falling by -6.3% compared to 2019. Grains were the best performing commodity group, rising by just under 7%, driven by strong soy bean demand from China. Iron ore trades also fared better than in 2019, growing by 1.8%, driven solely by China as the rest of the world's demand contracted.

Towards the end of the year rates and sale and purchase markets developed positively evidencing a more normalised market since the outbreak of COVID-19. According to Fearnleys new vessel deliveries also dropped confirming that the orderbook has passed the peak in terms of deliveries. The orderbook delivery schedule for 2021 predict deliveries will be 20 per cent lower than 2020, with 115 vessels scheduled for 2021 against 143 vessels delivered in 2020. In 2022, just 45 vessels are currently scheduled for delivery, which would be the lowest number of deliveries since 2000. In relative terms, however, we are heading towards the lowest rate of supply growth in almost 30 years.

FINANCIAL AND CORPORATE MATTERS

The Group's solvency and financial position is strong. At the end of 2020, the book equity per share was NOK 5.63 (NOK 6.46), corresponding to an equity ratio of 32 per cent. Total book value of ships owned or leased was USD 377.6m, while the consolidated cash balance was USD 34.0m. Net cash flow from operating activities amount to USD 13.7m (USD 20.6m) compared to an EBITDA of USD 24.0m (USD 34.7m). The difference between net cash flow from operating activities and EBITDA primarily relates to interest expenses included in net cash flow from operating activities and changes in net working capital. Total mortgage debt amounted to USD 141.7m, while total lease obligations were USD 139.7m.

In 2020, the Group raised USD 11.5m of equity in a ship-for-share transaction to acquire the vessel Belhaven.

In 2020, the loan agreement related to the vessel BELLIGHT (ex SOFIE VICTORY) was amended in order to prolong the maturity and reduce the interest margin. The group's mortgage debt now comprises two loan facilities, both with a margin of 275 basis points above LIBOR and maturity in Q2 2024.

At the end of each reporting period, the Group assesses whether there are any impairment indicators present. The company has concluded that the Covid-19 outbreak represents an impairment indicator pursuant to IAS 36. Consequently, the Group carried out an impairment test of ships owned or recognised as right of-use assets per year-end. During 2020 a total impairment of USD 5.0 million was recognized.

At the end of 2020, Belships held 388 000 treasury shares at an average cost of NOK 9.91 per share. The CEO held 5 000 000 options while remaining employees held 400 000 options at year-end.

The Group's market risk exposure mainly relates to changes in freight rates, interest rates and fuel prices. Belships aims to minimize counterpart risk and time charter contracts are entered into with reputable charterers. The Group had no research and development costs in 2020.

All ships are owned by Norwegian companies and eight of the companies in the group are within the Norwegian tonnage tax regime. The Group had tax losses carried forward of USD 107.4 million as at 31 December 2020. No deferred tax benefits were recognized in the balance sheet.

OPERATIONS

BELNOR and BELISLAND continued in 2020 on their long-term charter parties to Canpotex Shipping Services Ltd., Canada, who is one of the world's largest exporters of fertilizer products.

BELMONT, BELFOREST and BELNIPPON were on time charter to Cargill, a leader within agricultural services.

BELLIGHT was chartered to Drylog — a leading operator within drybulk markets — until March 2021 at an index-based rate with a minimum floor above current market levels. The remaining fleet are operated in the spot market by Belships' subsidiaries in the Lighthouse Navigation group. Net earnings in 2020 per ship for the entire fleet amounted to USD 8 783 net per day versus BSI index of USD 7 772, representing a 13 per cent premium. In addition, Lighthouse Navigation on average operated 28 ships on short-term charter during 2020.

Belships took delivery of 4 Ultramax vessels during 2020. The Group entered into an agreement with Marti Shipping & Ship Management of Turkey for a bareboat charter and subsequent sale of PACIFIC LIGHT in February. BELFORT was sold during Q4 2020 and BELORIENT was sold during Q1 2021. Vessels will be delivered to buyer during first half of 2021. The company's fleet is modern with an average age of 5 years and all ships operated satisfactorily without significant off-hire. The operating expenses continued at a competitive level.

Belships Management (Singapore) Pte. Ltd. expanded its number of ships under technical management during 2020 to 21 ships.

RESULTS

The Group had an operating income of USD 165.4m in 2020 (USD 131.3m), giving an EBITDA of USD 24.0m (USD 34.7m) and a consolidated operating result of USD -4.6m (USD 18.1m). The 2020 result includes impairment on vessels of USD 5.0m. Result before tax was USD -17.2m (USD 6.8m), while net result for the Group was USD -17.7m (USD 5.1m).

The parent company's net result for the year was USD 0.0m (USD 12.4m).

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

Transfer to other retained earnings	0.0m
Total allocations	0.0m

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 2021. Based on this, the Board considers that the conditions for a going concern are in place.

In the opinion of the Board, 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 the parent company.

SAFETY AND THE ENVIRONMENT

Belships aims to minimize environmental impact from its activities, and strives to improve safety. Measures are taken to prevent and minimise the impact on the environment. Belships works consciously to improve standards, both on board and ashore. Pollution from ship operations is governed by several national and international environmental standards and certifications. Belships meets official requirements in terms of safety and the environment.

All of 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.

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 is handled from our commercial operations in Bangkok, Oslo, Singapore and Melbourne. Insurance is handled from Bangkok and technical management including crewing is organised from Singapore.


BELHAVEN
EGERSUND
IMO 9811945

Commercial operations increased significantly in 2020 despite the Covid-19 pandemic with the opening of new offices in Oslo, Singapore and Melbourne. The Group employed 143 office staff at the end of 2020. Ships under technical management employed 313 officers and crewmembers.

Sick leave was less than 2 per cent in 2020.

The Group was not subject to any serious accidents in 2020. Belships treats women and men equally.

No discrimination on the grounds of gender is tolerated. Of the Group's office staff, 44 per cent are women. The working environment in the companies within the Group is considered to be good.

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 17 October 2018. Please see the separate statement of corporate governance that appears as a section of the annual report in its own right.

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 longterm shareholder values and at the same time act as a responsible participant in the society.

The most important issues for our business and our shareholders in respect of Corporate Social Responsibility (CSR) are:

- Environment
- Human and labor rights
- Anti-corruption

It is our policy to follow the standards, laws and regulations set by the national and international maritime regulatory authorities, but also the moral and ethical behaviour as set by our culture. 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 do pay attention to the working conditions and safety within our own operations. Please see the separate statement of corporate social responsibility that appears as a section of the annual report in its own right.

OUTLOOK

The Baltic exchange Supramax index YTD 2021 has averaged at about USD 16 300 net per day and in general the dry cargo market has had its strongest start to the year in a decade. There has been a remarkable development over the past couple of months. A cold winter season sparked energy demand, coupled with a wider rally in commodity markets resulting in increased cargo volumes in all regions. Usual seasonal weakness vanished in a very short amount of time and Chinese New Year marked the start of the year of the Ox.

At the time of writing the Baltic Supramax Index is about USD 19 500 per day. As we mentioned in previous reports, the supply side has passed the peak of deliveries and the publicly quoted orderbook for our segment now stands below 5 per cent – which is historically low. Even with increased bunker prices the average sailing speed has increased confirming an improved rate of vessel utilisation. Freight Forward Agreements (FFA) currently indicate a market for Supramax and Ultramax of about USD 14 500 and 16 000 net per day for the remaining part of the year.

We remain optimistic in terms of market prospects, and with the worst of the pandemic likely behind us we are seeing signs of solid demand fundamentals which points towards a very strong dry cargo market. At the time of writing Belships has most of the fleet open for the remaining part of 2021 and onwards. We are actively pursuing opportunities for further growth.

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

Belships has a uniform and modern fleet of 25 Supramax/Ultramax bulk carriers well positioned to capitalise on a potential recovery towards historical averages for vessel values. We are focused on maintaining a solid balance sheet and liquidity position. Our strategy is to continue developing Belships as an owner and operator of geared bulk carriers, through quality of operations and accretive growth opportunities.

Oslo, 28 April 2021

Peter Frølich *Chairman of the Board*	Sissel Grefsrud *Board member*	Birthe Cecilie Lepsøe *Board member*	Jorunn Seglem *Board member*
Carl Erik Steen *Board member*	Frode Teigen *Board member*	Sverre J. Tidemand *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 2020.

The Board has based this declaration on reports and statements from the Group’s chairman 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 2020 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 2020
- 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, 28 April 2021

Peter Frølich
Chairman of the Board

Sissel Grefsrud
Board member

Birthe Cecilie Lepsøe
Board member

Jorunn Seglem
Board member

Carl Erik Steen
Board member

Frode Teigen
Board member

Sverre J. Tidemand
Board member

Lars Christian Skarsgård
Chief Executive Officer

Consolidated statement of profit and loss

1 January-31 December		Consolidated	
USD 1 000	Note	**2020**	2019
OPERATING INCOME			
Gross freight income		**220 332**	153 909
Voyage expenses		**-61 065**	-30 243
Net freight income		**159 267**	123 666
Management fees		**6 095**	7 650
Total operating income	4,5	**165 362**	131 316
OPERATING EXPENSES			
Share of result from joint venture and associated companies	11	**3 052**	2 715
T/C hire expenses	7	**-90 401**	-49 825
Ship operating expenses	20	**-38 675**	-33 558
Operating expenses ship management	20	**-3 490**	-4 125
Payroll expenses	14	**-7 944**	-6 894
Other general administrative expenses	15	**-3 918**	-4 921
Total operating expenses		**-141 376**	-96 608
EBITDA		**23 986**	34 708
Depreciations and amortisation	6	**-27 286**	-23 074
Impairment	6	**-4 957**	0
Gain on sale of ships		**2 469**	4 381
Other gains		**1 165**	2 119
Operating result (EBIT)		**-4 623**	18 134
FINANCIAL INCOME AND EXPENSES			
Interest income		**985**	283
Interest expenses	7,10	**-13 668**	-10 522
Currency exchange gain/(loss)		**875**	-13
Other financial items		**-729**	-1 127
Net financial items		**-12 537**	-11 379
Net result before tax		**-17 160**	6 755
Tax	19	**-583**	-1 655
Net result for the year		**-17 743**	5 100
Hereof majority interests		**-19 898**	3 487
Hereof non-controlling interests	11	**2 155**	1 613
Earnings per share (USD)	13	**-0.08**	0.03
Diluted earnings per share (USD)	13	**-0.08**	0.03

Consolidated statement of comprehensive income

1 January-31 December		Consolidated	
USD 1 000	Note	**2020**	2019
Net result for the year		**-17 743**	5 100
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) on defined benefit plan	17	**-10**	-10
Items that may be subsequently reclassified to profit or (loss):			
Exchange differences		**63**	167
Total comprehensive income		**-17 690**	5 257
Hereof majority interests		**-19 761**	3 557
Hereof non-controlling interests		**2 071**	1 700

Consolidated statement of financial position

1 January-31 December		Consolidated	
USD 1 000	Note	**2020**	2019
NON-CURRENT ASSETS			
Intangible assets			
Contracts		**1 770**	4 629
Tangible fixed assets			
Ships, owned	6	**214 494**	213 052
Ships, right-of-use assets	6	**157 143**	92 720
Prepayment of ships		**3 000**	6 000
Property, Plant and Equipment	6	**4 878**	4 790
Total fixed assets		**379 515**	316 562
Financial fixed assets			
Financial investments	11	**2 123**	3 303
Cash and cash equivalents (restricted)	8	**205**	215
Other non-current receivables		**5 189**	8 096
Total financial assets		**7 517**	11 614
Total non-current assets		**388 802**	332 805
CURRENT ASSETS			
Ship, held for sale	6	**5 917**	0
Bunker inventory		**5 344**	5 832
Trade debtors		**11 574**	1 419
Other receivables		**18 857**	13 157
Cash and cash equivalents (restricted)	8	**188**	169
Cash and cash equivalents	8	**33 797**	44 259
Total current assets		**75 677**	64 836
Total assets		**464 479**	397 641
EQUITY			
Paid-in capital		**137 962**	125 927
Retained earnings		**5 956**	25 717
Non-controlling interests		**6 099**	4 471
Total equity	12	**150 017**	156 115
LIABILITIES			
Provision for liabilities			
Pension obligations	17	**760**	745
Other non-current liabilities			
Mortgage debt	10	**119 561**	127 249
Lease liabilities	7	**127 754**	73 646
Other non-current liabilities		**2 009**	2 315
Total other non-current liabilities		**249 324**	203 210
Current liabilities			
Current portion of mortgage debt	10	**22 176**	9 388
Current portion of lease liability	7	**11 986**	7 315
Tax payable	19	**745**	1 450
Public taxes and duties payable		**600**	260
Trade creditors		**12 511**	1 851
Other current liabilities		**16 359**	17 308
Total current liabilities		**64 378**	37 571
Total liabilities		**314 462**	241 526
Total equity and liabilities		**464 479**	397 641

Oslo, 28 April 2021

Peter Frølich
Chairman of the Board

Sissel Grefsrud
Board member

Birthe Cecilie Lepsøe
Board member

Jorunn Seglem
Board member

Carl Erik Steen
Board member

Frode Teigen
Board member

Sverre J. Tidemand
Board member

Lars Christian Skarsgård
Chief Executive Officer

Consolidated statement of cash flow

1 January-31 December		**Consolidated**	
USD 1 000	Note	**2020**	2019
CASH FLOW FROM OPERATIONS			
Net result before tax		**-17 160**	6 755
Adjustments to reconcile result before tax to net cash flows:			
Depreciations/impairment on fixed assets	6	**32 243**	23 074
Gain on sale of ships	6	**-2 469**	-4 381
Share-based compensation expense	16	**545**	23
Difference between pension expenses and paid pension premium	17	**-66**	-51
Share of result from joint venture and associated companies	11	**-3 052**	-2 715
Net finance costs		**12 537**	11 379
Working capital adjustments:			
Change in trade debtors and trade creditors		**506**	629
Change in other current items		**4 422**	-3 413
Interest received		**985**	283
Interest paid	7,10	**-13 668**	-10 359
Income tax paid	19	**-1 119**	-632
Net cash flow from operating activities		**13 704**	20 592
CASH FLOW FROM INVESTING ACTIVITIES			
Payment of ships	6	**-15 250**	-21 500
Received instalments from sale of ships		**2 615**	804
Payment of other investments		**-5 672**	-2 549
Net cash flow from investing activities		**-18 307**	-23 245
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from non-current debt	10	**14 700**	123 755
Paid-in capital		**0**	8 021
Repayment of non-current debt	10	**-20 101**	-114 876
Dividend paid		**0**	-1 205
Dividend to non-controlling interests		**-439**	-648
Net cash flow from financing activities		**-5 840**	15 047
Net change in cash and cash equivalents during the period		**-10 443**	12 394
Cash and cash equivalents at 1 January		**44 428**	32 034
Cash and cash equivalents at 31 December *		**33 985**	44 428

*) Includes restricted cash. See note 8.

Consolidated statement of changes in equity

USD 1 000	Share capital	Treasury shares	Share premium reserves	Other equity	Other equity	Non-controlling interest	Total equity
	Majority interest						
	Paid-in				Retained		
At 31 December 2020							
Equity as at 31 December 2019	50 430	-166	39 499	36 191	25 717	4 471	156 115
Share issue	3 214	0	8 276	0	0	0	11 490
Share-based payment expense	0	0	0	545	0	0	545
NCI transactions	0	0	0	0	0	-443	-443
Net result for the year	0	0	0	0	-19 898	2 155	-17 743
Other comprehensive income	0	0	0	0	137	-84	53
Total comprehensive income	0	0	0	0	-19 761	2 071	-17 690
Equity as at 31 December 2020	**53 617**	**-166**	**47 775**	**36 736**	**5 956**	**6 099**	**150 017**
As at 31 December 2019							
Equity as at 31 December 2018	41 870	-166	18 166	37 000	23 738	3 174	123 782
Share issue (incl. share issue exps.)	8 533	0	21 333	-832	0	0	29 034
Dividend paid	0	0	0	0	-1 205	0	-1 205
Share-based payment expense	0	0	0	23	0	0	23
Adoption of IFRS 16	0	0	0	0	-373	0	-373
NCI transactions	0	0	0	0	0	-403	-403
Net result for the year	0	0	0	0	3 487	1 613	5 100
Other comprehensive income	0	0	0	0	70	87	157
Total comprehensive income	0	0	0	0	3 557	1 700	5 257
Equity as at 31 December 2019	**50 403**	**-166**	**39 499**	**36 191**	**25 717**	**4 471**	**156 115**

Notes to the consolidated accounts

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

NOTE 1 GENERAL INFORMATION

The Group is a fully integrated owner and operator of dry bulk ships. The company also provides commercial and technical ship management services.

Belships ASA is a public limited liability company incorporated and domiciled in Norway and listed on Oslo Stock Exchange. The head office is located in 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 21 April 2021. 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 all its subsidiaries (the "Group"), have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). 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 achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Unrealised gains from transactions with affiliated companies are eliminated with the Group's share of the company/enterprise.

Unrealised losses are likewise eliminated, but only to the degree that there is no indication of loss of value on the asset being sold 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 USD 8.5326 (2019: USD 8.7803) and SGD 6.4560 (2019: SGD 6.5276).

D) ACCOUNTS RECEIVABLE

Trade and other receivables are measured at transaction price upon initial recognition and subsequently measured at amortized 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 O) 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 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, except for the office premises in Singapore in which the useful life is estimated at 57 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 recognized 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 amortized 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. Realized and unrealized 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 amortized cost

Financial assets and liabilities in this category are initially recognized at fair value, and subsequently carried at amortized 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 some minor equity investments not considered significant (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 recognized 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 recognizes 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 recognized 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 related to fluctuations interest rates.

Derivative instruments are recognized in the consolidated statements of financial position at their fair values. Realized and unrealized gains and losses attributable to derivative instruments are recognized 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 recognized 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 amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liability through the amortization process or when derecognized.

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 categorized 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) PROVISIONS

A provision is recognised when the company has a liability (legal or constructive) as a result of a previous event and where it is probable (more probable 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 material, the provision is estimated 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.

A provision is recognised for any unavoidable net loss arising from the contract, the unavoidable cost under a contract reflect the least net cost of exiting from the contract, i.e. the lower of the cost of fulfilling the contract; and any compensation of penalties arising from failure to fulfil the contract.

I) 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.

J) 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 on the basis of 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 recognized within a year.

Other revenue/Management fee
The Group also provides technical services, crewing, port agency and logistical services on ships not operated by the Group. Revenue on such services are 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.

K) 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 recognized based on the pension plan payments.

Defined benefit pension scheme
Actuarial gains and losses arising from changes in actuarial assumptions are recognised as other comprehensive income in the period in which they arise. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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.

L) 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 recognized 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 depreciation or amortization of the Group's excess values are included the net result from the joint ventures.

Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

M) CONTINGENT ASSETS AND OBLIGATIONS

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities in which the possibility of loss is considered remote.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a significant benefit will be added to the Group.

N) 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, with the exception of temporary differences related to investments in subsidiaries, affiliated companies or jointly controlled enterprises when the Group controls when the temporary differences will be reversed, and that is not expected to occur in the foreseeable future.

Deferred tax assets are recognised when it is likely that the company will have sufficient profit for tax purposes in subsequent periods that will enable the company to utilize the tax asset. Similarly, the company will reduce the deferred tax asset to the extent the company no longer regards it as being likely that it can utilize 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 are entered directly against equity to the extent the tax items relate to equity transactions.

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.

O) IMPAIRMENT OF ASSETS

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 earlier periods is reversed only in case of changes to the estimates used to determine the recoverable amount. However, the reversal amount may only be so high that book value after reversal at most corresponds to the value at which the asset would have been registered if it had not been impaired earlier. Such reversals are recorded in the profit and loss.

P) BORROWING COSTS

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Q) 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.

R) SHARE-BASED PAYMENTS

Employees and management in 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.

S) CASH AND CASH EQUIVALENTS

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

T) 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.

U) 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 Groups 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 ships operated in the spot market 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.

V) RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at market terms. See note 9 for further information.

W) 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.

X) 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 non-current assets and liabilities.

Y) NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

Assets are classified as held-for-sale when the following criteria are met:

- Management has committed to a plan to sell the asset
- The asset is available for immediate sale in its present condition
- The sale of the asset is highly probable to be completed within a one year period
- The asset is being actively marketed at a sale price that is reasonable in relation to its current market value.

Assets classified as held-for-sale are measured at the lower of their carrying value or fair value less the costs of disposal. Held-for-sale assets are no longer depreciated and are shown separately in the financial statements.

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

Preparing the annual accounts in accordance with IFRS as adopted by 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 past experience and on miscellaneous other factors assumed to be reasonable and appropriate. This applies in particular 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

The Group assess whether there are any impairment indicators present at the end of each reporting period. If an impairment indicator is identified, the Group carries out impairment tests pursuant to IAS 36. The Group also assess whether previous recorded impairment charges should be reversed.

Impairment test calculations demand a significant degree of estimation. The Group considers each ship as a separate cash generating unit and has compared recoverable amounts against carrying amounts at the end of the year. Recoverable amounts are based on observable market values or value in use calculations. Value-in-use values have been derived from calculation of present value of estimated cash flows over the useful life of the ship.

The value-in-use calculations of the Group's owned and leased ships are mainly sensitive to changes in revenue and cost of capital assumptions. Revenues have been based on the ships current contracts and long-term historical rates for equivalent ships. The useful life of assets and the method of depreciation are evaluated yearly. Remaining useful life is estimated on the date of the presentation of accounts.

Refer to note 6 for key assumptions used in the Group's impairment testing.

NOTE 4 REVENUE

BELISLAND and BELNOR have been chartered to Canpotex Shipping Services Ltd in 2020. Canpotex is one of the world's largest exporters of potash, a fertilizer product imported in large volumes by countries such as China, India and Brazil.

BELMONT, BELNIPPON and BELFOREST have been chartered to Cargill, a leader within agricultural services. BELLIGHT* was chartered to Drylog until December 2020 at an index-based rate.

BELHAVEN,BELINDA,BELPAREIL,BELRAY and BELMORA have been chartered to various parties during 2020.

The remaining fleet have been operated in the spot market by Belships' subsidiary Lighthouse Navigation. Net earnings in 2020 per ship in for the entire fleet amounted to USD 8 783 versus BSI index of USD 7 772 net per day, representing a 13% premium to the market indices.

PERIOD TIME CHARTERS

	USD per day	Maturity	Charterer	Domicile
BELFOREST	11 100	May-21	Cargill	United States
BELHAVEN	13 750	Sep-21	Americas Bulk Transport	United States
BELINDA	10 500	Aug-21	York Overseas Ltd	Bermuda
BELNOR	16 415	May-20	Canpotex	Canada
BELISLAND	17 750	Jan-21	Canpotex	Canada
BELMONT	10 500	Jan-22	Cargill	United States
BELNIPPON	10 000	Jul-21	Cargill	United States
BELPAREIL	10 750	Aug-21	Bunge	United States
BELRAY	11 500	Jun-21	Norden A/S	Denmark
BELMOIRA	10 000	May-21	Pacific Basin	Hong Kong
BELLIGHT *	11 400	Dec-20	Drylog	United Kingdom

* Index-based floor

NOTE 5 SEGMENT INFORMATION

The segment reporting is in accordance with the reporting to the Chief Operating Decision Maker (CEO).

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The Group's financing and income taxes are managed on a Group basis but are allocated to applicable operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Two customers accounted for more than 10% of the total turnover in 2020 and 2019, refer to note 4. Beyond that, the Group has no single customers in any segment neither in 2020 and 2019 which accounted for more than 10% of the total turnover.

The operating segments have worldwide activities. Shipping in general offers a global service covering major global trade routes. There are no particular focus on geographic region for ships as the charterers decide trade routes on individual basis. Consequently, no geographical segments have been presented other than the domicile of the largest charterers listed under note 4.

1 January - 31 December 2020	Own ships	Lighthouse Navigation	Ship management	Administration	Group transactions	Total
Gross freight revenue	77 955	142 377	0	0	0	220 332
Voyage expenses	-16 953	-45 870	0	0	1 758	-61 065
Net freight revenue	61 002	96 507	0	0	1 758	159 267
Management fees	0	6 167	5 480	0	-5 552	6 095
Operating income	61 002	102 674	5 480	0	-3 794	165 362
Share of result from j/v and associated companies	0	3 058	-6	0	0	3 052
T/C hire expenses	0	-90 401	0	0	0	-90 401
Ship operating expenses	-41 213	-1 256	0	0	3 794	-38 675
Operating expenses ship management	0	0	-3 490	0	0	-3 490
General and administrative expenses	-358	-8 371	0	-3 133	0	-11 862
Operating expenses	-41 571	-96 970	-3 496	-3 133	3 794	-141 376
EBITDA	19 431	5 704	1 984	-3 133	0	23 986
Depreciation and amortisation	-24 717	-2 165	-221	-183	0	-27 286
Impairment	-4 957	0	0	0	0	-4 957
Gain on sale of ship	2 469	0	0	0	0	2 469
Other gains	1 165	0	0	0	0	1 165
Operating result	-6 609	3 539	1 763	-3 316	0	-4 623
Interest income	937	21	17	10	0	985
Interest expenses	-13 537	-97	-16	-18	0	-13 668
Other financial items	-724	-21	16	0	0	-729
Currency gains/(-losses)	926	-13	-38	0	0	875
Net financial items	-12 398	-110	-21	-8	0	-12 537
Result before tax	-19 007	3 429	1 742	-3 324	0	-17 160
Tax	-250	6	-339	0	0	-583
Net result	-19 257	3 435	1 403	-3 324	0	-17 743
Hereof majority interests	-19 257	1 496	1 187	-3 324	0	-19 898
Hereof non-controlling interests	0	1 939	216	0	0	2 155
Assets	409 261	42 348	5 036	7 834	0	464 479
Liabilities	286 584	23 946	2 352	1 580	0	314 462
Cash flow from operating activities	5 205	6 985	1 473	-2 058	0	11 606
Cash flow from investing activities	-18 307	0	0	764	0	-17 543
Cash flow from financing activities	-4 067	-355	-84	0	0	-4 506

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1 January - 31 December 2019	Own ships	Lighthouse Navigation	Ship management	Admini-stration	Group transactions	Total
Gross freight revenue	79 331	74 578	0	0	0	153 909
Voyage expenses	-11 352	-20 267	0	0	1 376	-30 243
Net freight revenue	67 979	54 311	0	0	1 376	123 666
Management fees	0	6 005	5 303	0	-3 658	7 650
Operating income	67 979	60 316	5 303	0	-2 282	131 316
Share of result from j/v and associated companies	0	2 715	0	0	0	2 715
T/C hire expenses	-497	-49 328	0	0	0	-49 825
Ship operating expenses	-35 715	0	0	0	2 157	-33 558
Operating expenses ship management	0	0	-4 125	0	0	-4 125
General and administrative expenses	-555	-7 184	0	-4 201	125	-11 815
Operating expenses	-36 767	-53 797	-4 125	-4 201	2 282	-96 608
EBITDA	31 212	6 519	1 178	-4 201	0	34 708
Depreciation and amortisation	-19 445	-2 608	-868	-153	0	-23 074
Gain on sale of ship	4 381	0	0	0	0	4 381
Other gains	180	0	1 939	0	0	2 119
Operating result	16 328	3 911	2 249	-4 354	0	18 134
Interest income	230	51	2	0	0	283
Interest expenses	-10 522	0	0	0	0	-10 522
Other financial items	-863	-215	-49	0	0	-1 127
Currency gains/(-losses)	-2	-27	16	0	0	-13
Net financial items	-11 157	-191	-31	0	0	-11 379
Result before tax	5 171	3 720	2 218	-4 354	0	6 755
Tax	-697	-958	0	0	0	-1 655
Net result	4 474	2 762	2 218	-4 354	0	5 100
Hereof majority interests	4 474	1 209	2 158	-4 354	0	3 487
Hereof non-controlling interests	0	1 553	60	0	0	1 613
Assets	367 191	22 446	6 829	1 175	0	397 641
Liabilities	221 269	15 687	2 360	2 210	0	241 526
Cash flow from operating activities	20 094	2 607	3 307	-4 612	0	21 396
Cash flow from investing activities	-23 987	0	0	-62	0	-24 049
Cash flow from financing activities	8 879	-600	-48	6 816	0	15 047

NOTE 6 SHIPS AND OTHER FIXED ASSETS

	Ships, owned			Ships, right-to-use assets			
	Ships	Capitalised drydocking expenses	Total	Ships	Capitalised drydocking expenses	Total	**Property, plant and equipment**
2020							
Cost per 1 January	232 092	9 435	241 527	99 072	1 449	100 521	4 552
Additions	23 615	5 564	29 179	73 588	2 776	76 364	1 245
Disposals	-4 802	-932	-5 734	-6 915	0	-6 915	-1 602
Cost per 31 December	250 905	14 067	264 972	165 745	4 225	169 970	4 195
Depreciations per 1 January	23 485	4 990	28 475	7 418	383	7 801	453
Depreciation for the year	9 989	2 378	12 367	10 959	897	11 856	792
Impairment	4 957	0	4 957	0	0	0	0
Disposals	-214	-1 024	-1 238	-6 830	0	-6 830	-1 222
Depreciations per 31 December	38 217	6 344	44 561	11 547	1 280	12 827	23
Book value per 31 December	212 688	7 723	220 411	154 198	2 945	157 143	4 172
Other non-depreciable assets	0	0	0	0	0	0	706
Total book value per 31 December	212 688	7 723	220 411*	154 198	2 945	157 143	4 878
2019							
Cost per 1 January	189 910	7 836	197 746	50 751	749	51 500	3 084
Adoption of IFRS16	0	0	0	20 970	0	20 970	1 406
Additions	46 520	2 600	49 120	27 351	700	28 051	62
Disposals	-4 338	-1 001	-5 339	0	0	0	0
Cost per 31 December	232 092	9 435	241 527	99 072	1 449	100 521	4 552
Depreciations per 1 January	15 220	3 408	18 628	193	0	193	207
Depreciation for the year	8 798	1 996	10 794	7 262	383	7 645	246
Disposals	-533	-414	-947	-37	0	-37	0
Depreciations per 31 December	23 485	4 990	28 475	7 418	383	7 801	453
Book value per 31 December	208 607	4 445	213 052	91 654	1 066	92 720	4 099
Other non-depreciable assets	0	0	0	0	0	0	691
Total book value per 31 December	208 607	4 445	213 052	91 654	1 066	92 720	4 790
Depreciation	25 yrs	30-60 mos		25 yrs	30-60 mos		3-5 yrs

*) The amount includes "Ships held for sale" amounting to 5 917.

Total depreciations in Consolidated statement of profit and loss includes depreciations on charter-party agreements which amounted to 2 271 in 2020 (2019: 4 389). For more information about depreciations on charter-party agreements, see note 4 in our Annual report 2019.

See note 7 for further details related to period time charters.

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SPESIFICATION OF THE GROUP'S SHIPS

	Built year	Ownership	Cost price	Accumulated ordinary depreciation	Capitalised drydocking expenses	Accumulated depreciation on capitalised dd. expenses	Book value
BELPAREIL	2015	100 %	24 492	-4 982	767	-115	20 162
BELSOUTH	2015	100 %	24 535	-4 713	1 143	-114	20 851
BELINDA	2016	100 %	24 569	-4 413	918	-73	21 001
BELMONT	2016	100 %	24 596	-4 357	1 674	-688	21 225
BELATLANTIC	2016	100 %	24 360	-4 037	700	-645	20 378
BELFORT	2008	100 %	9 330	-3 674	797	-536	5 917
BELORIENT	2008	100 %	10 100	-4 066	1 364	-697	6 701
BELSTAR	2009	100 %	11 899	-1 237	1 120	-332	11 450
BELNOR	2010	100 %	13 000	-1 311	1 587	-185	13 091
BELOCEAN	2011	100 %	13 912	-1 353	108	-108	12 559
BELCARGO	2008	100 %	12 402	-1 133	780	-285	11 764
BELFRI	2007	100 %	11 475	-1 035	525	-255	10 710
BELLIGHT	2016	100 %	22 825	-1 367	175	-125	21 508
BELHAVEN	2017	100 %	23 410	-540	330	-105	23 095
Ships, owned			250 905	-38 218	11 988	-4 264	220 411
BELFOREST	2015	BBC	24 920	-2 157	776	-39	23 500
BELISLAND	2016	BBC	25 838	-2 201	397	-360	23 674
BELRAY	2019	BBC	27 351	-1 140	700	-163	26 748
BELAJA	2020	BBC	26 962	-880	1 000	-183	26 899
BELMOIRA	2020	BBC	26 961	-880	1 000	-183	26 898
BELFUJI	2020	TC	15 876	-1 902	0	0	13 974
BELNIPPON	2018	TC	17 468	-4 995	0	0	12 473
ALAM MUTIARA	2012	TC	3 518	-541	0	0	2 977
Ships, right-of-use assets			168 894	-14 696	3 873	-928	157 143
Total fleet			419 799	-52 914	15 861	-5 192	377 554

FLEET

The Group controlled a fleet of 22 ships at the end of the year. Ship transactions during the year include delivery of newbuildings BELAJA, BELMOIRA, BELFUJI and sale of the three oldest vessels in the fleet PACIFIC LIGHT, BELFORT and BELORIENT. In addition, the Company took delivery of the vessel BELHAVEN.

BELHAVEN was taken over in May. The purchase price was USD 24.5m, of which half was paid in cash.

The remaining consideration was settled through issue of 15 950 699 new Belships shares to the seller of the vessel at NOK 7.15 per share.

The Group entered into an agreement with Marti Shipping & Ship Management of Turkey for a bareboat charter and subsequent sale of PACIFIC LIGHT in February. The 50 000 dwt bulk carrier was built in 2007 and was the oldest ship in Belships fleet. PACIFIC LIGHT was delivered in March and Belships realised a gain of USD 2.5m. BELFORT was sold during Q4 2020 and BELORIENT was sold during Q1 2021. Vessels will be delivered to buyer during first half of 2021. Belships realized a loss of USD 2.2m in 2020 relating to the sale of BELFORT and BELORIENT.

During Q1 2021, the company took delivery of newbuilding BELFAST (Imabari).

During Q3 2021, the company expects to take delivery of newbuildings BELMAR (Imabari), BELTRADER (Dacks), BELGUARDIAN (Dacks). The newbuildings are resales of 61 000-64 000 dwt eco-design Ultramax bulk carriers.

IMPAIRMENT TESTS

At the end of each reporting period, the Group assess whether there are any impairment indicators present. The company has concluded that the declining market rates observed during the Covid-19 pandemic in 2020 represents an impairment indicator pursuant to IAS 36. Consequently, the Group carried out an impairment test of ships owned or recognised as right-of-use assets per year-end.

The company considers each ship as a separate cash-generating unit and has compared recoverable amounts against carrying amounts at the end of the quarter. Recoverable amounts are based on value-in-use and have been derived from calculation of present value of estimated cash flows over the useful life of the ship. The value-in-use calculations are mainly sensitive to changes in revenue and cost of capital assumptions. Revenues have been based on the ships current contracts and long-term historical rates for equivalent ships. Cash flows have been discounted using a cost of capital of 5.8 per cent.

At the end of the year, recoverable amounts were higher than carrying amounts for all vessels other than the oldest two vessels which incurred an impairment charge of USD 5.0m. The Group has performed sensitivity tests on the assumptions used in the impairment tests. Reducing the long-term rate by USD 1 100 per day would have led to an impairment recognition of USD 40.6m at year-end. One per cent increase in cost of capital would not have resulted in impairment of ships at year-end.

NOTE 7 LEASE AGREEMENTS

CURRENT FLEET

The Group had BELAJA, BELMOIRA, BELFOREST, BELISLAND and BELRAY on bareboat agreements at year-end. In addition,the company had BELNIPPON and BELFUJI on long-term time charter agreements. The Company considers the bareboat agreements to meet the lease definition under IFRS 16, while the long-term time charter contract contains both lease and service components.

In September 2015, the Group entered into a sale and lease back agreement for BELFOREST. The bareboat charter period is 12 years with purchase options from year 3 and onwards.

BELISLAND was delivered in March 2016. The ship is leased on bareboat charter for a period of 15 years with purchase options from year 5 and onwards.

BELNIPPON was delivered in January 2018. The ship is leased on time charter for a period of 8 years with purchase options from year 4 and onwards.

BELRAY was delivered in October 2019. The ship is leased on bareboat charter for a period of 7 years with purchase options from year 4 and onwards.

BELFUJI was delivered in January 2020. The ship is leased on time charter for a period of 8 years with purchase options from year 4 and onwards.

BELMOIRA was delivered in January 2020. The ship is leased on bareboat charter for a period of 7 years with purchase options from year 1 and onwards.

BELAJA was delivered in February 2020. The ship is leased on bareboat charter for a period 7 years with purchase options from year 1 and onwards.

ALAM MUTIARA was delivered in September 2020. The ship is leased on time charter for a period of 2 years.

NEWBUILDS

In the first quarter 2021, the Group took delivery of BELFAST (Bareboat). In addition, the three newbuilds BELMAR (Bareboat), BELTRADER (Bareboat) and BELGUARDIAN (Bareboat) will be delivered in the second half of 2021. All newbuilds includes purchase options callable after the fourth year.

The Company has no obligation to purchase any of the vessels on bareboat or time charter.

T/C HIRE EXPENSES

T/C hire expenses of USD 90.4m relates to chartering activity in our subsidiary Lighthouse Navigation. Expenses comprise short-term hire of tonnage and services from other shipowners.

SPECIFICATION OF LEASE AGREEMENTS

Lease liabilities	Built year	Ownership	Lease maturity	Purchase option	Discount rate	Net present value of lease payments	Net present value of purchase option	Current	Non-current
Ships									
BELRAY	2019	Bareboat	2026	2023-2026	5.57%	12 438	11 405	1 086	22 757
BELNIPPON	2018	T/C	2025	2022-2025	6.63%	12 421	-	2 195	10 226
BELISLAND	2016	Bareboat	2026	2021-2031	6.62%	13 090	4 971	1 414	16 647
BELFOREST	2015	Bareboat	2025	2018-2027	5.88%	11 496	6 744	1 122	17 118
BELFUJI	2020	T/C		2024-2027	6.33%	14 376	-	1 663	12 713
BELMOIRA	2020	Bareboat	2027	2020-2027	5.70%	12 698	11 271	1 048	22 921
BELAJA	2020	Bareboat	2027	2020-2027	5.71%	12 794	11 262	1 043	23 013
ALAM MUTIARA	2012	T/C	2022	N/A	5.00%	3 000	-	1 603	1 397
Total ships						92 313	45 653	11 174	126 792
Other									
Office	N/A	Lease	2021-2026	N/A	6.00%	N/A	N/A	812	962
Total other								812	962

PAYMENT SCHEDULE

	2021	2022	2023	2024	2025	Subsequent	Total
Lease payments	18 839	18 070	16 323	16 092	27 201	70 387	166 911

NOTE 8 BANK DEPOSITS

The Group's bank balance amounted to USD 34 190 (2019: 44 643) at year end. Restricted cash amounted to USD 160 (169) 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

MORTGAGE DEBT

The Group entered into a new USD 140m loan facility in April 2019. The first tranche of USD 110m replaced existing loan arrangements. The second tranche of USD 30m was made available for fleet expansion. The loan has a margin of 275 basis points over LIBOR and matures in Q2 2024. Following a voluntarily prepayment in January 2020, the next instalment is due in Q2 2021.

The USD 14m loan acquired as part of the acquisition of shares in Bellight AS (owner of BELLIGHT) was amended in Q3 2020.

The margin was reduced to 275 basis points over LIBOR and the maturity was extended until Q2 2024, with semi-annual repayments of USD 0.5. Total mortgage debt was USD 141.7m at the end of the year. 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 are subsequently amortized over the loan period in accordance with the amortized cost principle.

The group has several covenant requirements including requirements related to equity ratio, net working capital and available liquidity. The group was in compliance with all covenants at the end of the year.

REPAYMENT SCHEDULE

	2021	2022	2023	2024	2025	Subsequent	Total
Mortgage debt	22 176	16 089	16 089	87 383	0	0	141 737
Interests	4 268	4 140	4 016	3 896	0	-	16 320

CURRENT RECEIVABLES AND LIABILITIES

Current receivables consist mainly of accrued revenues, and receivables related to operation of the ships. Other current liabilities mainly include current liability 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

	Note	Business location	Main activity	Ownerchip/ voting percentage
Bel Ship I AS	1	Oslo	Shipping	100.00 %
Bel Ship II AS	2	Oslo	Shipping	100.00 %
Belships Lighthouse AS		Oslo	Shipping	100.00 %
Lighthouse Navigation AS		Oslo	Commercial mngmt	50.01 %
Lighthouse Navigation Pte Ltd *	3	Singapore	Commercial mngmt	50.01 %
Belships Management (Singapore) Pte Ltd	4	Singapore	Technical mngmt	100.00 %
Bellight AS		Oslo	Shipping	100.00 %

*) Presented as separate segment

1) BEL SHIP I AS

Belpareil AS	Oslo	Shipping	100.00 %
Belsouth AS	Oslo	Shipping	100.00 %
Belinda AS	Oslo	Shipping	100.00 %
Belmot AS	Oslo	Shipping	100.00 %
Belatlantic AS	Oslo	Shipping	100.00 %
Belhaven AS	Oslo	Shipping	100.00 %

2) BEL SHIP II AS

Beleast AS	Oslo	Shipping	100.00 %
Belpacific AS	Oslo	Shipping	100.00 %
Belfort AS	Oslo	Shipping	100.00 %
Belorient AS	Oslo	Shipping	100.00 %
Belstar AS	Oslo	Shipping	100.00 %
Belnor Ship AS	Oslo	Shipping	100.00 %
Belocean AS	Oslo	Shipping	100.00 %
Belcargo AS	Oslo	Shipping	100.00 %
Belfri AS	Oslo	Shipping	100.00 %

3) LIGHTHOUSE NAVIGATION PTE LTD

Afri-Bulk Navigation Private Limited	Singapore	Commercial mngmt	100.00 %
Lighthouse Maritime Limited	Hong Kong	Commercial mngmt	100.00 %
Lighthouse Navigation Co Ltd	Thailand	Commercial mngmt	100.00 %
Siam Thara Agency Co Ltd	Thailand	Agency	57.50 %
Lighthouse Navigation AS	Oslo	Commercial mngmt	33.00 %

4) BELSHIPS MANAGEMENT (SINGAPORE) PTE LTD

Belships (Tianjin) Ship Management & Consultancy Co Ltd	China	Crewing	75.00 %
Belships (Shanghai) Shipmanagement Co Ltd	China	Crewing	100.00 %

INVESTMENT IN JOINT VENTURES (JV) AND ASSOCIATED COMPANIES (AC)

	Business location	JV / AC	Ownership/ voting percentage
Orient Asia Lines Ltd	Hong Kong	JV	50.00 %
Orient Asia Lines BV	The Netherlands	JV	50.00 %
Lineco Holding BV *	The Netherlands	JV	50.00 %
Belships (Myanmar) Shipmanagement Limited	Myanmar	AC	40.00 %
Three Seas Shipping BV	The Netherlands	AC	40.00 %
Belchem Philippine Incorporation	Philippine	AC	24.00 %

*) Former OAL Holdings

THE SHARE OF PROFIT AND LOSS AND BALANCE SHEET ITEMS FOR INVESTMENTS IN JOINT VENTURES AND ASSOCIATES ARE RECOGNIZED BASED ON EQUITY METHOD:

	Orient Asia Lines BV	LineCo Holding BV	Total
2020			
Gross revenue	1 786	0	1 786
EBITDA	1 539	0	1 539
EBIT	1 539	0	1 539
Net result	1 539	0	1 539
Total comprehensive income	1 539	4 564	6 103
Group's share of profit for the year	770	2 282	3 052
Non-current assets	0	5 595	5 595
Current assets	431	176	607
Total assets	431	5 771	6 202
Non-current liabilities	0	0	0
Current liabilities	361	1 923	2 284
Total liabilities	361	1 923	2 284
Total equity opening balance	1 523	1 373	2 896
Profit for the year	1 539	4 564	6 103
Capital distribution/reduction	-2 992	-1 949	-4 941
Total equity closing balance	70	3 988	4 058
Owner's interest	35	1 994	2 029
Minor share in other associated companies			94
Book value of owner interests			2 123

	Orient Asia Lines BV	Orient Asia Lines Ltd	OAL Holdings	Three Seas Shipping BV	Total
2019					
Gross revenue	28 426	1 251		1 774	31 451
EBITDA	3 665	672		94	4 429
EBIT	3 665	672		94	4 429
Net result	3 577	672		94	5 466
Total comprehensive income	3 577	672	1 123	94	5 466
Group's share of profit for the year	1 789	336	553	38	2 715
Non-current assets	257	0	1 210	0	1 467
Current assets	8 418	2 259	316	0	10 993
Total assets	8 675	2 259	1 526	0	12 460
Non-current liabilities	0	0	0	0	0
Current liabilities	5 824	736	29	0	6 589
Total liabilities	5 824	736	29	0	6 589
Total equity opening balance	1 774	1 351	299	509	3 424
Profit for the year	3 577	672	1 123	94	5 447
Capital distribution/reduction	-2 500	-500	0	0	-3 000
Total equity closing balance	2 851	1 523	1 422	603	5 871
Owner's interest	1 426	762	711	241	3 139
Minor share in other associated companies					164
Book value of owner interests					3 303

NOTE 12 EQUITY

SHARE CAPITAL

Belships ASA's 228 175 404 shares, each with a face value of NOK 2.00, was as of 31 December 2020 distributed among 451 shareholders. Each share has one vote.

NUMBER OF SHARES

	2020	2019
Ordinary shares, issued and paid-in per 1 January	**212 224 705**	175 117 993
Share issue	**15 950 699**	37 106 712
Ordinary shares, issued and paid-in per 31 December	**228 175 404**	212 224 705

TREASURY SHARES

The company holds 548 000 treasury shares in total with an average cost price of NOK 9.91 as of 31 December 2020.

AUTHORISATION TO ISSUE NEW SHARES

At the Annual general meeting in 2020 the Board received authorisation to issue up to 100 million new shares. In May 2020 a total of 15 950 699 shares were issued at NOK 7.15 per share as part of consideration for the vessel BELHAVEN.

THE 20 LARGEST SHAREHOLDERS IN BELSHIPS ASA AT 31 DECEMBER 2020

	Number of shares	Percentage
1 Kontrari AS	95 822 108	41.99 %
2 Kontrazi AS	32 463 265	14.23 %
3 DnB NOR Bank ASA	18 050 670	7.91 %
4 Sonata AS	17 461 778	7.65 %
5 Citibank, N.A.	15 849 131	6.95 %
6 LGT Bank AG	12 630 754	5.54 %
7 Jakob Hatteland Holding AS	11 000 000	4.82 %
8 UBS Switzerland AG	7 804 395	3.42 %
9 Pershing LLC	3 584 648	1.57 %
10 KBC Bank NV	1 629 398	0.71 %
11 Clearstream Banking S.A.	1 625 132	0.71 %
12 Stavanger Forvaltning AS	1 300 000	0.57 %
13 Six SIS AG	1 069 191	0.47 %
14 Ola Rustad AS	850 000	0.37 %
15 Ole Ketil Teigen	700 000	0.31 %
16 Belships ASA	548 000	0.24 %
17 Arages Holding AS	500 000	0.22 %
18 AS Torinitamar	417 100	0.18 %
19 ASL Holding AS	363 836	0.16 %
20 August Ringvold Agenturer AS	341 168	0.15 %
Total 20 largest shareholders	224 010 574	98.17 %
Other shareholders	4 164 830	1.83 %
Total number of shares	228 175 404	100.00 %

NUMBER OF SHARES OWNED BY BOARD MEMBERS IN BELSHIPS ASA

	Note	Number of shares	Outstanding options
Peter Frølich (chairman)		75 000	0
Frode Teigen	1	128 285 373	0
Sverre J. Tidemand	2	17 461 778	0
Carl Erik Steen		79 154	0
Birthe Cecilie Lepsøe		7 500	0
Jorunn Seglem		35 000	0
Sissel Grefsrud		0	0

NUMBER OF SHARES OWNED BY THE MANAGEMENT IN BELSHIPS ASA

	Note	Number of shares	Outstanding options
Lars Christian Skarsgård, CEO *	3	437 000	5 000 000
Osvald Fossholm, CFO	4	35 000	100 700

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

1) Includes shares held by Kontrari AS and Kontrazi AS, companies controlled by Frode Teigen.
2) Includes shares held by Sonata AS, a company in which Sverre J. Tidemand controls.
3) Includes shares held by AS Torinitamar, a company owned by Lars Christian Skarsgård.
4) Includes shares held by Krino Invest AS, a company owned by Osvald Fossholm.

For changes in equity, see separate statement.

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

Average number of issued shares	222 638 765
Treasury shares	548 000
Average number of options outstanding	5 400 000
Diluted average issued number of shares	227 290 765

EARNINGS PER SHARE

	2020
Net result for the year	-17 743
Earnings per share	-0.08
Diluted earnings per share	-0.08

NOTE 14 SALARIES, NUMBER OF EMPLOYEES

	2020	2019
Salaries	**6 880**	6 310
Social security tax	**278**	324
Pension expenses	**204**	204
Other allowances	**582**	56
Total payroll expenses	**7 944**	6 894

Number of full-time office staff in 2020 was 143 for the Group of which 14 in the Norwegian companies.

Payroll expenses in Singapore is reclassified as operating expenses ship management. See note 20 for more details.

LOAN TO EMPLOYEES

Loan to employees amounted to USD 17 at year-end. Average interest rate was 2.17% in 2020.

The repayment period is five years. Loans to members of the management amounted to USD 12 at year-end.

REMUNERATION

2020	Chief executive officer	Financial director
Salary	281	187
Pension expenses	19	21
Share-based payment expense	500	17
Other remuneration	2	17

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 2020.

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

	2020	2019
The Board	**170**	182
Audit committee	**9**	10
Nomination committee	**5**	6

Board members are not awarded share options

THE GROUP'S FEES TO THE AUDITOR (EXCLUDING VAT)

	2020	2019
Remuneration for audit services	**242**	228
Other assurance services	**21**	17
Assistance related to tax	**76**	27
Other audit related assistance	**54**	83
Total	**393**	355

NOTE 15 OTHER GENERAL ADMINISTRATIVE EXPENSES

	2020	2019
Office expenses	**683**	577
Furniture, office supplies	**405**	379
Travelling, entertainment costs	**129**	252
Other services	**2 207**	2 653
Other general administrative expenses	**494**	1 061
Total administrative expenses	**3 918**	4 921

NOTE 16 OPTIONS TO EMPLOYEES

At the Annual general meeting (AGM) in 2019, the Board was authorised to issue up to 200 000 share options to employees in Belships ASA. The option price is 105% of closing share price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 8.79 were awarded in November 2019. No options have been exercised.

At the AGM in 2020, the Board was authorised to issue up to 200 000 share options to employees. The option price is 105% of closing share price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 6.20 were awarded in November 2020. No options have been exercised.

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

	2020	2019
Outstanding options 1 January	**5 400 000**	400 000
Awarded	**200 000**	5 200 000
Exercised	**0**	0
Not exercised	**-200 000**	-200 000
Outstanding options 31 December	**5 400 000**	5 400 000

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 2019 and 2020 was NOK 2.60 and NOK 1.17, respectively. The fair value of outstanding share options are calculated at time of award and charged against profit and loss over the period until they can be exercised. The cost related to the share options above amounted to 45 in 2020.

SHARE OPTION PLAN CHIEF EXECUTIVE OFFICER

The CEO in Belships, Lars Christian Skarsgård wasin March 2019 granted options to subscribe for up to five million shares in the Company with an exercise price of NOK 6 per share. The options can be exercised in the period between 36 months and 60 months from 15 March 2019. 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 was NOK 2.57 per share. The calculated cost of USD 500 has been recognised as an expense in 2020.

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.

Dividend: Estimated dividend per share is NOK 0 per year.

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. 2% for 2020.

Decrease in the number of employees: Expected reduction is 0.

NOTE 17 PENSIONS

DEFINED CONTRIBUTION SCHEME

The Norwegian employees are member of the company's 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 future liabilities related to this scheme. Total costs amounted to 171 (135) in 2020. Pension costs in Singapore is reclassified as operating expenses ship management and amounted to 203 (320) in 2020.

DEFINED BENEFIT SCHEME

In addition to defined contribution scheme, the legacy Belships has unfunded pension liabilities which are covered through the daily operations. These relate to early retirement and pension to persons, that have not been included in the defined contribution scheme. There are 5 retired persons included in this scheme.

Pension commitments are calculated by an independent actuary. The basis for the calculation is shown below. The mortality table (K2013) for Norway is used in the calculations.

Social security costs are recorded based on net pension obligation in the balance sheet included estimate discrepancy. Change in the pension obligation for the subsidiary Lighthouse Navigation Pte Ltd amounted to 43 (254) in 2020, and includes 20 persons.

	2020	2019
ASSUMPTIONS		
Discount rate	**1.70 %**	2.30 %
Future wage adjustment	**2.25 %**	2.25 %
Pension adjustment	**0 %**	0 %
G-adjustment	**2.00 %**	2.00 %
Return on pension plan assets	**1.70 %**	2.30 %
CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION		
1 January	**745**	735
Interest cost	**27**	57
Benefits paid	**-28**	-51
Actuarial losses on obligation	**10**	10
Currency exchange gain/(loss)	**6**	-6
31 December	**760**	745
PENSION EXPENSES IN CONSOLIDATED ACCOUNTS		
Pension expenses defined benefit scheme	**33**	57
Pension expenses defined contribution scheme	**171**	147
Net pension expenses in consolidated accounts	**204**	204

NOTE 18 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 are 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

The long-term interest rate is still at a low level. Belships strategy is to manage interest risk. Hedging the Group's interest exposure is considered on an ongoing basis. Entering into interest rate hedging agreements are based on developments in the interest rate market and internal analysis.

FUEL HEDGING

In 2019, the Group hedged the price differential between compliant 0.5% sulphur fuel oil (VLSFO) and 3.5% Sulphur fuel oil (HSFO). The company secured the fuel consumption for the equivalent of six vessels in 2020, or 36,000 tons. The average fixed price differential was
USD 214 per ton, with monthly settlements in 2020.

In January 2020, Belships realized its fuel oil hedging contracts at an accumulative gain of USD 0.2m. The position was closed at average spread of USD 219 per mt. Gains on hedging contracts of USD 0.2m was included as part of other gains/losses in 2020.

The table below shows the sensitivity related to changes in interest rate levels. The calculation includes total interest-bearing debt.

SENSITIVITY TO CHANGES IN INTEREST RATE LEVELS

	2020
Change in the interest rate level in basis points	-100/+100
Effect on result before tax	1392/-1392

AVERAGE EFFECTIVE INTEREST RATE ON DEBT (%)

	2020
Mortgage debt	3.59

CAPITAL STRUCTURE AND EQUITY CAPITAL

The primary objective of the Group's capital management is to achieve best possible credit rating, and to maximize 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:

	2020
Total equity as at 31 December	150 017
Total assets	464 479
Equity ratio as at 31 December	32%

Net debt is defined as interest-bearing debt (short and long-term) and accounts payable less cash. Equity comprises paid-in equity and retained earnings.

	2020
Interest-bearing debt	281 477
Cash reserves	-34 190
Net debt	247 287
Equity	150 017
Total equity and net debt	397 304
Net debt ratio	38 %

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 2020 the Group has outstanding long-term debt in the form of mortgage debt of USD 119.6 million and USD 127.8 million in lease liability. Available cash and cash equivalents amount to USD 34.2 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 ships acquired through the merger are secured on medium to long-term charter contracts, toward two customers, Canpotex Shipping Services Ltd and Cargill. Those customers are considered to be solid and reputable counterparts. Other ships operate under short-term spot engagements with a broader customer base. The customers are often recurring, however, the risk related to any specific customer's insolvency or inability to compensate for the services provided is 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).

There was no change in levels in 2020 Interest swap agreements are valued in accordance with the principles described as level 2. 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

	01.01.2020	Cash Flows	Non-cash charges: Interest charges	Non-cash charges: Changes in fair values	Other	31.12.2020
Forward freight agreement	3 303	-1 930		1 166		-764
Investments	3 303	-2 339		1 159		2 123
Bank deposits	44 463	-10 443		170		34 190
Trade debtors	1 419	10 155				11 574
Lease liabilities	-80 961	19 280	-8 464		-69 595	-139 740
Mortgage debt	-136 637	536	-5 358		-278	-141 737
Trade creditors	-1 851	-10 660				-12 511
Other assets (net)	6 746	-3 518	903		8 553	12 683
Total	-163 518	-3 011	-12 919	1 329	-61 320	233 418

ASSETS AND OBLIGATIONS MEASURED AT FAIR VALUE

	Level 1		Level 2		Level 3		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Financial investments	**-764**	3 468		165			**-764**	3 633
Interest agreement				-29				165
Total	**-764**	3 468	**0**	136			**-764**	3 798

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

	2020
Mortgage debt	141 737
Financial lease	139 740
Total	281 477

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 2020 reflects best timing estimate of declaring purchase options. Further, the lease agreements are newly entered into, and there has 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 un-amortised loan transaction costs.

NOTE 19 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 amounting to USD 82 has been provided for as at 31 December 2020 and recognized as other operating expenses. At year-end, the Group had 8 companies within the Norwegian tonnage tax regime.

ORDINARY TAXATION

Further, in Norway, Thailand and Singapore the Group has several management companies subject to ordinary income tax, with a tax rate from 16 % to 22 %. In Norway, the Group has a significant tax loss carried forward, currently without any convincing evidence of utilizing 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 in 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 -6 (2019: USD 958) and payable tax in Singapore amounting to USD 339 (USD 430).

In the Group have Management companies (including commercial and ship management) under ordinary company taxation in Thailand, Singapore and Norway. In Norway the Group companies have a significant tax loss carried forward.

RECONCILIATION OF THE YEAR'S INCOME TAX EXPENSE

	2020	2019
Result for the year before tax	**-17 160**	6 755
Result from companies within the tonnage tax regime	**-549**	1 469
Net result for companies subject to ordinary company taxation	**-17 709**	8 224
Statutory tax rate (Norway)	**22 %**	22 %
Estimated tax expense at statutory rate	**-3 896**	1 809
Net non tax related expenses/(income)	**698**	10
Results from joint venture and associated companies	**-671**	-597
Difference between Norwegian, Singapore and Thailand regional national tax	**-542**	400
Tax effect of deferred tax asset not recorded in the balance sheet incl. exchange rate effect	**4 994**	32
Total income tax expense/(income)	**583**	1 655

TAX LOSS CARRIED FORWARD

The Group had a tax loss carried forward of USD 107.4m as at 31 December 2020 in Norway. No deferred tax benefits are recognised in the balance sheet. The Group's revenue is generated mainly by companies in Singapore that are either within the national tonnage tax regime or are subject to regular national taxation. Dividends from these companies are non-taxable to the recipients. Taxable income subject to ordinary Norwegian taxation does not indicate any reporting of deferred tax benefits.

DEFERRED TAX PER 31 DECEMBER

	2020	2019
Temporary differences		
Deferred sale gain/(loss) fixed asset	**-1 344**	-1 050
Property, plant and equipment	**31 239**	21 092
Pensions	**-276**	-303
Other temporary differences	**-764**	1 232
Total temporary differences	**28 855**	20 971
Non-deductible interest cost carry forward ordinary tax regime	**-6 969**	0
Tax loss carried forward ordinary tax regime	**-107 371**	-84 006
Net temporary differences	**-85 485**	-63 036
Nominal tax rate on deferred tax	**22 %**	22 %
Deferred tax assets	**-18 807**	-13 868
Deferred tax assets recognised in the Balance sheet	**0**	0
Deferred tax assets not recognised in the Balance sheet	**-18 807**	-13 868

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 for treatment of taxes, tax reducing temporary differences and tax increasing temporary differences that are reversed, or can be reversed in the same period and jurisdiction are assessed and the amount recorded net.

Future tax payable in the Group is expected to be related to ship management and commercial operation in Singapore and in Thailand. In Norway the group has significant tax losses.

NOTE 20 SPECIFICATIONS OPERATING EXPENSES AND OTHER FINANCIAL ITEMS

	2020	2019
Ship operating expenses		
Crew expenses	**19 255**	16 141
Maintenance and spare parts	**8 292**	9 481
Insurance	**2 178**	1 789
Other ship operating expenses	**8 950**	6 147
Total ship operating expenses	**38 675**	33 558
Operating expenses ship management		
Administration costs	**2 358**	2 771
General & selling expenses	**627**	722
Fixed costs	**505**	632
Total operating expenses ship management	**3 490**	4 125

NOTE 21 ENVIRONMENTAL ISSUES

The company has not been charged any penalties due to breach of environmental rules and regulations, and is not committed to implement any specific actions in that respect.

NOTE 22 CONTINGENCIES

The Board is not aware of any material disputes the company may be in involved in as at 31 December 2020.

NOTE 23 SUBSEQUENT EVENTS

Belships ASA has entered into letters of intent for the acquisition of three Ultramax newbuildings of 61 000 dwt to be named BELTRADER, BELGUARDIAN and BELKNIGHT upon delivery. Two of the vessels are expected to be delivered during Q3 2021, while the third is expected for delivery during Q4 2021. The vessels will be financed thru 7-10 year bareboat charters.

Belships ASA successfully completed a private placement 9 March 2021 raising a total of NOK 140 million through the allocation of 20 million shares at a subscription price of NOK 7.00 per share.

Belships ASA has entered into an agreement for the acquisition of a secondhand Ultramax, built in 2017 by a Chinese shipyard, to be named BELTIGER upon delivery. The agreed purchase price is USD 21.75 million, of which 80 % was paid in cash and 20 % was settled through an issue of 4 988 000 new Belships shares at a share price of NOK 7.50 per share. The vessel will be financed with bank financing for approximately 60 % of the purchase price.

Income statements

1 January-31 December		Belships ASA	
USD 1 000	Note	**2020**	2019
OPERATING INCOME			
Freight income	2	**24 955**	17 189
Other operating income		**679**	809
Total operating income		**25 634**	17 998
OPERATING EXPENSES			
T/C hire	3	**-8 459**	-8 033
Ship operating expenses	10	**-9 376**	-4 362
Payroll expenses	8,11	**-2 074**	-1 708
Other general administrative expenses	12	**-1 206**	-2 314
Depreciation of fixed assets	3	**-5 498**	-2 329
Reversal of impairment of fixed assets		**0**	164
Total operating expenses		**-26 613**	-18 582
Operating result		**-979**	-584
FINANCIAL INCOME AND EXPENSES			
Share dividend	9	**1 038**	2 009
Interest income		**10**	110
Interest income on loan to subsidiary	5	**3 160**	2 653
Interest expenses	13	**-6 643**	-2 984
Other financial items	10	**2 792**	11 509
Currency exchange gain/-loss		**649**	-275
Net financial items		**1 007**	13 022
Net result before tax		**28**	12 438
Income tax expense	17	**0**	0
Net result for the year		**28**	12 438
Appropriations of net result:			
Transfer from/(to) other retained earnings		**-28**	-12 438
Total		**-28**	-12 438

Balance sheets

Belships ASA

1 January-31 December USD 1 000	Note	2020	2019
FIXED ASSETS			
Tangible fixed assets			
Ships	3	**121 941**	70 491
Prepayment of ships		**3 000**	6 000
Other fixed assets	3	**595**	736
Total tangible fixed assets		**125 536**	77 227
Financial fixed assets			
Shares in subsidiaries	9	**13 101**	13 172
Loan to subsidiaries	5	**95 922**	78 076
Other non-current receivables	13	**17**	37
Total financial assets		**109 040**	91 285
Total fixed assets		**234 576**	168 512
CURRENT ASSETS			
Bunker inventory		**425**	601
Trade debtors		**947**	384
Intercompany balances	5	**3 235**	0
Other receivables		**2 316**	955
Cash and cash equivalents	6	**2 236**	4 251
Total current assets		**9 158**	6 190
Total assets		**243 734**	174 702
EQUITY			
Paid-in capital			
Share capital		**53 617**	50 403
Treasury shares		**-166**	-166
Share premium reserve		**47 775**	39 499
Other paid-in capital		**36 736**	36 191
Total paid-in capital		**137 962**	125 927
Retained earnings			
Other equity		**-22 750**	-22 768
Total equity	7	**115 212**	103 159
LIABILITIES			
Non-current liabilities			
Lease commitments	13	**102 426**	58 026
Pension obligations	8	**276**	303
Other non-current liabilities		**51**	0
Intercompany balances	5	**15 574**	6 323
Total non-current liabilities		**118 326**	64 653
Current liabilities			
Lease commitments, current portion	13	**5 708**	5 487
Public taxes and duties payable		**239**	245
Trade creditors		**110**	16
Intercompany balances	5	**1 585**	153
Other current liabilities		**2 554**	989
Total current liabilities		**10 196**	6 890
Total liabilities		**128 522**	71 543
Total equity and liabilities		**243 734**	174 702

Oslo, 28 April 2021

Peter Frølich
Chairman of the Board

Sissel Grefsrud
Board member

Birthe Cecilie Lepsøe
Board member

Jorunn Seglem
Board member

Carl Erik Steen
Board member

Frode Teigen
Board member

Sverre J. Tidemand
Board member

Lars Christian Skarsgård
Chief Executive Officer

Belships ASA

Cash flow statements

1 January-31 December		Belships ASA	
USD 1 000	Note	**2020**	2019
CASH FLOW FROM OPERATIONS			
Net result before tax		**28**	12 438
Adjustments to reconcile result before tax to net cash flows:			
Depreciation of fixed assets	2	**5 498**	2 329
Impairment of tangible fixed assets	2	**0**	-164
Share-based payment transaction expense	3	**545**	23
Difference between pension exps and paid pension premium	7	**-21**	-37
Net finance items		**-1 007**	-13 022
Working capital adjustments:			
Change in trade debitors and trade creditors		**-469**	-502
Change in intercompany balances		**-1 802**	-1 208
Change in other short-term items		**2 034**	-616
Interest received		**3 170**	2 763
Interest paid		**-6 643**	-2 984
Net other financial items		**2 792**	11 509
Net cash flow from operations		**4 126**	10 530
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in fixed assets	2	**-4 816**	-9 062
Sale proceeds from fixed asset disposals	2	**0**	116
Dividends received	8	**1 038**	2 009
Shares in subsidiary		**0**	-2 046
Change in other investments		**21**	25
Net cash flow from investing activities		**-3 757**	-8 959
CASH FLOW FROM FINANCING ACTIVITIES			
Change in intercompany balances		**2 894**	-2 731
Increase in share capital		**0**	7 944
Dividend paid		**0**	-1 205
Instalments lease commitments		**-5 279**	-2 353
Net cash flow from financing activities		**-2 385**	1 654
Net change in cash and cash equivalents		**-2 016**	3 225
Cash and cash equivalents at 1 January		**4 251**	1 027
Cash and cash equivalents at 31 December		**2 235**	4 251
Restricted bank deposits	5	**160**	161

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 23 ships.

The company is also providing commercial management and ship management services 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 in Lilleakerveien 6D in Oslo, Norway.

The financial statements have been approved by the Board on 21 April 2021.The accounts are prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

The accounts form part of the consolidated accounts of Belships ASA. The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU.

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.

Change in presentation currency

The company has elected to change the presentation currency from Norwegian Kroner (NOK) to United States Dollars (USD) in 2020. The change in presentation currency is made as substantially all the company and its subsidiaries transactions are in USD. The functional currency is USD.

The change of presentation currency is considered a change in accounting policy and has been accounted for retrospectively by translating comparative figures.

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 included in the balance sheets when it is likely that the company will have sufficient profit for tax purposes in subsequent periods that will enable the company to utilize the tax asset. The company records previously unrecorded deferred tax assets to the extent it has become likely that the company can utilize the deferred tax asset. Similarly, the company will reduce the deferred tax asset to the extent the company no longer regards it as being likely that it can utilize 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) on the balance sheet.

Tax payable and deferred tax are booked directly against equity to the extent the tax items relate to equity transactions.

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.

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. 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.

The ships 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.

D) IMPAIRMENT OF ASSETS

At the end of each quarter, 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 Company. 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 may only be so high that book value after reversal at most corresponds to the value at which the asset would have been registered if it had not been impaired earlier. Such reversals are recorded in the income statement.

E) LEASING

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. Leases are classified as financial leases if the terms of the lease agreement transfers substantially all the risks and rewards incidental to ownership of an asset. All other leases are classified as operating lease.

Assets financed under financial leases are capitalized at inception of the lease at the fair value of the leased vessel or, if lower, at the present value of the minimum lease payments. The corresponding lease obligation is recognized as a liability in the balance sheet. Lease payments are split between interest cost and reduction of the lease liability. Interest cost is recognized in the income statement.

Financial leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. For operating leases, the payments (time charter hire or bareboat hire) are recognized as an expense on a straight line basis over the term for the lease.

F) INVESTMENTS IN OTHER COMPANIES

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

G) ACCOUNTS RECEIVABLE

Accounts receivable are booked at nominal amount less expected loss.

H) 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 6.

I) 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.

J) 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 recognized 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.

K) 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.

L) REVENUE RECOGNITION

Gains will be taken to income when it is likely that transactions will generate future financial gains which will be attributable to the company and the sum can be reliably estimated. Interest rate income is taken to income based on effective interest method according to when it is earned.

Dividend received from subsidiaries is accounted for in the same year as dividend has been accrued for in the subsidiary. If such dividend exceeds the prorata share of retained earnings after the acquisition of the shares, such excess portion represents repayment of capital and reduces the acquisition cost accordingly.

M) 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.

Non-monetary items which are measured at market value expressed in foreign currency are converted at the currency rate on the balance sheet date. Currency rate changes are charged against income during the accounting period.

N) CONTINGENT GAINS AND LOSSES

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

O) RELATED PARTY TRANSACTIONS

Transactions with related parties are carried out at market terms. See note 16 for further information.

P) 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.

Q) 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 pension liabilities and 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.

R) EARNINGS PER SHARE

Earnings per share are calculated by dividing the net result by a weighted, average number of shares in the reporting period. Diluted earnings per share are calculated on the basis the dilution effect of issued options and convertible loans, if any.

S) 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.

T) FINANCIAL INSTRUMENTS

Financial instruments are valued at lowest of cost and estimated fair value.

NOTE 2 REVENUE

BELISLAND has been chartered to Canpotex Shipping Services Ltd in 2020. Canpotex is one of the world's largest exporters of potash, a fertilizer Product imported in large volumes by countries such as China, India and Brazil.

BELNIPPON and BELFOREST have been chartered to Cargill, a leader within agricultural services.

BELRAY and BELMOIRA have been chartered to various parties during 2020.

BELAJA and BELFUJI have been operated in the spot market by Belships' subsidiary Lighthouse Navigation Ltd.

NOTE 3 FIXED ASSETS

	Ships			Other fixed assets		
	Ships	Capitalised drydocking expenses	Total	Depreciable assets	Non Depreciable assets	Total
2020						
Cost price						
As at 1 January	76 824	2 500	79 324	1 358	468	1 826
Additions	54 130	2 777	56 906	86	0	86
Disposals	0	0	0	-1 162	0	-1 162
As at 31 December	130 954	5 277	136 230	282	468	751
Depreciations						
As at 1 January	7 398	1 435	8 833	1 013	57	1 070
Depreciation for the year	4 598	858	5 456	42	0	42
Impairment	0	0	0	0	0	0
Disposals	0	0	0	-956	0	-956
As at 31 December	11 996	2 293	14 289	99	57	156
Book value at 31 December	118 957	2 984	121 941	183	411	595
Depreciation	25 yrs	30-60 mos		3 - 5 yrs		

Depreciation method: Straight Line

SHIPS IN BELSHIPS ASA

Belships ASA is controlling the ships BELFOREST, BELISLAND, BELNIPPON and BELRAY. During 2020, the company took delivery of newbuildings BELFUJI (Imabari), BELMOIRA and BELAJA (Shin Kurushima).

The timecharter agreements for BELNIPPON and BELFUJI are treated as operational leases. Hire payments amounted to 8 459 in 2020. Maturity of the lease agreements are 2025 and 2028 respectively.

OTHER FIXED ASSETS

Depreciable assets include vehicles, office furniture and office equipment. Depreciation period is 3-5 years. Non-depreciable assets include apartment and art, which is being tested for impairment annually.

IMPAIRMENT

At the end of each reporting period, the company assess whether there are any impairment indicators present. The company has concluded that the declining market rates observed during the Covid-19 pandemic in 2020 represents an impairment indicator pursuant to NRS(F) Consequently, the company carried out an impairment test of ships owned or recognised as right-of-use assets per year-end.

The company considers each ship as a separate cash-generating unit and has compared recoverable amounts against carrying amounts at the end of the quarter. Recoverable amounts are based on value-in-use and have been derived from calculation of present value of estimated cash flows over the useful life of the ship. The value-in-use calculations are mainly sensitive to changes in revenue and cost of capital assumptions. Revenues have been based on the ships current contracts and long-term historical rates for equivalent ships. Cash flows have been discounted using a cost of capital of 5.8 per cent. At the end of the year, recoverable amounts were higher than carrying amounts for all ships and no impairment was recorded. The company has performed sensitivity tests on the assumptions used in the impairment tests. Reducing the long-term rate by USD 1 100 per day would have led to an impairment recognition of USD 15.4m at year-end. One per cent increase in cost of capital would not have resulted in impairment of ships at year-end.

NOTE 4 OPTIONS TO EMPLOYEES

At the Annual general meeting (AGM) in 2019, the Board was authorised to issue up to 200 000 share options to employees in Belships ASA. The option price is 105% of closing share price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 8.79 were awarded in November 2019. No options have been exercised.

At the AGM in 2020, the Board was authorised to issue up to 200 000 share options to employees. The option price is 105% of closing share price on the day of the AGM. The authorization is valid for two years. In accordance with this authorisation, options to buy 200 000 shares at NOK 6.20 were awarded in November 2020. No options have been exercised.

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

	2020	2019
Outstanding options 1 January	**400 000**	400 000
Awarded	**5 200 000**	5 200 000
Exercised	**0**	0
Not exercised	**-200 000**	-200 000
Outstanding options 31 December	**5 400 000**	5 400 000

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 2019 and 2020 was NOK 2.60 and NOK 1.17, respectively. The fair value of outstanding share options are calculated at time of award and charged against profit and loss over the period until they can be exercised. The cost related to the share options above amounted to 45 in 2020.

SHARE OPTION PLAN CHIEF EXECUTIVE OFFICER

The CEO in Belships, Lars Christian Skarsgård was in March 2019 granted options to subscribe for up to five million shares in the Company with an exercise price of NOK 6 per share. The options can be exercised in the period between 36 months and 60 months from 15 March 2019. 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 was NOK 2.57 per share. The calculated cost of USD 500 has been recognised as an expense in 2020.

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.

Dividend: Estimated dividend per share is NOK 0 per year.

Risk free interest rate: Interest rate used as a basis for calcu-lating options is equal to the interest rate on government bonds over the duration of the options, i.e. 2% for 2020.

Decrease in the number of employees: Expected reduction is 0.

NOTE 5 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 on non-current intercompany balances amounted to 3 160 (2019: 2 653).

NOTE 6 BANK DEPOSITS

Total bank deposit amounted to 2 236 (4 251) at year-end. Restricted funds for withholding tax for employees amounted to 160 (161) at 31 December 2020.

NOTE 7 EQUITY

	Paid-in				Retained	
	Share capital	Treasury shares	Shares premium res.	Other equity	Other equity	Total
Equity per 31 December 2019	50 403	-166	39 499	36 191	-22 768	103 159
Share issue	3 214	0	8 276	0	0	11 490
Remeasurements loss	0	0	0	0	-10	-10
Share-based payments	0	0	0	545	0	545
Result for the year	0	0	0	0	28	28
Equity per 31 December 2020	53 617	-166	47 775	36 736	-22 750	115 212

SHARE CAPITAL

Belships ASA's 228 175 404 shares, each with a face value of NOK 2.00, was as of 31 December 2020 distributed among 451 shareholders (2019: 404). Each share has one vote.

	2020	2019
Number of shares		
Ordinary shares, issued and paid-in per 1 January	**212 224 705**	175 117 993
Share issue	**15 950 699**	37 106 712
Ordinary shares, issued and paid-in per 31 December	**228 175 404**	212 224 705

TREASURY SHARES

The company holds 548 000 treasury shares in total with an average cost price of NOK 9.91 as of 31 December 2020. Belships ASA entered in June 2019 into a market making agreement with Norne Securities.

AUTHORISATION TO ISSUE NEW SHARES

At the Annual general meeting in 2020 the Board received authorisation to issue up to 100 million new shares. The authorisation has not been used and is valid to the next ordinary Annual general meeting. In May 2020 a total of 15 950 699 shares were issued at NOK 7.15 per share as part of consideration for the vessel BELHAVEN.

Belships ASA

THE 20 LARGEST SHAREHOLDERS IN BELSHIPS ASA AT 31 DECEMBER 2020

	Number of shares	Percentage
1 Kontrari AS	95 822 108	41.99 %
2 Kontrazi AS	32 463 265	14.23 %
3 DnB NOR Bank ASA	18 050 670	7.91 %
4 Sonata AS	17 461 778	7.65 %
5 Citibank, N.A.	15 849 131	6.95 %
6 LGT Bank AG	12 630 754	5.54 %
7 Jakob Hatteland Holding AS	11 000 000	4.82 %
8 UBS Switzerland AG	7 804 395	3.42 %
9 Pershing LLC	3 584 648	1.57 %
10 KBC Bank NV	1 629 398	0.71 %
11 Clearstream Banking S.A.	1 625 132	0.71 %
12 Stavanger Forvaltning AS	1 300 000	0.57 %
13 Six SIS AG	1 069 191	0.47 %
14 Ola Rustad AS	850 000	0.37 %
15 Ole Ketil Teigen	700 000	0.31 %
16 Belships ASA	548 000	0.24 %
17 Arages Holding AS	500 000	0.22 %
18 AS Torinitamar	417 100	0.18 %
19 ASL Holding AS	363 836	0.16 %
20 August Ringvold Agenturer AS	341 168	0.15 %
Total 20 largest shareholders	224 010 574	98.17 %
Other shareholders	4 164 830	1.83 %
Total number of shares	228 175 404	100.00 %

NUMBER OF SHARES OWNED BY BOARD MEMBERS IN BELSHIPS ASA

	Note	Number of shares	Outstanding options
Peter Frølich (chairman)		75 000	0
Frode Teigen	1	128 285 373	0
Sverre J. Tidemand	2	17 461 778	0
Carl Erik Steen		79 154	0
Birthe Cecilie Lepsøe		7 500	0
Jorunn Seglem		35 000	0
Sissel Grefsrud		0	0

NUMBER OF SHARES OWNED BY THE MANAGEMENT IN BELSHIPS ASA

	Note	Number of shares	Outstanding options
Lars Christian Skarsgård, CEO *	3	437 000	5 000 000
Osvald Fossholm, CFO	4	35 000	100 700

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

1) Includes shares held by Kontrari AS and Kontrazi AS, companies controlled by Frode Teigen.
2) Includes shares held by Sonata AS, a company in which Sverre J. Tidemand controls.
3) Includes shares held by AS Torinitamar, a company owned by Lars Christian Skarsgård.
4) Includes shares held by Krino Invest AS, a company owned by Osvald Fossholm.

NOTE 8 PENSIONS

DEFINED CONTRIBUTION SCHEME

All the employees in the parent company are member 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 future liabilities related to this scheme. Total costs amounted to 144 in 2020.

DEFINED BENEFIT SCHEME

In addition to defined contribution scheme, the legacy Belships has unfunded pension liabilities which are covered through the daily operations. These relate to early retirement and pension to persons, that have not been included in the defined contribution scheme. There are 5 retired persons included in this scheme.

Pension commitments are calculated by an independent actuary. The basis for the calculation is shown below. The mortality table (K2013) for Norway is used in the calculations.

Social security costs are recorded based on net pension obligation in the balance sheet included estimate discrepancy.

ASSUMPTIONS

	2020	2019
Discount rate	**1.70 %**	2.30 %
Future wage adjustment	**2.25 %**	2.25 %
Pension adjustment	**0%**	0%
G-adjustment	**2.00 %**	2.00 %
Return on pension plan assets	**1.70 %**	2.30 %
Composition of the net pension obligations		
Net pension obligations as at 1 January	**303**	545
Interest on accrued pension obligations	**-10**	-201
Employer benefits paid	**-27**	-51
Actuarial (gains)/losses on obligation	**10**	10
Net pension obligations as at 31 December	**276**	303
Net pension expenses		
Pension expenses defined benefit plan	**-10**	-201
Pension expenses defined contribution scheme	**144**	135
Total pension expenses	**134**	-66

NOTE 9 SHARES

	Business office	Time of purchase	Cost price	Ownership/ Voting share	Equity	Result of the year	Book value
Shares in subsidiaries							
Belships Mgmt (Singapore) Pte Ltd 1)	Singapore	31.12.83	1 375	100 %	2 700	1 419	1 375
Belships Lighthouse AS	Oslo	27.01.93	25 191	100 %	57 810	-769	615
Belships Shipholding AS	Oslo	05.02.19	7	100 %	688	1 354	7
Bellight AS	Oslo	03.06.19	11 100	100 %	11 604	135	11 100
Lighthouse Navigation AS	Oslo	09.12.85	4	34%	667	656	4
Total							13 101

1) The company has provided dividend of SGD 1.2 million in 2020 (2019: SGD 2.5 million)

NOTE 10 SPECIFICATIONS

	2020	2019
Ship operating expenses		
Crew expenses	**4 938**	2 077
Maintenance and spare parts	**1 343**	689
Insurance	**567**	269
Other ship operating expenses	**2 528**	1 327
Total	**9 376**	4 362
Other financial items		
Guarantee commission 1)	**2 794**	2 156
Gain on shares in subsidiary	**0**	2 105
Reversal of impairment of shares in subsidiary	**0**	7 362
Other financial costs/(income)	**-2**	-114
Total	**2 792**	11 509

1) The company acting as guarantor of mortgage debts in subsidiaries. At end of 2020, outstanding debt related to this guarantee amounted to USD 141.7 million. Book value on ships related to the debt amounted to USD 220.4 million.

NOTE 11 SALARIES, NUMBER OF EMPLOYEES

	2020	2019
Salaries	**1 134**	1 430
Social security tax	**223**	280
Pension expenses	**134**	-66
Share-based payment	**545**	23
Other allowances	**36**	41
Total payroll expenses	**2 074**	1 708

The average number of employees in 2020 was 8 (2019: 9).

REMUNERATION

2020	CEO	Financial director
Salaries	281	187
Share-based payment transaction exp.	500	17
Pension expenses	19	21
Other allowances	2	17
Total	802	241

Other allowances include telephone, insurance agreements etc. There exist no severance pay agreement.

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

	2020	2019
The Board	**170**	182
Audit committee	**9**	10
Nomination committee	**5**	6

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)

	2020	2019
Remuneration for audit services	**59**	65
Other assurance services	**11**	13
Assistance related to tax matters	**21**	11
Other audit related assistance	**22**	59
Total	**112**	149

LOANS TO EMPLOYEES

Loans to employees amounted to 17 (37) at 31 December 2020. Of this, 12 (22) to the management. See note 13 for further details related to the loans.

NOTE 12 OTHER GENERAL ADMINISTRATIVE EXPENSES

	2020	2019
Office expenses	**223**	154
Other services	**390**	1 012
Data, office equipment a.o.	**222**	315
Communication, advertising	**82**	53
Travel expenses	**35**	151
Other general administrative expenses	**255**	630
Total	**1 206**	2 314

NOTE 13 RECEIVABLES AND LIABILTIES

CURRENT FLEET

The company had BELAJA, BELMOIRA, BELFOREST, BELISLAND and BELRAY on bareboat agreements at year end.

In addition,the company had BELNIPPON and BELFUJI on long-term time charter agreements.

In September 2015, the company entered into a sale and lease back agreement for BELFOREST. The bareboat charter period is 12 years with purchase options from year 3 and onwards.

BELISLAND was delivered in March 2016. The ship is leased on bareboat charter for a period of 15 years with purchase options from year 5 and onwards.

BELNIPPON was delivered in January 2018. The ship is leased on time charter for a period of 8 years with purchase options from year 4 and onwards.

BELRAY was delivered in October 2019. The ship is leased on bareboat charter for a period of 7 years with purchase options from year 4 and onwards.

BELFUJI was delivered in January 2020. The ship is leased on time charter for a period of 8 years with purchase options from year 4 and onwards.

BELMOIRA was delivered in January 2020. The ship is leased on bareboat charter for a period of 7 years with purchase options from year 1 and onwards.

BELAJA was delivered in February 2020. The ship is leased on bareboat charter for a period 7 years with purchase options from year 1 and onwards.

NEWBUILDS

In the first quarter 2021, the company took delivery of BELFAST (Bareboat). In addition, the three newbuilds BELMAR (Bareboat), BELTRADER (Bareboat) and BELGUARDIAN (Bareboat) will be delivered in the second half of 2021. All newbuilds includes purchase options callable after the fourth year.

The company has no obligation to purchase any of the vessels on bareboat or time charter.

LOANS TO EMPLOYEES

Loans to employees amounted to 17 (37) as at 31 December 2020. The average interest rate used for the loans was 2.17% (2.20%) in 2020. The repayment period is five years.

All short-term receivables and liabilities are due within 12 months.

PAYMENT SCHEDULE

	< 1 year	1 - 5 year	Subsequent	Total
Financial leases	12 027	59 516	66 833	138 375
Operational leases	4 806	16 634	3 554	24 994

NOTE 14 SUBSEQUENT EVENTS

Belships ASA has entered into letters of intent for the acquisition of three Ultramax newbuildings of 61 000 dwt to be named BELTRADER, BELGUARDIAN and BELKNIGHT upon delivery. Two of the vessels are expected to be delivered during Q3 2021, while the third is expected for delivery during Q4 2021. The vessels will be financed thru 7-10 year bareboat charters.

Belships ASA successfully completed a private placement 9 March 2021 raising a total of NOK 140 million through the allocation of 20 million shares at a subscription price of NOK 7.00 per share.

Belships ASA has entered into an agreement for the acquisition of a secondhand Ultramax, built in 2017 by a Chinese shipyard, to be named BELTIGER upon delivery. The agreed purchase price is USD 21.75 million, of which 80 % was paid in cash and 20 % was settled through an issue of 4 988 000 new Belships shares at a share price of NOK 7.50 per share. The vessel will be financed with bank financing for approximately 60 % of the purchase price.

NOTE 15 FINANCIAL MARKET RISK

CURRENCY RISK

Currency risks arise in connection with transactions that are completed in other currencies than USD, and consist mainly of 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 16 RELATED PARTIES

The company receives a commission for acting as guarantor for mortgage debt in the subsidiary Belships Shipholding AS. The fee amounted to 2 794 (2 161) in 2020. The company received a management fee of USD 0.7 million in 2020 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 17 TAX

TAX RESULT FOR THE YEAR FOR BELSHIPS ASA

	2020	2019
Result for the year before tax	**23**	12 438
Change in temporary differences	**-4 997**	-6 457
Permanent differences / other	**-4 144**	-6 839
Tax basis for the year	**-9 118**	-858
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

	2020	2019
Result for the year before tax	**23**	12 438
Statutory tax rate	**22 %**	22 %
Estimated tax expense at statutory rate	**5**	2 736
Permanent differences / other	**-912**	-1 505
Expected tax expense	**-907**	1 232
Translation differences	**-177**	213
Change in not recognized deferred tax assets	**1 084**	-1 445
Actual tax expense	**0**	0
Effective tax percentage	**0 %**	0 %

DEFERRED TAX PER 31 DECEMBER

	2020	2019
Deferred sale fixed asset gain/(loss)	**-343**	-416
Pension obligations	**-276**	-303
Temporary differences fixed assets	**26 043**	20 077
Sum temporary differences included in change in temporary differences	**25 425**	19 357
Impairment loss shares in subsidiaries abroad	**0**	0
Tax loss carried forward	**-75 591**	-64 597
Net temporary differences	**-50 167**	-45 240
Nominal tax rate on deferred tax	**22 %**	22 %
Deferred tax assets	**-11 037**	-9 953
Deferred tax assets in the Balance sheet	**0**	0
Deferred tax assets not recorded in the Balance sheet	**-11 037**	-9 953

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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 2020, the income statement and cash flow statement for the year then ended, and notes to the accounts, 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 2020, the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the accounts, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, 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.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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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. The Groups business activity increased compared to last year due to more vessels operated, however the freight rates have been somewhat volatile as a result of covid 19, making our focus on impairment of vessels all the more important. Last years focus on implementation of IFRS 16 constitutes less of risk this year.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of owned ships, right of use assets and ships held for sale Belships ASA has owned ships, right of use assets and ship held for sale ("vessels") with a carrying amount of MUSD 378 as at 31st December 2020. The vessels comprise 81 % of total assets. Management's assessment of recoverable amounts of vessels requires estimates and assumptions relating to operational and market factors and involves a high degree of judgement. Further, the calculation of recoverable amount 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 focus on this area due to the magnitude of amounts involved and high degree of judgement. 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 impairment for two vessels and recognized in total 5 MUSD in impairment for 2020. We refer to note 6 where management explains the impairment assessment.	We assessed management's identification of impairment indicators as part of management's quarterly assessment and agreed that indicators were present. We obtained management impairment calculation. For each cash generating unit, we assessed the key inputs in the calculation of recoverable amounts and assessed the mathematical and methodological integrity of management's impairment models. We challenged management on the key assumptions used in the model. Our procedures included tracing input data to contracts and budget approved by the board of directors and considering whether charter hire rates and utilization are 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). We also compared utilization levels against historical utilization for such vessels. To consider the reliability of estimated operating expense, we compared the estimates to historical performance, and considered whether deviations between estimates and historical performance had a reasonable explanation through discussions with management. 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 revenue. We found management's assumptions in relation to the value in use calculations to be reasonable. 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. We evaluated the disclosures made in note 6 and found reasonable explanations of the valuation process and uncertainties inherent in the assumptions.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 or 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 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.

We also provide the Board of Directors 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, related safeguards.

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

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 28 April 2021
PricewaterhouseCoopers AS

Tom Notland

Tom Notland
State Authorised Public Accountant

Good corporate governance is a prerequisite for trust between the company's owners, board and management, and external stakeholders. Sound principles of governance is integral in order to achieve the objective of long-term growth and the greatest possible value for its shareholders over time.

Transparency and fairness creates value

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 behavior. 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 17 October 2018 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 company's business is clearly described in the company's articles of association and is as follows:

"The objective of the company is shipping, charter brokerage and purchase and sale of vessels, offshore operations, participation in the exploration for and the production of petroleum, trade and industry as well as participation in companies of any sort with similar objectives."

EQUITY AND DIVIDEND

Capital structure

As at 31 December 2020, the company had a total equity of USD 150 million, corresponding to an equity ratio of 32%. The board deems the liquidity position of the company to be satisfactory, with cash and cash equivalents of USD 34 million. The company had mortgage debt of USD 142 million as of 31 December 2020 and a net lease obligation of USD 140 million.

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 maximize the value for the company's share through an efficient and profitable management of the company's resources. A competitive return is to be obtained through growth in the value of the company's shares and the payment of competitive dividends.

The board will ask for an authorization to distribute dividend at the general meeting in 2021.

Authorisations to the board of directors

At the general meeting in 2020, the board was granted an authorization to increase the share capital with up to NOK 400 000 (corresponding to 200 000 new shares, each with a par value of NOK 2). The authorization can be used in connection with the company's share option program for employees. The authorization is valid until the general meeting in 2021, but not longer than 30 June 2021. At the general meeting in 2020, the board was also granted an authorization to increase the share capital with up to NOK 200 000 000 (corresponding to 100 000 000 new shares, each with a par value of NOK 2). This authorization covers more than one purpose, but the board is of the view that such authorization 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 authorization is valid until the general meeting in 2021, but not longer than 30 June 2021. The board was also granted an authorization to, on behalf of the company, acquire up to 15 000 000 treasury shares (corresponding to a total par value of NOK 30 000 000) at the board's discretion. The authorization 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 authorization 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 authorizations granted at the general meeting in 2020.

The board was given an authorization at the general meeting in 2020 to acquire treasury shares. No such transactions have taken place in 2020.

In the event of any not immaterial transactions between the company and shareholders, a shareholder's parent company, members of the board, executive personnel or close associates of any such parties, the board will arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act.

Independent valuations will also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders. No such transactions have taken place in 2020.

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 members of the board have been present at the general meetings in 2020.

The board has previously considered the need for an independent chairman for the general meeting on a case to case basis. The company's annual general meeting and the extraordinary general meeting in 2019 were chaired by the chairman of the board.

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 chairman, 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 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 members of the nomination committee are currently Vegard Gjerde and Kristian Falnes, both elected by the annual general meeting in 2019. The nomination committee has held 1 meeting since the 2020 general meeting.

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. Four directors are independent of day-to-day management, the majority shareholder and major business connections. The board does not include members of the executive management. The chairman 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 shares in the company. Further information regarding the board is included the annual report.

THE WORK OF THE BOARD

The board has the final responsibility for the management and organization 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 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 chairman 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 (chairman) 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 2020.

Remuneration committee

A remuneration committee has not been established. Remuneration tasks are handled by the board.

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 endeavors 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. Details concerning the remuneration of the company's officers are provided in a separate note to the accounts. 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 authorization to the board to issue shares to honor the option program.

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 also has a website, which is regularly updated. The company's financial calendar is published on the company's website and through 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 authorizations 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 counseling 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

Ship Management

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

Board Independence

Belships board of directors consists of seven members, whereof four are independent. Since 2007, more than 40 per cent of the board has been represented by female board members.

Finance and vessel transactions

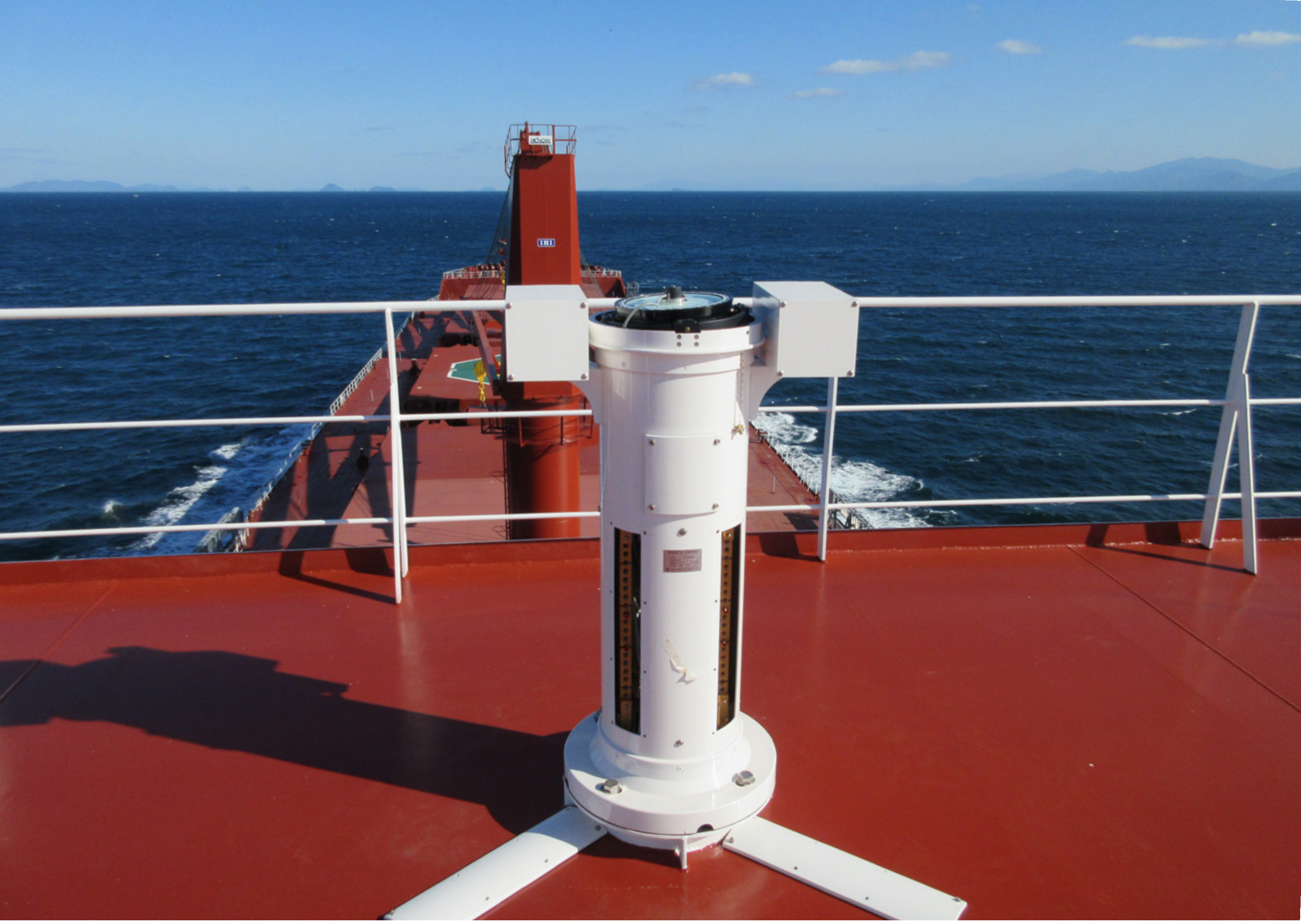
Belships utilizes only external advisors or brokers in any transactions and no related third parties.

Board Policy

The board has separate Audit 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.




BELAJA

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.

Strong commitment to quality and responsibility

Belships has identified certain material sustainability challenges relating to the Company, as well as their potential impact on the Company's business. This Corporate Social Responsibility Policy presents how Belships integrates the most material sustainability issues into its business strategies and processes.

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 recognizes 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 optimize 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.

Belships is certified with Environmental Management Systems Certificate ISO 14001 as well as ISO 9001:2000. The certificates are issued by the classification society and establish environmental standards and implementation routines. Continuous efforts are made in order 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. Most of our ships have ballast water treatment systems in place. Belships is actively preparing for the expected implementation of regulations on ballast water treatment entering into force. In fact, some of our third party managed ships have already started to use ballast water treatment system.

Belships is closely monitoring the development of all environmental regulation. The Company will continue to comply with all legislation and follow best practices to minimize the Company's impact on the environment.

Human rights and labour rights

It is Belships' policy to integrate attention to human rights and labor rights into its existing business processes. In practice, a large part of the human and labor 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 (the "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 organization, 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. Crewing and technical management is conducted from Belships' subsidiaries in Singapore and China. These companies also have external customers and offer ship management services to ship owners worldwide. A dedicated and well-trained ship- and onshore team monitors the health, safety, environment and quality performance.

Belships' goal is to run the operations of the Company with zero fatal accidents. This goal was achieved in 2017, 2018, 2019 and 2020.

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 and education of cadets and has 140 cadet positions 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 managementpractices consistent with the industry standards and recommendations from governing bodies. Specifically, all of our ships are registered with the EU Naval Force (Maritime security centre) which co-ordinates ship's' transit schedules with the appropriate naval ships in the Gulf of Aden and Somali basin. An internal risk assessment is also made prior entering into 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 2017, 2018 2019 and 2020.

Anti-corruption

Belships believes that corruption prevents wellfunctioning 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.

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